**Zero Emitting Generation Term Sheet**

This Term Sheet is to be used in conjunction with the storage Long term Resource Adequacy Agreement with Energy Settlement.

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|  | Project | The Co-Located, Contractually Paired or Hybrid Resource submitted in the Offer Form in connection with PG&E’s MTR Phase 2 RFO. |
|  | Co-Located Resources | Physically-paired renewable generation facility and storage facility, each with a unique CAISO resource ID. |
|  | Contractually Paired Resources | Contractually-paired renewable generation facility and storage facility, each with an offtake agreement and unique CAISO Resource ID |
|  | Hybrid Resource | A hybrid renewable generation and storage facility with a single CAISO resource ID |
|  | Expected Nameplate Capacity of Project | [●] MW |
|  | Transaction | Seller will deliver Product to Buyer for Buyer’s exclusive use. |
|  | Product | All Energy produced by or associated with the Project, all Green Attributes, and all Capacity Attributes that can be calculated or derived from the Project’s operational characteristics. All Product must be exclusively from the Project. Buyer’s right to Product will not include any right to dispatch or receive Ancillary Services from the Project. |
|  | Green Attributes | All credits, benefits, emissions reductions, offsets, and allowances attributable to the generation of the Project and its avoidance of the emission of any greenhouse gas, chemical, or pollutant to the air, soil, or water. Green Attributes include Renewable Energy Credits as set forth in California Public Utilities Code Section 399.12(h) and CPUC Decision 08-08-028. |
|  | Capacity Attributes | Any and all of the following attributes:   1. System RA Attributes 2. Local RA Attributes 3. Flexible RA Attributes 4. Exclusive of (a), (b), and (c), any current or future capacity characteristics or attributes   The amount of Capacity Attributes Seller owes Buyer will be calculated from the Project’s operational characteristics, including location, point of interconnection, Pmax, Pmin, minimum real-time dispatchable level, and ramp rates.  For Contractually Paired Resources, Capacity Attributes will be calculated assuming two independent resources.  For Co-Located Resources that are not charging constrained, Capacity Attributes will be calculated assuming two independent resources or using any applicable methodology for co-located resources that are not charging constrained.  For Co-Located Resources that charge solely from the renewable resource, RA Attributes will be calculated using the QC methodology in CPUC Decision 20-06-031 for hybrid and co-located resources receiving the Investment Tax Credit (ITC), or any subsequent applicable methodology, for the applicable ITC years of the Delivery Term. After the ITC period, System and Local RA Attributes will be calculated assuming two independent resources or using any applicable methodology for co-located resources that are not charging constrained.  For hybrid resources that charge solely from the renewable resource, System and Local RA Attributes will be calculated using the QC methodology in CPUC Decision 20-06-031 for hybrid and co-located resources receiving the Investment Tax Credit (ITC), or any subsequent applicable methodology, for the entire Delivery Term. |
|  | Delivery of Capacity Attributes | For every month of the Delivery Term, Seller shall take all actions, including executing all documents or instruments, complying with all applicable registration, certification and reporting requirements of all applicable Governmental Authorities and other Persons, as such requirements may be amended from time to time, that are necessary to ensure that Buyer can use Capacity Attributes for its compliance obligations. |
|  | Scheduling Coordinator | Seller shall be the SC or shall designate a qualified third party to fulfill such role for the Project in order to deliver Product to Buyer. Seller will grant Buyer access to information necessary to settle the agreement, including settlement-quality meter data and CAISO Day-Ahead Participating Intermittent Resource Program (PIRP) forecasts. |
|  | Compensation | For Co-Located Resources and Contractually Paired Resources, compensation will be determined using use the Settlement Amount described below. For Hybrid Resources, compensation will be determined as described in Attachment A. |
|  | Settlement Amount | For every month, the Settlement Amount will equal the sum of:   1. for every Settlement Interval in the month, the amount equal to (a) the Proxy Payment, which is the Proxy Quantity multiplied by the Proxy Contract Price, minus (b) the Market Price Payment, which is the Proxy Quantity multiplied by the Market Price, plus; 2. for every Settlement Interval in the month, the Meter Payment, which is the Meter Quantity multiplied by the Meter Contract Price   If the Settlement Amount is greater than $0, Buyer will pay Seller the Settlement Amount. If the Settlement Amount is less than $0, Seller will pay Buyer the absolute value of the Settlement Amount. |
|  | Settlement Interval | Day-Ahead hourly intervals |
|  | Proxy Quantity | CAISO Day-Ahead PIRP forecast, which is the final forecast of Energy to be produced by the Project prepared by the CAISO in accordance with the Eligible Intermittent Resources Protocol and communicated to the Project’s Scheduling Coordinator for use in submitting a schedule for the output of the Project in the Day-Ahead Market. |
|  | Meter Quantity | The amount of Energy generated by the Project and delivered to the point of interconnection to the CAISO-controlled grid, as measured by the Project’s CAISO revenue meter. |
|  | Proxy Contract Price | $[●]/MWh for Proxy Quantity |
|  | Meter Contract Price | $[●]/MWh for Meter Quantity |
|  | Market Price | Day-Ahead price expressed in $/MWh at the Settlement Point. In the event the Market Price is less than $0/MWh for a Settlement Interval, the Market Price Payment will be equal to the Proxy Quantity multiplied by the Price Floor. |
|  | Price Floor | $0/MWh |
|  | Settlement Point | ***For Contractually-Paired Resources: NP15, SP15, ZP26***  ***For Co-Located and Hybrid Resources: P-Node*** |
|  | Resold Product | Buyer may resell all or any portion of Product purchased under the PPA (“Resold Product”). If Buyer resells Product, Seller will follow Buyer’s instructions with respect to providing Resold Product to subsequent purchasers of such Resold Product to the extent such instructions are consistent with Seller’s obligations under the PPA, including taking all commercially reasonable actions and executing any and all documents or instruments reasonably necessary to allow such subsequent purchasers to use such Resold Product in a manner consistent with Buyer’s rights under the PPA. |
|  | Expected Initial Delivery Date (EIDD) | Date submitted in the Offer Form in connection with PG&E’s MTR Phase 2 RFO. |
|  | Initial Delivery Date (IDD) | IDD must occur on the first day of a month. IDD may not occur unless:   1. Installed Capacity is at least 99% of Expected Nameplate Capacity; and 2. The paired storage resource has achieved IDD   Delays in reaching IDD by EIDD will be handled in accordance with PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement. |
|  | Delivery Term | [●] years from IDD |
|  | Contract Quantity | The quantity of Energy Seller commits to delivering each contract year to the point of interconnection to the CAISO-controlled grid, as measured by the CAISO revenue meter, and as specified below: |

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|  |  | **Year** | **Contract Quantity** |
|  |  | 1 |  |
|  |  | 2 |  |
|  |  | 3 |  |
|  |  | 4 |  |
|  |  | 5 |  |
|  |  | Etc. |  |

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| --- | --- | --- |
|  | Excess Settlement Amount | If at any point in any contract year, the sum of (a) all the contract year’s Proxy Payments and (b) all the contract year’s Meter Payments exceeds the product of (x) that contract year’s Contract Quantity, multiplied by (y) the sum of the Proxy Contract Price and Meter Contract Price, then each additional Settlement Interval in such contract year will be an “Excess Settlement Interval” and the “Excess Settlement Amount” will be used instead of the Settlement Amount. The Excess Settlement Amount will be calculated as follows:   1. For each Excess Settlement Interval where the Market Price is greater than 50% of the Proxy Contract Price, the difference between (a) 50% of the Proxy Contract Price multiplied by the Proxy Quantity, minus (b) the Market Price multiplied by the Proxy Quantity 2. For each Excess Settlement Interval where the Market Price is less than or equal to 50% of the Proxy Contract Price, the amount of $0   If the Excess Settlement Amount is greater than $0, Buyer will pay Seller the Excess Settlement Amount. If the Excess Settlement Amount is less than $0, Seller will pay Buyer the absolute value of the Excess Settlement Amount. |
|  | Guaranteed Energy Production | In each contract year, Seller will be required to provide Meter Quantity to Buyer at no less than the Guaranteed Energy Production (GEP). GEP is equal to the product of (a) 70% of Contract Quantity, multiplied by (b) the quotient of (i) total number of hours in a contract year minus hours the Project was unavailable for Force Majeure, divided by (ii) total number of hours in a contract year. |
|  | GEP Damages | If Seller is unable to meet its GEP requirement, Seller must pay GEP Damages, calculated as the product of  (a) shortfall between Meter Quantity and GEP, multiplied by  (b) the greater of:  (x) the sum of:  (i) the average Market Price in $/MWh for all Settlement Intervals in the contract year minus the Proxy Contract Price minus the Meter Contract Price, and (ii) $50/MWh,  or  (y) $20/MWh. |
|  | WREGIS | Seller shall, at its sole expense, take all actions and execute all documents or instruments necessary to ensure that all WREGIS Certificates associated with all Renewable Energy Credits corresponding to Meter Quantity are issued and tracked for purposes of satisfying the requirements of the California Renewables Portfolio Standard and that Renewable Energy Credits are transferred in a timely manner to Buyer for Buyer’s sole benefit.  In the event there is a shortfall of WREGIS Certificates delivered to Buyer for a calendar month compared to Meter Quantity for that same calendar month (“WREGIS Certificate Deficit”), then the amount of Meter Quantity for that month shall be reduced for the purposes of calculating the Meter Payment for that month and GEP for the applicable contract year. Any adjustments to the Meter Payment will be made on Seller’s next monthly invoice to Buyer. |
|  | Performance Assurance | Performance assurance will be determined and held in accordance with PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement. |
|  | Events of Default | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement and will also include the following Seller Events of Default:   1. Failure to reach IDD within three (3) months of EIDD, provided that if Seller extends the IDD cure period, an Event of Default will be failure to reach IDD within six (6) months of EIDD. 2. Failure by Seller to achieve the GEP requirement by failing to pay GEP Damages. 3. Cumulative Meter Quantity is zero (0) for a contract year |
|  | Cross Default | If two agreements are executed, a Seller Event of Default under either agreement will constitute an Event of Default in the paired agreement, and Buyer will have the right to terminate either or both agreements. |
|  | CPUC Approval | If CPUC Approval has not occurred on or before 180 days from the date on which Buyer files the agreement with the CPUC seeking CPUC Approval, then either Party may terminate the agreement.  “CPUC Approval” means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to either of the Parties, pursuant to which the CPUC approves of the agreement in its entirety. |
|  | Information Sharing | Seller understands and acknowledges that Buyer is entering into agreements to meet Buyer’s IRP zero-emissions capacity target established under CPUC Decision 21-06-035. Throughout the term of any agreement, Seller will share information necessary to support Buyer’s IRP compliance, including providing evidence that the Project is on track to be online and able to deliver Product. |
|  | Safety | TBD. Language will be included in the agreement to ensure that Seller constructs, operates, and maintains the Project in a safe, reliable manner and in accordance with prudent electrical practices. |
|  | Climate Change Attestation | ***For Projects with a term of 15 years or more:*** Seller will attest that long-term climate risks have been assessed with respect to the Project, consistent with CPUC Decision 20-08-046. |
|  | Force Majeure | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement as posted in the MTR Phase 2 RFO. |
|  | Termination Payment | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement as posted in the MTR Phase 2 RFO. |
|  | Conditions Precedent | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement as posted in the MTR Phase 2 RFO. |
|  | Confidentiality | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement as posted in the MTR Phase 2 RFO. |
|  | Dispute Resolution | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement as posted in the MTR Phase 2 RFO. |
|  | Governing Law | California |