MASTER POWER PURCHASE AND SALE AGREEMENT

COVER SHEET

This *Master Power Purchase and Sale Agreement* (Version 2.1; modified 4/25/00) ("*Master Agreement"*) is made as of the last dated signature on the signature page hereto ("Effective Date"). The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "Agreement." The Parties to this *Master Agreement* are the following:

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| --- | --- | --- |
| Name: (“Party A”) | | Name: Pacific Gas and Electric Company ("Party B"), **limited for all purposes hereunder to its Central Procurement Entity Function.** |
| **All Notices:** | | **All Notices:** | | |
| Street: | | P.O. Box 770000 OGO, Suite 250 |
| City: Zip: | | San Francisco, CA 94177 |
| Attn:  Phone:  E-mail: | | Attn: Kelly Everidge ([Kelly.Everidge@pge.com](mailto:Kelly.Everidge@pge.com))  Senior Director, Contract Management, Settlements & Reporting  Phone: (415) 517-6544 |
| **Invoices:** Attn:  Phone:  E-mail: | | **Invoices:**  Attn: Kelly Wong ([K.Wong@pge.com](mailto:K.Wong@pge.com))  Senior Manager, Energy Settlements  Phone: (510) 220-6064 |
| **Scheduling:** Attn:  Phone:  E-mail: | | **Scheduling:**  Attn: CPE RA Filings E-mail: CPERAFilings@pge.com |
| **Payments:** Attn:  Phone:  Duns:  Federal Tax ID Number: | | **Payments:** Attn: Kelly Wong ([K.Wong@pge.com](mailto:K.Wong@pge.com))  Senior Manager, Energy Settlements  Phone: (510) 220-6064  Duns: 556650034 Federal Tax ID Number: 94-0742640 |
| **Wire Transfer:** BNK:  ABA:  ACCT: | | **Wire Transfer:** BNK: The Bank of Mellon NY ABA: 011001234 ACCT: 059994 |
| **Credit and Collections:** Attn:  Phone: | | **Credit and Collections:** Attn: Credit Risk Management   Email: PGERiskCredit@pge.com |
| **Confirmations:** Attn:  Phone: | | **Confirmations:**  Attn: Kelly Wong ([K.Wong@pge.com](mailto:K.Wong@pge.com))  Senior Manager, Energy Settlements  Phone: (510) 220-6064 |

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff Tariff Dated Docket Number

Party B Tariff Tariff Dated July 23, 2015 Docket Number ER15-02245-000

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| --- | --- | --- |
| **Article Two** |  | |
| Transaction Terms and Conditions | Optional provision in Section 2.4. If not checked, inapplicable | |
| **Article Four** |  | |
| Remedies for Failure to Deliver or Receive | Accelerated Payment of Damages. If not checked, inapplicable. | |
| **Article Five** |  | |
| Events of Default; Remedies | 5.1(g) Cross Default for Party A: | |
|  | Party A: [Enter Party Name] | Cross Default Amount $100,000.00 |
|  | Other Entity: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Cross Default Amount 0 |
|  | 5.1(g) Cross Default for Party B: | |
|  | Party B: Pacific Gas and Electric Company | Cross Default Amount $ 200,000,000.00 |
|  | Other Entity: | Cross Default Amount $ |
|  | 5.6 Closeout Setoff | |
|  | Option A (Applicable if no other selection is made.) | |
|  | Option B - Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows: | |
|  | Option C (No Setoff) | |
| **Article Eight** |  | |
| Credit and Collateral Requirements | 8.1 Party A Credit Protection: | |
|  | (a) Financial Information: | |
|  | Option A  Option B Specify   Option C Specify | |
|  | (b) Credit Assurances: | |
|  | Not Applicable  Applicable | |
|  | (c) Collateral Threshold: | |
|  | Not Applicable  Applicable | |
|  | If applicable, complete the following: | |
|  | Party B Collateral Threshold: The Collateral Annex does not secure the obligations of Party B under this Master Agreement | |
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| --- | --- | --- |
|  | (d) Downgrade Event: | |
|  | Not Applicable   Applicable | |
|  | If applicable, complete the following: | |
|  | It shall be a Downgrade Event for Party B if Party B’s Credit Rating falls below \_\_\_\_\_ from S&P or from Moody's or if either S&P or Moody’s does not rate Party B. | |
|  | Other:  Specify: | |
|  | (e) Guarantor for Party B: None | |
|  | Guarantee Amount: | |
|  | 8.2 Party B Credit Protection: | |
|  | (a) Financial Information: | |
|  | Option A  Option B Specify:  Option C Specify: | |
|  | (b) Credit Assurances: | |
|  | Not Applicable  Applicable | |
|  | (c) Collateral Threshold: | |
|  | Not Applicable  Applicable | |
|  | If applicable, complete the following:  Party A Collateral Threshold: See Collateral Annex | |
|  | (d) Downgrade Event: | |
|  | Not Applicable  Applicable | |
|  | If applicable, complete the following: | |
|  | It shall be a Downgrade Event for Party A if Party A’s Credit Rating falls below \_\_\_ from S&P or \_\_\_ from Moody's or if Party A is not rated by either S&P or Moody's. | |
|  | Other:  Specify: | |
|  | (e) Guarantor for Party A: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
|  | Guarantee Amount: $\_\_\_\_\_\_\_\_\_\_ | |
| **Article Ten** |  | |
| Confidentiality | Confidentiality Applicable  If not checked, inapplicable. | |
| **Schedule M** | Party A is a Governmental Entity or Public Power System |  |
|  | Party B is a Governmental Entity or Public Power System | |
|  | Add Section 3.6. If not checked, inapplicable | |
|  | Add Section 8.6. If not checked, inapplicable | |
| **Other Changes** |  | |
|  | Specify, if any: The following changes shall be applicable.  **GENERAL TERMS AND CONDITIONS.**  (A) Article One: General Definitions. Amend Article One as follows:  (1) Section 1.1 is amended in its entirety to read: “Affiliate” means (i) with respect to Party A, any entity which directly or indirectly controls, is controlled by, or is under a common control with Party A, and (ii) with respect to Party B, none. For purposes of this definition, “control” (including, with correlative meaning, the terms “controlling”, “controlled by” and “under common control with”), shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies through the ownership of voting securities, by agreement or otherwise.  (2) Section 1.12 deleted and replaced with the definition of “Credit Rating” as set forth in Paragraph 10 to the Collateral Annex to this Agreement  (3) Section 1.27 deleted and replaced with the definition of “Letter of Credit” as set forth in the Collateral Annex to this Agreement (as modified in Paragraph 10 to that Collateral Annex).  (4) Section 1.45 is deleted and replaced with the definition of “Performance Assurance” as set forth in the Collateral Annex to this Agreement (as modified by Paragraph 10 to that Collateral Annex), and “Credit Assurance” as the term is used in this Cover sheet shall mean Performance Assurance as so defined in the Collateral Annex.  (5) In Section 1.50 replace the reference to Section 2.4 with reference to Section 2.5.  (6) In Section 1.51 replace “at Buyer’s option” in the fifth line with “absent a purchase”.  (7) In Section 1.53 replace “at Seller’s option” in the fifth line with “absent a sale”.  (8) A new Section 1.62 is added as follows:  “Broker or Index Quotes” means quotations solicited or obtained in good faith from (a) regularly published and widely-distributed daily forward price assessments from a broker that is not an Affiliate of either Party and who is actively participating in markets for the relevant Products or (b) end-of-day prices for the relevant Products published by exchanges which transact in the relevant markets.”  (9) A new Section 1.63 is added as follows:  “Market Quotation Average Price” means the arithmetic mean of the quotations solicited in good faith from not less than three (3) Reference Market-Makers (as hereinafter defined); provided, however, that the Party obtaining the quotes shall use reasonable efforts to obtain good faith quotations from at least five (5) Reference Market-Makers and, if at least five (5) such quotations are obtained, the Market Quotation Average Price shall be determined by disregarding the highest and lowest quotations and taking the arithmetic mean of the remaining quotations. The quotations shall be based on the offers to sell or bids to buy, as applicable, obtained for transactions substantially similar to each Terminated Transaction. The quote must be obtained assuming that the Party obtaining the quote will provide sufficient credit support for the proposed transaction. Each quotation shall be obtained, to the extent reasonably practicable, as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the Party obtaining the quotations and in accordance with the notice pursuant to Section 5.2, which designates the Early Termination Date. If fewer than three quotations are obtained, it will be deemed that the Market Quotation Average Price in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.”  (10) A new Section 1.64 is added as follows:  “Reference Market Maker” shall have the meaning as set forth in the Collateral Annex to this Agreement.  (11) A new Section 1.65 is added as follows:  “JAMS” means JAMS, Inc., or its successor entity, a judicial arbitration and mediation service.  (12) A new Section 1.66 is added as follows:  “Central Procurement Entity” means the central procurement entity designated as such by California Public Utilities Commission.  (13) A new Section 1.67 is added as follows:  “Central Procurement Entity Function” means acting or performing in the capacity of a Central Procurement Entity.  (B) Article Two: Transaction Terms and Conditions. Amend Article Two as follows:  (1) In Section 2.1, delete the first sentence in its entirety and replace with the following:  “A Transaction, or an amendment, modification or supplement thereto, shall be entered into only upon a writing signed by both Parties.”  (2) Section 2.3 is hereby deleted in its entirety and replaced with the following:  2.3 “No Oral Agreements or Modifications. Notwithstanding anything to the contrary in this Master Agreement, the Master Agreement and any and all Transactions may not be orally amended or modified.”  (3) Section 2.4 is hereby amended by deleting the words “either orally or” in the seventh line.  (4) A new Section 2.6 is added to read as follows:  “2.6 Imaged Agreement. Any original executed Master Agreement, Confirmation or other related document may be photocopied and stored in electronic format(the ‘Imaged Agreement’). The Imaged Agreement, if introduced as evidence on paper, the Confirmation, if introduced as evidence in automated facsimile form, the Recording, if introduced as evidence in its original form and as transcribed onto paper or into other written format, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the Recording, the Confirmation, or the Imaged Agreement (or photocopies of the transcription of the Recording, the Confirmation, or the Imaged Agreement) on the basis that such were not originated or maintained in documentary or written form under either the hearsay rule or the best evidence rule. However, nothing in this Section 2.6 shall preclude a Party from challenging the admissibility of such evidence on some other grounds, including, without limitation, the basis that such evidence has been altered from the original.”  (C) Article Three: Obligations and Deliveries. Amend Article Three as follows:  (1) Add a new Section 3.4 as follows:  3.4. Index Transactions. If the Contract Price for a Transaction is determined by reference to a third-party information source, then the following provisions shall be applicable to such Transaction.  (a) Market Disruption. If a Market Disruption Event occurs during a Determination Period, the Floating Price for the affected Trading Day(s) shall be determined by reference to the Floating Price specified in the Transaction for the first Trading Day thereafter on which no Market Disruption Event exists; provided, however, if the Floating Price is not so determined within three (3) Business Days after the first Trading Day on which the Market Disruption Event occurred or existed, then the Parties shall negotiate in good faith to agree on a Floating Price (or a method for determining a Floating Price), and if the Parties have not so agreed on or before the twelfth Business Day following the first Trading Day on which the Market Disruption Event occurred or existed, then the Floating Price shall be determined in good faith by taking the average of the price quotations for the Trading Days that are obtained from no more than two (2) Reference Market-Makers selected by each of the Parties (for a total of four (4) price quotations).  (b) For purposes of this Section 3.4, the following definitions shall apply:  (i) “Determination Period” means each calendar month a part or all of which is within the Delivery Period of a Transaction.  (ii) “Exchange” means, in respect of a Transaction, the exchange or principal trading market specified in the relevant Transaction.  (iii) “Floating Price” means a price per unit in $U.S. specified in a Transaction that is based upon a Price Source.  (iv) “Market Disruption Event” means, with respect to any Price Source, any of the following events: (a) the failure of the Price Source to announce or publish the specified Floating Price or information necessary for determining the Floating price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the Exchange or in the market specified for determining a Floating Price; (c) the temporary or permanent discontinuance or unavailability of the Price Source; (d) the temporary or permanent closing of any Exchange specified for determining a Floating Price; or (e) a material change in the formula for or the method of determining the Floating Price.  (v) “Price Source” means, in respect of a Transaction, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the specified price (or prices from which the specified price is calculated) specified in the relevant Transaction.  (vi) “Trading Day” means a day in respect of which the relevant Price Source published the Floating Price.  (c) Corrections to Published Prices. For purposes of determining a Floating Price for any day, if the price published or announced on a given day and used or to be used to determine a relevant price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within two (2) years of the original publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If, not later than thirty (30) days after publication or announcement of that correction, a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than ten (10) Business Days after the effectiveness of that notice, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at the Interest Rate for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.  (d) Calculation of Floating Price. For the purposes of the calculation of a Floating Price, all numbers shall be rounded to three (3) decimal places. If the fourth (4th) decimal number is five (5) or greater, then the third (3rd) decimal number shall be increased by one (1), and if the fourth (4th) decimal number is less than five (5), then the third (3rd) decimal number shall remain unchanged.”  (D) Article Four: Remedies for Failure to Deliver/Receive. Amend Article Four as follows:  (1) Section 4.2, entitled “Buyer Failure” is hereby deleted in its entirety.  (E) Article Five: Events of Default; Remedies. Amend Article Five as follows  (1) In Section 5.1(a) change “three (3) Business Days” to “five (5) Business Days”.    (2) Section 5.1(g) is amended by deleting the phrase “, or becoming capable at such time of being declared,” from the eighth and ninth lines, and deleting the phrase “or (ii) a default by such Party or any other party specified in the Cover Sheet for such Party in making on the due date therefor one or more payments, individually or collectively, in an aggregate amount of not less than the applicable Cross Default Amount (as specified in the Cover Sheet)”.  (3) Section 5.2 is hereby deleted in its entirety and replaced with the following:  “5.2 Declaration of an Early Termination Date and Calculation of Settlement Amounts. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (“Non-Defaulting Party”) shall have the right (i) to designate a day and time of such day, no earlier than the day such notice is effective and no later than twenty 20 days after such notice is effective, as an early termination date (“Early Termination Date”), to accelerate all amounts owing between the Parties and to liquidate and terminate only those Transactions between the Parties for which the Defaulting Party’s performance or failure to perform constitutes an Event of Default pursuant to Section 5.1 of the Master Agreement (each referred to as a “Terminated Transaction”), (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date (or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable).The Non-Defaulting Party shall determine its Gains and Losses by determining the Market Quotation Average Price for each Terminated Transaction. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts, to obtain the Market Quotation Average Price with respect to any Terminated Transaction, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner by calculating the arithmetic mean of at least three (3) Broker or Index Quotes for transactions substantially similar to each Terminated Transaction. Such Broker or Index Quotes must be obtained assuming that the Party obtaining the quote will provide sufficient credit support for the proposed transaction. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts to obtain at least three (3) Broker or Index Quotes with respect to any Terminated Transaction, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner by reference to information supplied to it by one or more third parties including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information; provided, however, that such third parties shall not be Affiliates of either Party. Only in the event the Non-Defaulting Party is not able, after using commercially reasonable efforts, to obtain such third party information, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner using relevant market data it has available to it internally.”  (4) Section 5.3 is amended by inserting “plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Defaulting Party Pursuant to Article Eight,” between the words “that are due to the Non-Defaulting Party,” and “plus any and all other amounts” in the sixth line.  (5) The following is added to the end of Section 5.4: “Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay to the Defaulting Party any amount under Article 5 until the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion (which may include an opinion of its counsel) that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party or any of its Affiliates under this Agreement or otherwise which are due and payable as of the Early Termination Date have been fully and finally performed.”    (F) Article Ten: Miscellaneous. Amend Article Ten as follows:  (1) Section 10.2(i) is amended as follows: the phrase “… and is qualified to conduct its business in each jurisdiction in which it will perform a Transaction.” is added to the end of 10.2(i);  (2) Section 10.2(vi) is amended by deleting the phrase “or any of its Affiliates”.  (3) Section 10.2(ix) is amended by adding the phrase “it is an ‘eligible contract participant’ as defined in Section 1(a)(18) of the Commodity Exchange Act, as amended, and it is an ‘eligible commercial entity’ as defined in Section 1(a)(17) of the Commodity Exchange Act, as amended”.  (4) Section 10.2(x) is amended by replacing “and” in the third line with a comma and adding the following at the end of the section: “and it intends to physically settle each Transaction such that if the ‘commodity option’ (as defined in the Commodity Exchange Act, as amended) associated with a Transaction is exercised, the option would result in the sale of an ‘exempt commodity’ (as defined in Section 1(a)(20) of the Commodity Exchange Act, as amended) for immediate or deferred delivery.”  (5) Section 10.5 is amended as follows: (a) the phrase “may be withheld in the exercise of its sole discretion” is deleted and replaced with “which consent may not be unreasonably withheld”; and (b) replace the word “affiliate” with the defined term “Affiliate.”  (6) Section 10.6 is amended by changing “NEW YORK” to “CALIFORNIA” in the first sentence.  (7) Section 10.10 is deleted in its entirety.  (8) Section 10.11 is deleted in its entirety and replaced with the following:  “10.11 Confidentiality.  If the Parties have elected on the Cover Sheet to make this Section 10.11 applicable to this Master Agreement, neither Party shall disclose the terms or conditions of this Agreement or any Transaction to a third party other than (i) the Party’s or the Party’s Affiliates’ employees, lenders, counsel, accountants, advisors or ratings agencies who have a need to know such information and have agreed to keep such terms confidential (ii) in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding or request applicable to such Party or any of its Affiliates, (iii) as Party B deems necessary in order to demonstrate the reasonableness of its actions to duly authorized governmental or regulatory agencies, including, without limitation, the California Public Utilities Commission (“CPUC”) or any division thereof or (iv) to any Governmental Entity, the CPUC, CAISO and the Procurement Review Group, if applicable; provided, however, each Party shall in the cases described in subsections (ii) through (iv), to the extent practicable, use reasonable efforts to prevent or limit the disclosure.  The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.  The confidentiality obligation hereunder shall not apply to any information that was or hereafter becomes available to the public other than as a result of a disclosure in violation of this Section 10.11.  Party B acknowledges that Party A is a public entity subject to the requirements of the California Public Records Act (Cal. Gov. Code section 6250 et seq.). Party A acknowledges that Party B may submit information to Party A that Party B considers confidential, proprietary, or trade secret information pursuant the Uniform Trade Secrets Act (Cal. Civ. Code section 3426 et seq.), or otherwise protected from disclosure pursuant to an exemption to the California Public Records Act (Government Code sections 6254 and 6255). Upon request or demand of any third person or entity not a party to this Agreement ("Requestor") to Party A pursuant to the California Public Records Act for production, inspection and/or copying of Confidential Information ("Requested Confidential Information"), Party A as soon practical shall notify Party B in writing that such request has been made. Party B shall be solely responsible for taking whatever legal steps are necessary to prevent release of the Requested Confidential Information to the Requestor by Party A. If Party B takes no such action, after receiving the foregoing notice from Party A, Party A shall be permitted to comply with the Requestor's demand and is not required to defend against it. If Party B does take such action; Party A shall provide timely and reasonable cooperation to Party B if requested by Party B, for which Party B will be responsible for any agreed reasonable expenses incurred by Party A in providing such cooperation.  Regardless of any other provisions of this Agreement, either Party shall have the right to disclose the terms and conditions of a Transaction between the Parties to index publishers that aggregate and report such data to the public in the form of indices.  (9) A new Section 10.12 is added as follows:  “10.12 Execution. A signature received via facsimile or email shall have the same legal effect as an original.”  (10) A new Section 10.13 is added as follows:  The Parties agree that Security and Exchange Commission rules for reporting power purchase agreements may require Pacific Gas and Electric Company (“PG&E”) to collect and possibly consolidate financial information. For any Transaction for which such reporting is required, PG&E is obligated to obtain information from Seller to determine whether or not consolidation is required. If PG&E determines that consolidation is required, PG&E as Party B shall require the following during every calendar quarter for the term of such Transaction:  a) Complete financial statements and notes to financial statements and  b) Financial schedules underlying the financial statements, all within fifteen (15) days of the end of each quarter.  c) Access to records and personnel, so that PG&E's independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002).  Any information provided to PG&E shall be treated confidentially and only disclosed on an aggregate basis with other similar entities for which PG&E has power-purchase contracts. The information will only be used for financial statement purposes and shall not be otherwise shared with internal or external parties.  (11) A new Section 10.14 is added as follows:  10.14 Dispute Resolution. Mindful of the high costs of litigation, not only in dollars but time and energy as well, the Parties intend to and do hereby establish a final and binding out-of-court dispute resolution procedure to be followed in the event any controversy should arise out of or concerning the performance of a Transaction. Accordingly, it is agreed as follows:  10.14(a) Negotiation.  (1) Except for disputes arising with respect to a Termination Payment, the Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement by prompt negotiations between each Party’s designated representative ("Manager"). Either Party may request a meeting (in person or telephonically) to initiate negotiations. Parties will then designate their respective Managers in writing, and the meeting shall be held within ten (10) Business Days of the other Party’s receipt of such request, at a mutually agreed time and place. If the matter is not resolved within 15 Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies, who shall have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another written notice confirming the referral and identifying the name and title of the Executive who will represent the Party.  (2) Within 5 Business Days of the Referral Date the Executives shall establish a mutually acceptable location and date, which date shall not be greater than 30 calendar days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary to exchange the relevant information and to attempt to resolve the dispute.  (3) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.  (4) If the matter is not resolved within 45 calendar days of the Referral Date, or if the Party receiving the written request to meet, pursuant to subpart (a) above, refuses or will not meet within 10 Business Days, either Party may initiate mediation of the controversy or claim according to the terms of the following Section 10.14(b).  (5) If a dispute exists with respect to the Termination Payment, and such dispute cannot be resolved by good faith negotiation of the Parties within 10 Business Days of the Non-Defaulting Party’s receipt of the detailed basis for the explanation of the dispute then either Party may refer the matter directly to Arbitration, as set forth in Section 10.14(c) below.  10.14(b) Mediation. If the dispute (other than a dispute regarding the Termination Payment) cannot be resolved by negotiation as set forth in Section 1 above, then either Party may initiate mediation, the first-step of a two-step dispute resolution process, which JAMS shall administer.  As the first step, the Parties agree to mediate any controversy before a commercial mediator from the JAMS panel, pursuant to JAMS’s then-applicable commercial mediation rules, in San Francisco, California.  Either Party may initiate such a mediation by serving a written demand for mediation.  The mediator shall not have the authority to require, and neither Party may be compelled to engage in, any form of discovery prior to or in connection with the mediation.  If within sixty (60) days after service of a written demand for mediation, or as extended by mutual agreement of the Parties, the mediation does not result in resolution of the dispute, then the Parties shall resolve such controversy through Arbitration by one retired judge or justice from the JAMS panel, which Arbitration shall take place in San Francisco, California, and which the arbitrator shall administer by and in accordance with JAMS’s Commercial Arbitration Rules (“Arbitration”).  If the Parties cannot mutually agree on the Arbitrator who will adjudicate the dispute, then JAMS shall provide the Parties with an Arbitrator pursuant to its then-applicable Commercial Arbitration Rules. The period commencing from the date of the written demand for mediation until the appointment of a mediator shall be included within the sixty (60) day mediation period.  Any mediator(s) and arbitrator(s) shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute.  Either Party may initiate Arbitration by filing with the JAMS a notice of intent to arbitrate within sixty (60) days of service of the written demand for mediation.  10.14(c) Arbitration.  (1) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.  (2) The arbitrator, once chosen, shall consider any transaction tapes or any other evidence which the arbitrator deems necessary, as presented by each Party. In deciding the award, the provisions of this Agreement will be binding on the arbitrator. The arbitrator will deliver his or her decision in writing within 30 days after the conclusion of the arbitration hearing. The arbitrator shall specify the basis for his or her decision, the basis for the damages award and a breakdown of the damages awarded, and the basis of any other remedy. Except as provided in the Federal Arbitration Act, the decision of the arbitrator will be binding on and non-appealable by the Parties. Each Party agrees that any arbitration award against it may be enforced in any court of competent jurisdiction and that any Party may authorize any such court to enter judgment on the arbitrator’s decision.  (3) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages.  (4) Any expenses incurred in connection with hiring the arbitrators and performing the Arbitration shall be shared and paid equally between the Parties. Each Party shall bear and pay its own expenses incurred by each in connection with the Arbitration, unless otherwise included in a solution chosen by the Arbitration panel. In the event either Party must file a court action to enforce an arbitration award under this Article, the prevailing Party shall be entitled to recover its court costs and reasonable attorney fees.  (5) In the event the Parties choose to litigate any matter hereunder, the Parties hereby waive the right to jury trial.  (6) Except as may be required by Law, the existence, contents or results of any Arbitration hereunder may not be disclosed by a Party or the arbitrator without the prior written consent of both Parties.  (11) A new Section 10.15 is added as follows:  10.15 Mobile Sierra. Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to the FERC pursuant to the provisions of the Federal Power Act, absent prior written agreement of the Parties.  Further, absent the prior written agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party, or the FERC acting *sua sponte* shall solely be the “public interest” application of the “just and reasonable” standard of review set forth in *United States Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956)* ( the “Mobile-Sierra” doctrine), as the Mobile-Sierra Doctrine has been clarified by Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish 554 U.S. 527 (2008)*.*  (13) A new Section 10.16 is added as follows:  10.16 Separation of Functions. The Parties acknowledge that this Agreement is between the Party A and Party B, where Party B is acting solely in its capacity as a Central Procurement Entity. The Parties further acknowledge that they have no rights against each other or obligations to each other under this Agreement with respect to any relationship between the Parties in which Pacific Gas and Electric Company is acting in any capacity other than a Central Procurement Entity, including as a load serving entity, electric procurement and electric fuel function, participating transmission owner or utility distribution company.  (G) Schedule M: Amend Schedule M as follows:  (1) Add the following definition in Article One:  “Act” means \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (2) Section 3.4 of Schedule M is hereby deleted in its entirety and replaced with the following:  "Section 3.4 Party A's Deliveries. As a condition to the obligations of Party B under this Agreement, Party A shall provide to Party B (i) copies of all ordinances, resolutions, public notices and other documents evidencing the necessary authorizations with respect to the execution, delivery and performance by Party A of this Master Agreement and (ii) the incumbency and signatures of the signatories of Party A executing this Master Agreement and any Confirmations executed in connection herewith."  (3) Section G of Schedule M is amended to insert the relevant state as follows “CALIFORNIA”.  (H) Schedule P: Products and Definitions. Amend Schedule P as follows:  Add the following definitions, in appropriate alphabetical order:  “CAISO Energy” means with respect to a Transaction, a Product under which the Seller shall sell and the Buyer shall purchase a quantity of energy equal to the hourly quantity without Ancillary Services (as defined in the Tariff) that is or will be scheduled as a schedule coordinator to schedule coordinator transaction pursuant to the applicable tariff and protocol provisions of the California Independent System Operator (“CAISO”) (as amended from time to time, the “Tariff”) for which the only excuse for failure to deliver or receive is an Uncontrollable Force (as defined in the Tariff).  “WECC” means the Western Electricity Coordinating Council.  “WSPP” means the Western Systems Power Pool.  “WSPP Agreement” means the Western Systems Power Pool Agreement as amended from time to time.  “West Firm” or “WSPP Firm” means with respect to a Transaction, a Product that is or will be scheduled as firm energy and consistent with the most recent rules adopted by the WECC for which the only excuses for failure to deliver or receive are if an interruption is (i) due to an Uncontrollable Force as provided in Section 10 of the WSPP Agreement; or (ii) where applicable, to meet Seller's public utility or statutory obligations to its customers. Notwithstanding any other provision in this Master Agreement, if Seller exercises its right to interrupt to meet its public utility or statutory obligations, Seller shall be responsible for payment of damages for failure to deliver firm energy as provided in Article Four of this Agreement. | |
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IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the last dated signature below.

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| --- | --- |
| Party A  [Enter Party Name] | Party B  **PACIFIC GAS AND ELECTRIC COMPANY** **limited for all purposes hereunder to its Central Procurement Entity Function** |
| By:  Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | By:  Name:  Title:  Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

DISCLAIMER: This Master Power Purchase and Sale Agreement was prepared by a committee of representatives of Edison Electric Institute ("EEI") and National Energy Marketers Association ("NEM") member companies to facilitate orderly trading in and development of wholesale power markets. Neither EEI nor NEM nor any member company nor any of their agents, representatives or attorneys shall be responsible for its use, or any damages resulting there from. By providing this Agreement EEI and NEM do not offer legal advice and all users are urged to consult their own legal counsel to ensure that their commercial objectives will be achieved and their legal interests are adequately protected.