

DRAFT PRECEDENT AGREEMENT
 BETWEEN PG&E AND
 STORAGE SERVICES PROVIDER

In response to a Request for Offers (RFO) for storage services issued by PG&E's Electric Fuels Department, _____ (Storage Provider) submitted an offer (the Offer), which has been accepted by PG&E, subject to the terms and conditions set forth in this Precedent Agreement.

Storage Provider has agreed to provide the following services to PG&E's Electric Fuels Department from the _____ storage field (the Field), which is not yet in operation:

PG&E's acceptance of the Offer is contingent upon the Field being in commercial operation and the storage services commencing on or before _____, 20___. If at any time PG&E determines in its sole judgment that the Field is unlikely to be in operation on or before that date, PG&E may rescind its acceptance of the Offer, without liability of any kind to Storage Provider, by delivering written notice of such rescission to Storage Provider. To assist both Shipper, in meeting its delivery obligation, and PG&E, in determining the likelihood that the Field will achieve commercial operation by the date set forth herein, the parties agree to the following milestones and completion dates for measuring progress on the development of the Field:

Milestone Event	Date of Completion
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The failure of Storage Provider to complete a milestone on or before the completion date set forth above may, at PG&E's election, cause PG&E to rescind its acceptance of the Offer. Storage Provider agrees to notify PG&E on a regular basis of progress toward completion of each milestone listed above.

For Storage Provider:	For PG&E:
By: _____	By: _____
Date: _____	Date: _____