

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 24, 2015

**PG&E ALs 4618-E-A and 4618-E-B
SDG&E AL 2729-E-A
SCE AL 3208-E-A**

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Southern California Edison Company
8631 Rush Street
Rosemead, CA 91770

Subject: Staff Disposition of: *SDG&E's AL 2729-E-A: Supplemental Filing - Demand Response Auction Mechanism Pilot Pursuant To Resolution E-4728;*

PG&E AL 4618-E-A - Supplemental: Modifications to Demand Response Auction Mechanism Contracts and Related Documents in Compliance with Resolution E-4728 as Modified by Resolution E-4737;

PG&E AL 4618-E-B - Partial Supplement: Modifications to Demand Response Auction Mechanism Contracts and Related Documents in Compliance with Resolution E-4728 as Modified by Resolution E-4737 (Form of Notice of Demonstrated Capacity); and,

SCE AL 3208-E-A – Southern California Edison Company's Demand Response Auction Mechanism Pilot Supplemental Advice Letter Filing Pursuant to Resolution E-4728, Ordering Paragraph 22.

Dear Mr. Faber, Mr. Jacobson and Mr. Worden:

The CPUC Energy Division (ED) approves PG&E AL 4618-E-A and SCE AL 3208-E-A, in part as specified herein. The CPUC ED approves PG&E AL 4618-E-B and SDG&E AL 2729-E-A in their entirety. All of the aforementioned ALs (collectively, "DRAM Resolution Compliance Supplements") shall have an effective date of September 24, 2015.

Background and Protest

On August 24, 2015, PG&E, SCE, and SDG&E timely filed the DRAM Resolution Supplements as ordered in OP 22 of Resolution E-4728. On September 14, 2015, Office of Ratepayer Advocates (ORA) protested several aspects of SDG&E AL 2729-E-A and PG&E AL 4618-E-A. First, ORA recommends that PG&E adopt the same approach as SCE with regard to transitioning AutoDR customers to the DRAM. Second, ORA recommends that SDG&E file a proposal to transition AutoDR customers to DRAM and that its proposal also mirror that filed by SCE. Finally, ORA recommends that PG&E modify its Form of Notice of Demonstrated Capacity, Exhibit C to the DRAM pro forma contract, to include columns for Joint PDR Adjustment and Residential Products, consistent with the Form of Notice of Demonstrated Capacity filed by SCE and SDG&E.

Discussion

Energy Division has reviewed the DRAM Supplemental ALs for the provisions responsive to Resolution E-4728 ordering specific changes, and finds those provisions in compliance.

In filing proposed modifications to AutoDR, we appreciate the initiative taken by both PG&E and SCE to identify and proactively address a potential barrier to DRAM participation. We note, however, that these proposed modifications to the AutoDR program were not directed by the Commission in Resolution E-4728. OP 22 of Resolution E-4728 directed compliance filings by supplement to conform the DRAM advice filings to specific orders and provisions in the resolution. PG&E and SCE's AutoDR proposals go beyond the scope of OP 22.

We do not agree that any modifications are necessary to the AutoDR program in order to facilitate participation in DRAM, nor do we agree that existing AutoDR customers are at risk for losing eligibility for AutoDR incentives as a result of participation in DRAM. Decision (D.) 14-12-024 approved the Joint Parties' request for the IOUs to file proposals for two years of DRAM pilot auctions, specified the initial budget for the DRAM pilots, and allowed for additional funding from IOU DR program budgets to be utilized for the DRAM program. Thus, for purposes of both years of the DRAM pilots, and eligibility for AutoDR incentives, we clarify that we consider the DRAM to be an IOU DR program and thus participation in DRAM counts toward the initial one-year incentive calculation period and overall three-year enrollment requirement for AutoDR incentives.

Given both the above clarification, and the program modifications approved in Resolution E-4728, there is no risk that a customer that moves from an existing IOU DR program to the DRAM will lose eligibility for DR programs or AutoDR incentives. Thus, the modifications to AutoDR proposed by PG&E and SCE are rejected without prejudice, and ORA's recommendation that SDG&E file modifications to AutoDR consistent with that proposed by SCE is moot. Further, because the sections of PG&E and SCE's Advice Letters that propose revisions to AutoDR program are rejected, ORA's protest is moot.

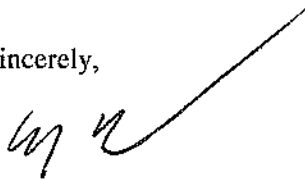
On September 17, 2015, PG&E filed AL 4618-E-B, which contains a modified Appendix C that is consistent with that of the other two IOUs. ORA's request for the same treatment is therefore moot. PG&E AL 4618-E-B is approved.

Conclusion

SDG&E AL 2729-E-A and PG&E AL 4618-E-B are approved in their entirety, effective September 24, 2015. Effective September 24, 2015, SCE AL 3208-E-A and PG&E AL 4618-E-A are approved in their entirety, except for proposals to modify AutoDR programs, which are out of scope of Resolution E-4728 and are not approved. We also clarify that the first DRAM auction may commence on September 28, 2015.

Please contact Rachel McMahon of Energy Division at rachel.mcmahon@cpuc.ca.gov with any questions.

Sincerely,



Edward Randolph
Director, Energy Division

cc:

- ED Tariff Unit (edtariffunit@cpuc.ca.gov)
 - Barry R. Wallerstein, South Coast Air Quality Management District (bwallerstein@aqmd.gov)
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 - Michael R. Hoover, Southern California Edison Company (michael.hoover@sce.com)
 - Megan Caulson, San Diego Gas & Electric Company (mcaulson@semprautilities.com)
- Service List R.13-09-011

August 24, 2015

Advice 4618-E-A

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Supplemental: Modifications to Demand Response Auction Mechanism Contracts and Related Documents in Compliance with Resolution E-4728 as Modified by Resolution E-4737

I. Purpose

Pacific Gas and Electric Company (PG&E) submits this Supplemental Advice Letter to implement the Demand Response Auction Mechanism (DRAM) Pilot pursuant to California Public Utilities Commission (Commission or CPUC) Resolution E-4728 Ordering Paragraph 22 as corrected by Executive Director Resolution E-4737 (Resolution).

The Resolution requires PG&E to provide the following documents and information:

- Modifications to the pro-forma DRAM contract;
- A proposal for a qualitative DRAM scoring matrix;
- Modifications to the Base Interruptible Program (BIP) and Residential SmartAC™ Program rate schedules as needed to implement set-aside proposals in the Resolution; and
- A proposed timeline for the DRAM 2 Pilot solicitation.

This Advice Letter also describes a proposed revision to PG&E's Automated Demand Response (ADR) program to allow ADR participants to participate in the 2016 DRAM Pilot.

II. Background

The Commission issued *Order Instituting Rulemaking* 13-09-011¹ (Rulemaking) on September 25, 2013. Phase 1 of the Rulemaking focused on bridge funding and potential demand response (DR) program changes during the bridge period.

¹ <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M077/K151/77151993.PDF>

Phase 2 focused on the bifurcation of DR programs. In Decision (D.) 14-03-026, in which the Commission approved DR bifurcation, it introduced the concept of a Demand Response Auction Mechanism (DRAM). In the April 2, 2014 *Joint Assigned Commissioner and Administrative Law Judge Ruling and Revised Scoping Memo*², the Commission included in Appendix B a DRAM Proposal. After submitting testimony, reply testimony, and briefs, most parties participated in settlement negotiations which culminated in the submission of a proposed settlement on August 4, 2014. In the proposed settlement, parties agreed to a working group process to further develop the parameters of a DRAM.

In December 2014, the Commission issued D.14-12-024³ which approved the proposed settlement with revisions. The settling parties then resubmitted the settlement as revised by the decision and requested that the Commission approve it as a joint agreement. The Commission approved the joint agreement in D.15-02-007, issued February 13, 2015.

In Ordering Paragraphs (OP) 5 and 6 of D.14-12-024, Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and PG&E (together, the IOUs) were directed to file an advice letter, by April 1, 2015, to create the DRAM Pilot, with the proposed protocol, standard contract, standard evaluation protocol, set-aside mechanism, and non-binding cost estimates. The Commission also authorized the IOUs to participate collaboratively with interested stakeholders in the DRAM working group, whose activities were conducted at the express direction and under continuing supervision of the Commission. The DRAM working group, authorized by OP 6 of D.14-12-024, includes the IOUs, Energy Division staff, ratepayer advocates (Office of Ratepayer Advocates and The Utility Reform Network), demand response providers and aggregators, and other interested stakeholders.

On April 20, 2015, the IOUs filed a Joint Tier 3 Advice Letter⁴ which reflected several months of active collaboration between the parties on how to best implement the DRAM Pilot.⁵ The Commission issued Resolution E-4728 approving the IOUs' Advice Letter on July 27, 2015.

² <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M089/K323/89323807.pdf>

³ <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M143/K552/143552239.pdf>

⁴ PG&E AL 4618-E, SCE AL 3208-E, SDG&E AL 2729-E

⁵ The April 1, 2015 filing date from OP 5.c of D.14-12-024 was extended to April 20, 2015 in a March 26, 2015 letter from Timothy Sullivan, Executive Director.

III. Compliance with Ordering Paragraph 22 of Resolution E-4728

Ordering Paragraph 22 states:

“Thirty days from the Commission vote on this Resolution, the IOUs are directed to file the following in a Supplemental Advice Letter:

- A. Modifications to the pro forma contract, as required by this Resolution.*
- B. A clear scoring matrix for each evaluation criterion, in table format, with a numeric score for each variable. This matrix must include all criteria that will be used in scoring DRAM bids. This matrix shall be made available to bidders, incorporated into bid documents and explained at DRAM bidder’s conference(s).*
- C. Modifications of program (BIP, CBP, and API) tariffs, as well as amended AMP contracts, needed to implement the set-asides in the proposals approved in this Resolution.*
- D. A proposed, non-binding schedule for the solicitation for the second year of DRAM. This schedule must include the estimated filing date for the Advice Letter, all of the relevant steps detailed on pages 9 and 10 AL 3208-E et al plus any others, and the relevant milestones in the resource adequacy process.*

The following documents are attached to this Advice Letter:

Attachment 1 is the modified DRAM contract, pursuant to OP 22.A, which contains the following revisions:

1. Replacement of Section 3.3(a) with new language specified in OP 9.
2. Modification of Section 5.7 as specified in OP 10.
3. New contract provisions to account for the possibility that resources may be aggregated together in a single Proxy Demand Resource (PDR) (Resolution, p. 29, OP 20).
4. Provisions that fossil-fueled back-up generators (BUGs) may not be used to provide DR for the DRAM Pilot, and requiring Sellers to indicate how they will demonstrate that fossil-fueled BUGs are not being used. (Resolution, OPs 2 and 4.)
5. A provision requiring that any energy storage used in the DRAM Pilot meet the greenhouse gas emissions factor thresholds adopted in the Self-Generation Incentive Program (SGIP).⁶
6. Removal of Section 3.3(b) due to the Commission’s approval in OP 7 of D.15-06-063 of the request of SCE and SDG&E to use contract capacity for the Qualifying Capacity of the DR procured through the DRAM Pilot.⁷

⁶ Resolution, p.15.

7. Removal of the requirement for Sellers to perform a load impact analysis for the DRAM contracts. (OP 5.)
8. A new provision specifying a 20% set-aside for residential aggregations and a requirement of at least 90% residential customers in a residential aggregation, with a 10% capacity penalty to the Seller for non-compliance. (OP 19.)

Attachment 2 contains the IOUs' proposed qualitative DRAM bid evaluation matrix pursuant to OP 22.B. Each IOU will use this qualitative evaluation protocol, but will assign its own scores. The bid evaluation matrix, showing the specific criteria, scoring and weights, will be incorporated into bid documents and explained at DRAM bidders' conference(s).

Attachment 3 contains a list of the affected tariff sheets, and clean and redlined versions of PG&E's E-BIP and E-RSAC tariffs pursuant to OP 22.C. This OP directed the IOUs to revise the Base Interruptible Program (BIP), Capacity Bidding Program (CBP), Agricultural and Pumping Interruptible (API) program, and Aggregator Managed Portfolio (AMP) contracts to allow customers to de-enroll from these programs to participate in the 2016 DRAM Pilot.⁸ PG&E's CBP does not require customer commitment beyond one month and API is not offered by PG&E. Pursuant to OP 22.C, PG&E revises the following DR program rate schedules to allow early de-enrollment to participate in the DRAM Pilot:

1. Electric Schedule E-BIP, Base Interruptible Program: PG&E's E-BIP rate schedule currently only allows participants to terminate in November of each year. PG&E proposes to add the following language to the E-BIP rate schedule:

"Customers may de-enroll prior to the end of the first year if they do so to participate in the 2016 Demand Response Auction Mechanism Pilot, as directed by the California Public Utilities Commission in Resolution E-4728."

2. Electric Schedule E-RSAC, Residential Smart AC™ Program: PG&E's E-RSAC rate schedule requires that customers remain on the program for at least 12 months after enrollment. PG&E proposes that the E-RSAC language be modified to state:

"Customers may de-enroll prior to the end of the 12 months if they do so to participate in the 2016 Demand Response Auction Mechanism Pilot, as directed by the California Public Utilities Commission in Resolution E-4728."

⁷ Resolution, p.16.

⁸ The Commission directed PG&E to discontinue enrolling customers in E-CSAC in OP 38 of D.12-04-045 so no customers have enrolled in the Commercial SmartAC program in the past year.

Amendments to PG&E's 2016 AMP contracts will be submitted to the Commission for approval when PG&E submits its DRAM Pilot contracts. At this juncture, we do not know which DRPs will become Sellers in the DRAM or if those Sellers will also have AMP contracts that they might wish to amend pursuant to the approved "set-aside" provisions.

Attachment 4 contains the IOUs' proposed schedule to implement the 2017 DRAM Pilot, pursuant to OP 22.D.

IV. Transition of Auto DR Customers to the 2016 DRAM Pilot

In Advice Letter 4618-E, the IOUs committed to submitting proposals allowing IOU DR customers to participate in the DRAM Pilot. The only PG&E DR programs in PG&E's electric tariff that need to be modified to enable this are the BIP, Residential SmartAC™, and ADR. As stated above, the proposed revised rate schedules for BIP and Residential SmartAC are attached.

The ADR program offers customers an incentive to install automated communication equipment and associated software that enhances their ability to reduce load during the IOUs' DR program events. The IOUs' ADR programs were approved in D.12-04-045 and extended through 2016 in D.14-05-025.

PG&E proposes revised rules for the ADR program that would allow qualifying ADR customers to participate in the DRAM Pilot. Under current dual participation rules, an ADR customer that would like to participate in the DRAM Pilot must leave its existing PG&E DR program. Because there is a requirement that customers participate in a PG&E DR program for three years to receive full incentive payments, enrolling in the DRAM Pilot may prevent customers from receiving full incentive payments or necessitate reimbursement of such payments. To help mitigate this potential barrier, PG&E proposes guidelines for ADR customers in the DRAM Pilot, in Attachment 5, which allow customers who have met minimum performance requirements under ADR (one year or one season of verified participation in the PG&E program) to retain their full incentive payment.⁹

⁹ As of December 31, 2015, existing ADR customers will provide approximately 54 MW of DR; of that amount, approximately 50 MW will have been enrolled in ADR for at least one year and would be eligible to participate in the DRAM Pilot without foregoing one or more incentive payments. Only the remaining 4 MW would be at risk of foregoing at least one incentive payment if they elect to participate in the DRAM Pilot.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than September 14, 2015, which is 21 days¹⁰ after the date of this filing. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

¹⁰ The 20-day protest period concludes on a weekend. PG&E hereby moves this date to the following business day.

Effective Date

PG&E requests that this Tier 2 advice filing become effective on September 23, 2015, which is 30 days after the date of filing.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.13-09-011. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Erik Jacobson
Director, Regulatory Relations

Attachments:

- Attachment 1 - Modifications to the Pro Forma DRAM Agreement
- Attachment 2 - IOU Proposal for DRAM Scoring Matrix
- Attachment 3 - List of Affected Tariff Sheets and Revised Tariffs
- Attachment 4 - Proposed Schedule for the 2017 DRAM Pilot
- Attachment 5 - Proposal for Participation of ADR Customers in the 2016 DRAM Pilot

cc: Service List R.13-09-011
Barry R. Wallerstein, South Coast Air Quality Management District
Lauren Nevitt, South Coast Air Quality Management District
Nora Sheriff, California Large Energy Consumers Association
Sara Steck Myers, Joint DR Parties
Mona Tierney-Lloyd, EnerNOC, Inc.
Frank Lacey, Johnson Controls, Inc.
Jennifer A. Chamberlin, Johnson Controls, Inc.
Carlos Lamas-Babbini, CPower
Alison Seel, Sierra Club
Matthew Vespa, Sierra Club
Elizabeth Reid, Olivine, Inc.
Michael Campbell, CPUC, Office of Ratepayer Advocates
Russel G. Worden, Southern California Edison Company
Michael R. Hoover, c/o Karyn Gansecki, Southern California Edison Company
Megan Caulson, San Diego Gas & Electric Company

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: **Shirley Wong**

Phone #: **(415) 972-5505**

E-mail: **slwb@pge.com and PGETariffs@pge.com**

EXPLANATION OF UTILITY TYPE

(Date Filed/ Received Stamp by CPUC)

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

Advice Letter (AL) #: **4618-E-A**

Tier: **2**

Subject of AL: **Supplemental: Modifications to Demand Response Auction Mechanism Contracts and Related Documents in Compliance with Resolution E-4728 as Modified by Resolution E-4737**

Keywords (choose from CPUC listing): **Compliance, Agreements**

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **Resolution E-4728, as modified by Resolution E-4737.**

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____

Resolution Required? Yes No

Requested effective date: **September 23, 2015**

No. of tariff sheets: **8**

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Electric Schedules E-BIP, Base Interruptible Program, and E-RSAC, Residential Smart A/C Program.

Service affected and changes proposed: See advice letter, page 4.

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 21 days¹ after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission

Energy Division

EDTariffUnit

505 Van Ness Ave., 4th Flr.

San Francisco, CA 94102

E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Erik Jacobson

Director, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

¹ The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

Attachment 1

Modifications to the Pro Forma DRAM Contract

2015 DRAM RFO PRO FORMA

**DEMAND RESPONSE AUCTION MECHANISM RESOURCE PURCHASE
AGREEMENT**

between

[NAME OF SELLER]

and

PACIFIC GAS AND ELECTRIC COMPANY

**DEMAND RESPONSE AUCTION MECHANISM RESOURCE PURCHASE AGREEMENT
BETWEEN
[SELLER] AND PACIFIC GAS AND ELECTRIC COMPANY**

Table Of Contents

ARTICLE 1. TRANSACTION	1
1.1. Purchase and Sale of the Product.....	1
1.2. Term.....	2
1.3. Delivery Period	2
1.4. Seller’s Designation of the DRAM Resource	2
1.5. Monthly Quantity and Contract Price	2
1.6. Demonstrated Capacity.....	3
ARTICLE 2. CPUC APPROVAL	5
2.1. Obtaining CPUC Approval	5
2.2. CPUC Approval Termination Right	5
ARTICLE 3. SELLER OBLIGATIONS	6
3.1. Delivery of Product.....	6
3.2. Resource Adequacy Benefits	6
3.3. Provision of Information.....	6
3.4. Seller’s Obligations; RA Obligations	6
3.5. Indemnities for Failure to Perform.	7
ARTICLE 4. PAYMENT AND BILLING.....	7
4.1. Delivered Capacity Payment.....	7
4.2. Invoice and Payment Process.....	8
4.3. Allocation of Other CAISO Payments and Costs.....	9
ARTICLE 5. CREDIT AND COLLATERAL	9
5.1. Seller’s Credit and Collateral Requirements.....	9

**EMAND RESPONSE RESOURCE PURCHASE AGREEMENT
BETWEEN
[SELLER] AND PACIFIC GAS AND ELECTRIC COMPANY**

Table Of Contents (Continued)

5.2.	Grant of Security Interest/Remedies	10
5.3.	Reduction and Substitution of Performance Assurance.....	10
5.4.	Administration of Performance Assurance.....	12
5.5.	Exercise of Rights against Performance Assurance.....	14
5.6.	Financial Information.....	14
5.7.	Access to Financial Information	15
5.8.	Uniform Commercial Code Waiver.....	15
ARTICLE 6. SPECIAL TERMS AND CONDITIONS		16
6.1.	Limitation of Liability.....	16
6.2.	Buyer Provision of Information	16
6.3.	Changes in Applicable Laws	16
6.4.	WMDVBE Reporting	17
6.5.	Governmental Charges.....	17
6.6.	Non-Residential Customers in Buyer Auto Demand Response Program.....	17
ARTICLE 7. REPRESENTATIONS, WARRANTIES AND COVENANTS		19
7.1.	Representations and Warranties of Both Parties.....	19
7.2.	Additional Seller Representations, Warranties and Covenants	20
ARTICLE 8. NOTICES.....		21
8.1.	Notices	21
8.2.	Contact Information	22
ARTICLE 9. EVENTS OF DEFAULT; TERMINATION		23
9.1.	Events of Default	23
9.2.	Early Termination	24
9.3.	Termination Payment.....	25

**EMAND RESPONSE RESOURCE PURCHASE AGREEMENT
BETWEEN
[SELLER] AND PACIFIC GAS AND ELECTRIC COMPANY**

Table Of Contents (Continued)

9.4. Reserved.....	25
9.5. Suspension of Performance.....	25
9.6. Rights and Obligations Surviving Termination or Expiration.....	25
ARTICLE 10. DISPUTE RESOLUTION.....	26
10.1. Dispute Resolution.....	26
10.2. Provisional Relief.....	29
ARTICLE 11. INDEMNIFICATION.....	29
11.1. Seller’s Indemnification Obligations	29
11.2. Indemnification Claims.....	30
ARTICLE 12. LIMITATION OF REMEDIES, LIABILITY, AND DAMAGES.....	30
ARTICLE 13. CONFIDENTIALITY.....	31
13.1. Confidentiality Obligation	31
13.2. Obligation to Notify.....	32
13.3. Remedies; Survival	32
ARTICLE 14. FORCE MAJEURE	33
ARTICLE 15. MISCELLANEOUS	33
15.1. General.....	33
15.2. Governing Law and Venue	34
15.3. Amendment.....	34
15.4. Assignment	34
15.5. Successors and Assigns.....	34
15.6. Waiver.....	34
15.7. No Agency	35
15.8. No Third-Party Beneficiaries.....	35

**EMAND RESPONSE RESOURCE PURCHASE AGREEMENT
BETWEEN
[SELLER] AND PACIFIC GAS AND ELECTRIC COMPANY**

Table Of Contents (Continued)

15.9. Entire Agreement	35
15.10. Severability	35
15.11. Multiple Originals.....	35
15.12. Mobile Sierra	35
15.13. Performance Under this Agreement.....	36

**DEMAND RESPONSE RESOURCE PURCHASE AGREEMENT
BY AND BETWEEN
[NAME OF SELLER] and
PACIFIC GAS AND ELECTRIC COMPANY**

PREAMBLE

This Demand Response Resource Purchase Agreement, together with its exhibits (the “Agreement”) is entered into by and between Pacific Gas and Electric Company, a California corporation (“Buyer” or “PG&E”), and [Aggregator or Demand Response Provider], a [Seller’s business registration] (“Seller”), as of [Date] (“Execution Date”). Buyer and Seller are referred to herein individually as a “Party” and collectively as “Parties.” Unless the context otherwise specifies or requires, capitalized terms in this Agreement have the meanings set forth in Exhibit A.

AGREEMENT

In consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE 1. TRANSACTION

1.1. Purchase and Sale of the Product

(a) During the Delivery Period, Seller shall sell and deliver, and Buyer shall purchase and receive, the Product in the amount of the Monthly Quantity subject to and in accordance with the terms and conditions of this Agreement.

(b) The Product is:

____ a Residential Customer Product

____ not a Residential Customer Product

{ Seller to choose only one option for this Agreement }

If Seller has chosen to deliver Product that is not Residential Customer Product as defined in this Agreement, its PDR(s) may nevertheless include Residential PDR Customers and Small Commercial PDR Customers.

1.2. Term

The “Term” of this Agreement shall commence upon the Execution Date and shall continue until the expiration of the Delivery Period unless terminated earlier in accordance with the terms and conditions of this Agreement.

1.3. Delivery Period

The “Delivery Period” shall commence on the later of (a) the first day of the first month that begins after sixty (60) days after CPUC Approval, and (b) [Date] and shall continue in full force and effect until [Date] { *The Date should be the last calendar day of the last Showing Month*}, unless terminated earlier in accordance with the terms and conditions of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Delivery Period will not commence until CPUC Approval is obtained or waived by Buyer in its sole discretion.

{ Dates will be based on Seller's bid that was selected by PG&E in the RFO. Currently that would be no earlier than June, 2016 and no later than December, 2016. }

1.4. Seller's Designation of the DRAM Resource

- (a) On or before the later of (1) the first day of the first month that begins after the date that is sixty (60) days after CPUC Approval, and (2) the date that is sixty (60) days prior to the first Showing Month, and on a monthly basis thereafter no less than sixty (60) days prior to the applicable Showing Month if any of the information below changes, Seller shall:
 - (i) Provide to Buyer the Resource ID(s) for each PDR providing Product pursuant to this Agreement.
 - (ii) Confirm in writing to Buyer that each PDR identified by Seller pursuant to Section 1.4(a)(i) is comprised solely of Bundled Service Customers or Unbundled Service Customers.
 - (iii) If any of the PDRs providing Product pursuant to this Agreement is a Joint PDR, Seller shall confirm in writing to Buyer (x) the amount of the capacity of such Joint PDR that will be used to show Demonstrated Capacity under this Agreement and (y) the total capacity of such Joint PDR.
- (b) The Parties shall cooperate to implement the requirements of Rule 24 to enroll PDR Customers in order for Seller to designate the PDR(s) pursuant Section 1.4(a)(i).

1.5. Monthly Quantity and Contract Price

- (a) The Monthly Quantity and Contract Price for each applicable Showing Month is as follows:

2016 Showing Month	Monthly Quantity (kW for each day of Showing Month)	Contract Price (\$/kW-Month)
June		
July		
August		
September		
October		
November		
December		

- (b) In the event that Seller is not able to register the DRAM Resource for part or all of the Monthly Quantity for a Showing Month due solely to (i) the actions or inactions of Buyer or the CAISO, (ii) insufficient Rule 24 registrations under Conclusion of Law 10 in D.15-03-042 being available to Seller, or (iii) CPUC Approval not occurring at least sixty (60) days prior to the first Showing Month, then Seller may, in its sole discretion, by providing Notice to Buyer on or before the date that is sixty (60) days prior to the Showing Month for which Seller is unable to register the DRAM Resource, (iv) reduce the Monthly Quantity for such Showing Month, or (v) terminate this Agreement; *provided*, Seller shall demonstrate to Buyer's reasonable satisfaction that Seller made commercially reasonable efforts to register the DRAM Resource for the Monthly Quantity for the applicable Showing Month.
- (c) Seller's exercise of its rights under Section 1.5(b) with respect to a particular Monthly Quantity will not be deemed to be a failure of Seller's obligation to sell or deliver the Product or a failure of Buyer's obligation to purchase or receive the Product, and will not be or cause an Event of Default by either Party. Due solely to Seller's exercise of its right pursuant to Section 1.5(b)(iv) or (v), neither Party shall have any further obligation or liability to the other and no Settlement Amount with respect to this Agreement will be due or owing by either Party upon termination of this Agreement, except for expenses, actually incurred by Seller as of the date of such termination, for SC services with respect to the DRAM Resource and this Agreement, in an amount not to exceed the sum of the monthly SC service payments during the months of the Delivery Term.

1.6. Demonstrated Capacity

- (a) Each invoice submitted by Seller to Buyer pursuant to Section 4.2 shall include a statement, in a form substantially similar to Exhibit C, of the amount of the Monthly Quantity for such Showing Month that Seller was capable of delivering

(“Demonstrated Capacity”), including, at Seller’s election in its sole discretion either:

- (i) The results of a capacity test conducted by the Seller’s SC during the applicable Showing Month. Such test shall consist of at least two (2) continuous hours of load reduction by a PDR in the DRAM Resource. The Demonstrated Capacity with respect to such PDR will equal the maximum hourly load reduction during such test as calculated using the PDR Capacity Baseline;
 - (ii) The average amount of capacity Seller bid a PDR in the DRAM Resource into the CAISO Day-Ahead Market solely during the hours of the Showing Month in compliance with the MOO; or
 - (iii) The results of a Dispatch of a PDR in the DRAM Resource during the Showing Month, provided that the PDR provided load reduction during all of the hours referenced in the Dispatch Instruction corresponding to the MOO hours from the Day-Ahead Schedule. The Demonstrated Capacity will equal the maximum hourly load reduction during any hour of such Dispatch as calculated using the PDR Capacity Baseline.
- (b) Solely for purposes of establishing the Demonstrated Capacity pursuant to this Section 1.6(a), Seller shall use data available through Buyer’s Customer Data Access Systems that has been designated by Buyer as final Revenue Quality Meter Data and such data shall be considered final by the Parties as of the date Seller submits its invoice for the applicable Showing Month to Buyer.
 - (c) If the DRAM Resource is comprised of more than one PDR, then Seller may establish the portion of the Demonstrated Capacity associated with each such PDR by using any of the methods described in Sections 1.6(a)(i)-(iii), in which case the Demonstrated Capacity will equal the sum of the individual PDR demonstrated capacities.
 - (d) If any PDR in the DRAM Resource is a Joint PDR, Seller’s invoice shall indicate (x) the amount of the capacity of such Joint PDR used to show Demonstrated Capacity for such month and (y) the total capacity of such Joint PDR during such month.
 - (e) If the Product Seller delivers under this Agreement is a Residential Customer Product, Seller shall confirm in writing to Buyer the number of Residential Customer SAID accounts and the number of Small Commercial SAID accounts in each PDR.
 - (f) Following Buyer’s receipt of Seller’s invoice and Notice of Demonstrated Capacity, Buyer may, upon Notice to Seller, require Seller to provide documentation from Seller or Seller’s SC that establishes to Buyer’s reasonable satisfaction the Demonstrated Capacity of a PDR or Joint PDR as stated by Seller

in its invoice for the applicable Showing Month. In the event that Seller does not provide such documentation within ten (10) Business Days from Buyer's Notice or such documentation is not reasonably satisfactory to Buyer, then Buyer may require an audit of Seller or Seller's SC records upon Notice ("Audit Notice"). With respect to an Audit Notice, Seller shall cause its SC to allow Buyer or its designated independent third-party auditor to have access to the records and data necessary to conduct such audit within five (5) Business Days of Seller's receipt of an Audit Notice; *provided*, such audit will be limited solely to verification of the data upon which Seller based its claim of the amount of the Demonstrated Capacity. If the Product designated in Section 1.1(b) is a Residential Customer Product, then, in addition to the documentation specified above, Buyer may, in its Audit Notice, require Seller or Seller's SC to provide additional documentation that establishes to Buyer's reasonable satisfaction that the Product is Residential Customer Product as stated by Seller in its invoice for the applicable Showing Month. Buyer's costs, including the costs for any third-party auditor, incurred in connection with the conducting such audit are the sole responsibility of Buyer.

ARTICLE 2. CPUC APPROVAL

2.1. Obtaining CPUC Approval

Within thirty (30) days after the Execution Date, Buyer shall file with the Commission the appropriate request for CPUC Approval. Seller shall use commercially reasonable efforts to support Buyer in preparing for and obtaining CPUC Approval. Buyer has no obligation to seek rehearing or to appeal a Commission decision which fails to approve this Agreement or which contains findings required for CPUC Approval with conditions or modifications unacceptable to either Party.

2.2. CPUC Approval Termination Right

- (a) Either Party has the right to terminate this Agreement upon Notice, which will be effective five (5) Business Days after such Notice is given, if (i) CPUC Approval has not been obtained or waived by Buyer in its sole discretion within sixty (60) days after Buyer files its request for CPUC Approval and (ii) such Notice of termination is given on or before the ninetieth (90th) day after Buyer files the request for CPUC Approval.
- (b) Failure to obtain CPUC Approval in accordance with this Article 2 will not be deemed to be a failure of Seller to sell or deliver the Product or a failure of Buyer to purchase or receive the Product, and will not be or cause an Event of Default by either Party. No Settlement Amount with respect to this Agreement will be due or owing by either Party, and neither Party shall have any obligation or liability to the other, upon termination of this Agreement due solely to failure to obtain CPUC Approval.

ARTICLE 3. SELLER OBLIGATIONS

3.1. Delivery of Product

- (a) No later than ten (10) Business Days before the applicable Buyer's Compliance Showing deadlines for each Showing Month, Seller shall submit, or shall cause Seller's SC(s) to submit, Notice to Buyer which includes Seller's proposed Supply Plan for such Showing Month in a form substantially similar to Exhibit D, or in a form as communicated in writing by Buyer to Seller no later than fifteen (15) Business Days prior to the Compliance Showing.
- (b) Seller shall, on a timely basis, submit, or cause its SC to submit, a Supply Plan in accordance with the CAISO Tariff to identify and confirm the Monthly Quantity to be provided to Buyer from the DRAM Resource for each Showing Month.

3.2. Resource Adequacy Benefits

Seller grants, pledges, assigns, and otherwise commits to Buyer the Monthly Quantity and all Resource Adequacy Benefits associated with the DRAM Resource to enable Buyer to meet its RAR. The Parties shall take all commercially reasonable actions, and execute all documents or instruments necessary, to effect the use of the Product for Buyer's sole benefit.

3.3. Provision of Information

- (a) Within a reasonable period of time, or such time prescribed by the CPUC, Seller shall provide to the CPUC all information requested by the CPUC relating to Seller's obligations and performance pursuant to this Agreement and the 2016 DRAM Pilot Program to which this Agreement relates. In responding to any information request from the CPUC, the Seller may designate information for confidential treatment consistent with CAISO and/or Commission rule, tariff or decision. Any such confidential information provided by Seller to the CPUC shall be held in confidence by the CPUC and excluded from public inspection or disclosure, unless inspection or disclosure is otherwise required by Applicable Laws.
- (b) If a PDR in the DRAM Resource has not been tested or Dispatched between January 1, 2016 and the end of the Delivery Period, then Seller shall cause a test of the PDR in accordance with D.14-06-050, Appendix B, by the end of the Delivery Period and provide the results of such test to Buyer for inclusion in Buyer's Compliance Showing to the CPUC.

3.4. Seller's Obligations; RA Obligations

- (a) Seller shall, and shall cause each of the PDRs in the DRAM Resource and corresponding DRPs and SCs to, comply with all applicable CAISO Tariff provisions, CPUC Decisions and all other Applicable Laws.

- (b) Seller shall or shall cause Seller's DRP to execute Buyer's Demand Response Provider Service Agreement in accordance with Rule 24.

3.5. Indemnities for Failure to Perform.

Seller agrees to indemnify, defend and hold harmless Buyer from any costs, penalties, fines or charges assessed against Buyer by the CPUC or the CAISO, resulting from Seller's failure to do, or cause to be done, any of the following:

- (a) Provide any portion of the Monthly Quantity for any portion of the Delivery Period, except to the extent (i) such failure is solely the result of a failure by Buyer to perform any of its obligations pursuant to Section 6.2, or (ii) Seller reduces a Monthly Quantity in compliance with Section 1.5(b);
- (b) Submit timely and accurate Supply Plans that identify Buyer's right to the Monthly Quantity for each Showing Month;
- (c) Comply with the requirements in Section 3.2 to enable Buyer to meet its RAR; or
- (d) Meet CPUC Resource Adequacy requirements per CPUC 2016 Final RA Guide.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize any such costs, penalties, fines and charges; *provided*, in no event will Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these penalties and fines. If Seller fails to pay the foregoing penalties, fines, charges, or costs, or fails to reimburse Buyer for those penalties, fines, charges, or costs, then Buyer may offset those penalties, fines, charges or costs against any amounts it may owe to Seller under this Agreement.

Notwithstanding Seller's obligations in Section 3.5(a), Seller is not required to indemnify or reimburse Buyer for any costs allocated to Buyer by the CAISO for any capacity procured by CAISO pursuant to the Capacity Procurement Mechanism with respect to any Shortfall Capacity.

ARTICLE 4. PAYMENT AND BILLING

4.1. Delivered Capacity Payment

Buyer shall make a monthly payment to Seller, after the applicable Showing Month, ("Delivered Capacity Payment") equal to:

$$(A \times B \times D) + C$$

Where:

A = The Contract Price for the applicable Showing Month

- B = The lesser of (i) the Demonstrated Capacity for the applicable Showing Month, and (ii) the Monthly Quantity for the applicable Showing Month
- C = The monthly SC services payment in the amount of *[Dollar Amount Text]* dollars (*[\$Number]*).
{SC services payment amount will be based on Seller's bid that was selected by PG&E in the RFO.}
- D = 1.0 if Seller has chosen (i) not to deliver Residential Customer Product in Section 1.1(b) or (ii) to deliver Residential Customer Product in Section 1.1(b) and the Product delivered meets the definition of Residential Customer Product, or 0.90 if the Product delivered does not meet the definition of Residential Customer Product.

4.2. Invoice and Payment Process

- (a) As soon as practicable after the end of each Showing Month, Seller will render to Buyer an invoice for the payment obligations, if any, incurred hereunder with respect to such Showing Month.
- (b) Buyer will pay Seller all undisputed invoice amounts on or before the later of (i) the twentieth (20th) day of each month, or (ii) the tenth (10th) day after receipt of Seller's invoice and Demonstrated Capacity or, if such day is not a Business Day, then on the next Business Day
- (c) Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Cash Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.
- (d) Buyer may offset against any future payments by any amount(s) that were previously overpaid.
- (e) Either Party may, in good faith, dispute the correctness of any invoice, bill, charge, or any adjustment to an invoice, rendered under this Agreement, or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, bill, charge, or adjustment to an invoice, was rendered. Disputes are subject to the provisions of Article 10 below. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with Notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within ten (10) Business Days of such resolution.

- (f) Buyer may deduct any amounts that would otherwise be due to Seller under this Agreement from any amounts owing and unpaid by Seller to Buyer under this Agreement.
- (g) With respect to any Joint PDR, if Seller and any third party both submit claims to Buyer for payment with respect to such Joint PDR which, when added together, exceed the total capacity of the Joint PDR, Buyer shall not be obligated to make payment to Seller in respect of such Joint PDR until Seller reconciles the error with such third party and Seller re-submits the corrected invoice to Buyer.
- (h) With respect to a Joint PDR, if such Joint PDR's Demonstrated Capacity for any Showing Month is less than such Joint PDR's assigned NQC (as set forth in Exhibit C), Seller shall have the right to demonstrate to Buyer the Joint PDR's actual performance, and shall be compensated in accordance with Section 1.6. In the event Buyer finds Seller's demonstration inconclusive, the Joint PDR's total capacity shall be allocated pro-rata among the parties with rights to a portion of such Joint PDR's capacity based on the information required to be provided in Section 1.6(d), and Seller's compensation shall be calculated using its percentage allocation of such PDR's capacity accordingly.

4.3. Allocation of Other CAISO Payments and Costs

As between Buyer and Seller, Seller shall retain any revenues Seller or Seller's SC may receive from and pay all costs, penalties, charges charged to Seller or Seller's SC by the CAISO or any other third party in connection with the DRAM Resource, except as expressly provided otherwise in this Agreement.

ARTICLE 5. CREDIT AND COLLATERAL

5.1. Seller's Credit and Collateral Requirements

- (a) If, at any time during the Term after CPUC Approval is obtained or waived by Buyer, Seller does not have a Credit Rating, or if its Credit Rating is below BBB- from S&P and Baa3 from Moody's, if rated by both S&P and Moody's or below BBB- from S&P or Baa3 from Moody's, if rated by either S&P or Moody's, but not both, Seller shall provide and maintain collateral with Buyer in an amount equal to twenty percent (20%) of the sum of the estimated Delivered Capacity Payments for all of the remaining months of the Delivery Period including the current month, with such estimated Delivered Capacity Payments being based on the applicable Monthly Quantity values times the applicable Contract Price ("Performance Assurance").
- (b) If Seller's Credit Rating is at or above BBB- from S&P and Baa3 from Moody's if rated by both S&P and Moody's or at or above BBB- from S&P or Baa3 from Moody's, if rated by either S&P or Moody's, but not both, Seller shall have no

obligation to provide Performance Assurance to Buyer, and Sections 5.2 through 5.5 will not be applicable.

- (c) If required pursuant to Section 5.1(b), Seller shall post the Performance Assurance with Buyer within ten (10) Business Days of the Execution Date.

5.2. Grant of Security Interest/Remedies

- (a) To secure its obligations under this Agreement, and until released as provided herein, Seller hereby grants to Buyer a present and continuing security interest in, and lien on (and right of setoff against), and collateral assignment of, the Performance Assurance and all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Buyer, and each Party agrees to take such action as the other Party reasonably requires in order to perfect Buyer's first-priority security interest in, and lien on (and right of setoff against), such Performance Assurance and collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, Buyer, if it is the Non-Defaulting Party, may do any one or more of the following: (i) exercise any of the rights and remedies of a Buyer with respect to all Performance Assurance, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the Defaulting Party in the possession of the Non-Defaulting Party or its agent; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all Performance Assurance then held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of the Defaulting Party, including any equity or right of purchase or redemption by the Defaulting Party. In such an event Buyer shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Seller's obligations under the Agreement (Seller remaining liable for any amounts owing to Buyer after such application), subject to Buyer's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

5.3. Reduction and Substitution of Performance Assurance

- (a) If the amount of Performance Assurance held by Buyer exceeds the amount required pursuant to Section 5.1, on any Business Day, Seller may give Notice to Buyer requesting a reduction in the amount of Performance Assurance previously provided by Seller for the benefit of Buyer, provided that, (i) after giving effect to the requested reduction in Performance Assurance, no Event of Default or Potential Event of Default with respect to Seller has occurred and is continuing, and (ii) no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations. A permitted reduction in Performance Assurance may be effected by the Transfer of Cash to Seller or the reduction of the amount of an outstanding Letter of Credit previously issued for the benefit of Buyer. Seller

shall have the right to specify the means of effecting the reduction in Performance Assurance. In all cases, the cost and expense of reducing Performance Assurance (including, but not limited to, the reasonable costs, expenses, and attorneys' fees of Buyer) shall be borne by Seller. Unless otherwise agreed in writing by the Parties, (iii) if Seller's reduction demand is made on or before the Notification Time on a Business Day, then Buyer shall have five (5) Business Days to effect a permitted reduction in Performance Assurance, and (iv) if Seller's reduction demand is made after the Notification Time on a Business Day, then Buyer shall have six (6) Business Days to effect a permitted reduction in Performance Assurance, in each case, if such reduction is to be effected by the return of Cash to Seller. If a permitted reduction in Performance Assurance is to be effected by a reduction in the amount of an outstanding Letter of Credit previously issued for the benefit of Buyer, Buyer shall promptly take such action as is reasonably necessary to effectuate such reduction.

- (b) Except when an Event of Default or Potential Event of Default with respect to Seller shall have occurred and be continuing or an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, Seller may substitute Performance Assurance for other existing Performance Assurance of equal value upon five (5) Business Days' Notice (provided such Notice is made on or before the Notification Time, otherwise the notification period shall be six (6) Business Days) to Buyer. Upon the Transfer to Buyer of the substitute Performance Assurance, Buyer shall Transfer the relevant replaced Performance Assurance to Seller within five (5) Business Days. Notwithstanding anything herein to the contrary, no such substitution shall be permitted unless (i) the substitute Performance Assurance is Transferred simultaneously or has been Transferred to Buyer prior to the release of the Performance Assurance to be returned to Seller and the security interest in, and general first lien upon, such substituted Performance Assurance granted pursuant hereto in favor of Buyer shall have been perfected as required by applicable law and shall constitute a first priority perfected security interest therein and general first lien thereon, and (ii) after giving effect to such substitution, the substitute Performance Assurance shall equal the amount of Performance Assurance being replaced. Each substitution of Performance Assurance shall constitute a representation and warranty by Seller that the substituted Performance Assurance shall be subject to and governed by the terms and conditions of this Article 5, including without limitation the security interest in, general first lien on and right of offset against, such substituted Performance Assurance granted pursuant hereto in favor of Buyer pursuant to this Article 5.
- (c) The Transfer of any Performance Assurance by Buyer in accordance with this Section 5.3 shall be deemed a release by Buyer of its security interest, general first lien and right of offset granted pursuant to this Article 5 hereof only with respect to such returned Performance Assurance. In connection with each Transfer of any Performance Assurance pursuant to this Article 5, Seller will,

upon request of Buyer, execute a receipt showing the Performance Assurance Transferred to it.

5.4. Administration of Performance Assurance

- (a) Cash. Performance Assurance provided in the form of Cash to Buyer shall be subject to the following provisions:
- (i) Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to Buyer and no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Buyer for which there exist any unsatisfied payment obligations, then Buyer shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise use in its business any Cash that it holds as Performance Assurance hereunder, free from any claim or right of any nature whatsoever of Seller, including any equity or right of redemption by Seller.
 - (ii) So long as no Event of Default or Potential Event of Default with respect to Seller has occurred and is continuing, and no Early Termination Date for which any unsatisfied payment obligations of Seller exist has occurred or been designated as the result of an Event of Default with respect to Seller, and to the extent that an obligation to Transfer Performance Assurance would not be created or increased by the Transfer, in the event that Buyer is holding Cash, Buyer will Transfer (or caused to be Transferred) to Seller, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which may be retained by Buyer), the Interest Amount when Buyer returns the Cash to Seller following the termination or expiration of this Agreement, as applicable and in conformity with Section 9.6. On or after the occurrence of a Potential Event of Default or an Event of Default with respect to Seller or an Early Termination Date as a result of an Event of Default with respect to Seller, Buyer shall retain any such Interest Amount as additional Performance Assurance hereunder until the obligations of Seller under the Agreement have been satisfied in the case of an Early Termination Date or for so long as such Event of Default is continuing in the case of an Event of Default.
- (b) Letters of Credit. Performance Assurance provided in the form of a Letter of Credit shall be subject to the following provisions:
- (i) Each Letter of Credit shall be maintained for the benefit of Buyer. Seller shall (A) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit, (B) if the bank or financial institution that issued an outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit, provide either a substitute Letter of Credit or Cash, in each case at least thirty (30) calendar

days prior to the expiration of the outstanding Letter of Credit, and (C) if a bank or financial institution issuing a Letter of Credit shall fail to honor Buyer's properly documented request to draw on an outstanding Letter of Credit, provide for the benefit of Buyer either a substitute Letter of Credit that is issued by a bank or financial institution acceptable to Buyer or Cash, in each case within one (1) Business Day after such refusal.

- (ii) As one method of providing Performance Assurance, Seller may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.
 - (iii) Upon the occurrence of a Letter of Credit Default, Seller agrees to Transfer to Buyer either a substitute Letter of Credit or Cash, in each case on or before the first (1st) Business Day after the occurrence thereof (or the fifth (5th) Business Day after the occurrence thereof if only clause (a)(i) under the definition of Letter of Credit Default applies).
 - (iv) Upon or at any time after the occurrence and continuation of an Event of Default or Letter of Credit Default with respect to Seller, or if an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, then Buyer may draw on the entire, undrawn portion of any outstanding Letter of Credit upon submission to the bank or financial institution issuing such Letter of Credit of one or more certificates specifying that such Event of Default, Letter of Credit Default or Early Termination Date has occurred and is continuing. Cash proceeds received from drawing upon the Letter of Credit shall be deemed Performance Assurance as security for Seller's obligations to Buyer and Buyer shall have the rights and remedies set forth in Section 5.5 with respect to such Cash proceeds. Notwithstanding Buyer's receipt of Cash proceeds of a drawing under the Letter of Credit, Seller shall remain liable (A) for any failure to Transfer sufficient Performance Assurance and (B) for any amounts owing to Buyer and remaining unpaid after the application of the amounts so drawn by Buyer.
 - (v) In all cases, the costs and expenses of establishing, renewing, substituting, canceling, and increasing the amount of a Letter of Credit shall be borne by Seller.
- (c) Care of Performance Assurance. Except as otherwise provided in Section 5.4(a)(i) and beyond the exercise of reasonable care in the custody thereof, Buyer shall have no duty as to any Performance Assurance in its possession or control or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. Buyer shall be deemed to have exercised reasonable care in the custody and preservation of the Performance Assurance in its possession if the Performance Assurance is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or

responsible for any loss or damage to any of the Performance Assurance, or for any diminution in the value thereof, except to the extent such loss or damage is the result of Buyer's willful misconduct or gross negligence. Buyer shall at all times retain possession or control of any Performance Assurance Transferred to it.

5.5. Exercise of Rights against Performance Assurance

- (a) If an Event of Default with respect to Seller has occurred and is continuing or an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller, Buyer may exercise any one or more of the rights and remedies provided under this Agreement, or as otherwise available under Applicable Law. Without limiting the foregoing, if at any time an Event of Default with respect to Seller has occurred and is continuing, or an Early Termination Date occurs or is deemed to occur as a result of an Event of Default with respect to Seller, then Buyer may, in its sole discretion, exercise any one or more of the following rights and remedies:
 - (i) All rights and remedies available to a Buyer under the Uniform Commercial Code and any other applicable jurisdiction and other Applicable Laws with respect to the Performance Assurance held by or for the benefit of Buyer;
 - (ii) The right to set off any Performance Assurance held by or for the benefit of Buyer against and in satisfaction of any amount payable by Seller in respect of any of its obligations; and
 - (iii) The right to draw on any outstanding Letter of Credit issued for its benefit.
- (b) Buyer shall be under no obligation to prioritize the order with respect to which it exercises any one or more rights and remedies available hereunder. Seller shall in all events remain liable to Buyer for any amount payable by Seller in respect of any of its obligations remaining unpaid after any such liquidation, application and set off.

5.6. Financial Information

- (a) If requested by a Party, the other Party shall deliver (a) within one hundred twenty (120) days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal year setting forth in each case in comparative form the figures for the previous year for the Party, as the case may be, and (b) within sixty (60) days after the end of each of its first three fiscal quarters of each fiscal year, a copy of a quarterly report containing unaudited consolidated financial statements for such fiscal quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, and if the Party files reports with the Securities and Exchange Commission, certified in accordance with all applicable laws and

regulations, including without limitation all applicable Securities and Exchange Commission rules and regulations. If the Party does not file reports with the Securities and Exchange Commission, the reports must be certified by a Chief Financial Officer, Treasurer or any Assistant Treasurer as being fairly stated in all material respects (subject to normal year end audit adjustments); *provided*, for the purposes of this Section 5.6, if a Party's financial statements are publicly available electronically on the Securities and Exchange Commission's website, then this requirement shall be deemed satisfied. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; *provided*, should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements.

5.7. Access to Financial Information

The Parties agree that Security and Exchange Commission rules for reporting power purchase agreements may require Buyer to collect and possibly consolidate financial information. If such reporting is required for this Agreement, Buyer is obligated to obtain information from Seller to determine whether or not consolidation is required. If Buyer determines that consolidation is required, Buyer shall require the following during every calendar quarter for the Term of the Agreement:

- (a) Complete financial statements and notes to financial statements, which may include accruals and prior month estimates with true-ups to actual activity;
- (b) Financial schedules underlying the financial statements, all within fifteen (15) days of the end of each quarter; and
- (c) Access to records and personnel, so that Buyer'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 Buyer pursuant to this Section 5.7 shall be treated confidentially and only disclosed on an aggregate basis with other similar entities for which Buyer has contracts. The information will only be used for financial statement purposes and shall not be otherwise shared with internal or external parties.

5.8. Uniform Commercial Code Waiver

This Agreement sets forth the entirety of the agreement of the Parties regarding credit, collateral, financial assurances and adequate assurances. Except as expressly set forth in this Agreement, including, those provisions set forth in Article 5 and Article 9, neither Party:

- (c) has or will have any obligation to post margin, provide letters of credit, pay deposits, make any other prepayments or provide any other financial assurances, in any form whatsoever, or
- (d) will have reasonable grounds for insecurity with respect to the creditworthiness of a Party that is complying with the relevant provisions of Article 4 and Article 9; and all implied rights relating to financial assurances arising from Section 2-609 of the Uniform Commercial Code or case law applying similar doctrines, are hereby waived.

ARTICLE 6. SPECIAL TERMS AND CONDITIONS

6.1. Limitation of Liability

Buyer has no obligations to any person or entity that is, or may participate as, a PDR Customer, DRP (if Seller is not a DRP), or Seller's SC and Seller shall indemnify Buyer against any claim made by any such PDR Customer, the DRP (if Seller is not a DRP), or Seller's SC with respect to its participation in or with the PDR or DRAM Resource, as applicable.

6.2. Buyer Provision of Information

Buyer shall, to the extent available and permitted by Applicable Law, including Rule 24, provide specific information consistent with the CISR-DRP form adopted by the CPUC in D.13-12-029 and Resolution E-4630 including, but not limited to, usage, and/or meter data of a Customer to Seller, if Seller provides to Buyer written authorization from such Customer to release such information. Such written authorization must be provided in a form reasonably acceptable to Buyer. Buyer shall be liable for penalties or charges incurred by Seller from either the CAISO or the CPUC resulting solely from Buyer's failure to provide timely, accurate data to Seller in accordance with this Section 6.2.

6.3. Changes in Applicable Laws

- (a) If a change in Applicable Laws renders this Agreement or any material terms herein incapable of being performed or administered, then either Party, on Notice, may request the other Party to enter into good faith negotiations to make the minimum changes to this Agreement necessary to make this Agreement capable of being performed or administered, while attempting to preserve to the maximum extent possible the benefits, burdens and obligations set forth in this Agreement as of the Execution Date. The Parties acknowledge that such changes may require the approval of the CPUC before becoming effective.
- (b) If the Parties have been unable to reach agreement within thirty (30) days after receipt of such Notice, then either Party may terminate this Agreement by providing Notice. A Party's exercise of its rights under this Section 6.3 will not be deemed to be a failure of Seller to sell or deliver the Product or a failure of Buyer

to purchase or receive the Product, and will not be or cause an Event of Default by either Party. Neither Party shall have any further obligation or liability to the other and no Settlement Amount with respect to this Agreement will be due or owing by either Party upon termination of this Agreement due solely to a Party's exercise of its right pursuant to this Section 6.3.

6.4. WMDVBE Reporting

No later than twenty (20) days after each semi-annual period ending on June 30th or December 31st, Seller shall provide to Buyer a report listing all certified WMDBEs (which can be found at www.TheSupplierClearinghouse.com), that supplied goods or services to Seller during such period in connection with the Agreement and the aggregate amount paid to WMDVBEs during such portion of the Delivery Period in connection with this Agreement. Notwithstanding Article 13, Buyer has the right to disclose to the CPUC all such information provided by Seller pursuant to this Section 6.4. Seller shall make reasonable efforts to accommodate requests by the CPUC (or by Buyer in response to a request by the CPUC) to audit Seller in order to verify data provided by Seller pursuant to this Section 6.4.

6.5. Governmental Charges

Seller shall pay on request and indemnify Buyer against any taxes (including without limitation, any applicable transfer taxes and stamp, registration or other documentary taxes), assessments, or charges that may become payable by reason of the security interests, general first lien and right of offset granted under this Agreement or the execution, delivery, performance or enforcement of this Agreement, as well as any penalties with respect thereto.

6.6. Non-Residential Customers in Buyer Auto Demand Response Program

- (a) Seller must indicate below whether Seller will include Non-Residential Customers from Buyer's ADR in Seller's DRAM Resource.
 Seller will include Non-Residential Customers from Buyer's ADR; or
 Seller will not include Non-Residential Customers from Buyer's ADR.
- (b) If Seller has indicated that it will include Non-Residential Customers from Buyer's ADR in Seller's DRAM Resource, then Sections 6.6(c) and (d) shall apply to the Parties.
- (c) Seller agrees to and acknowledges the following with respect to Existing ADR Customers which are included in Seller's DRAM Resource:
 - (i) An Existing ADR Customer registered at the CAISO during the Registration Period by Seller or its DRP may participate in Seller's DRAM Resource without repayment of its 60% ADR installation incentive; provided, however, the Existing ADR Customer will forego its

40% ADR performance incentive. An Existing ADR Customer's participation in Seller's DRAM Resource fulfills such Existing ADR Customer's ADR obligation to participate in a qualifying PG&E demand resource program.

- (ii) An Existing ADR Customer having completed its entire initial year or season of participation in a qualifying PG&E demand response program for purposes of calculating its 40% ADR incentive payment prior to May 1, 2016 may participate in the DRAM Pilot Program without repayment of either its 60% ADR installation incentive or the 40% ADR performance incentive earned during its initial year or season.
 - (iii) Seller shall assume responsibility for (A) notification to the Existing ADR Customer of any CAISO awards or events, and (B) operation of the Existing ADR Customer's ADR equipment while such Existing ADR Customer participates in Seller's DRAM Resource. Buyer will not operate the Existing ADR Customer's ADR equipment during the time period that the Existing ADR Customer participates in Seller's DRAM Resource or provide any notifications with respect to demand response events or CAISO awards and events.
- (d) Notifications.
- (i) Seller shall notify all its Non-Residential Customers in writing of the items set forth in Section 6.6(c)(i)-(iii) prior to registering such Non-Residential Customers in Seller's PDR and regardless of whether Seller knows if such Non-Residential Customer is an Existing ADR Customer.
 - (ii) Buyer may notify the Existing ADR Customer of the items set forth in Section 6.6(c)(i)-(iii) on a periodic basis and may communicate with the Existing ADR Customers with respect to the ADR.
 - (iii) If Seller or its DRP enrolls an Existing ADR Customer in Seller's DRAM Resource, then Seller shall notify Buyer in writing of such enrollment along with the Existing ADR Customer's name and location, no later than May 8, 2016.
 - (iv) Once Buyer receives Seller's notice pursuant to Section 6.6(d)(iii), Buyer will contact the Existing ADR Customer and Seller's DRP to notify them of the items in Section 6.6(c)(i)-(iii). Nothing in this Section 6.6 precludes Buyer from notifying Existing ADR Customers, and/or other customers in its ADR program, about the possible effect of participation in the DRAM Pilot Program, and/or the possible effect of Rule 24 registration for direct participation, on the customer's rights and obligations under its ADR contract with Buyer, before Buyer receives any notice from Seller.
 - (v) Seller and its DRP must notify Buyer in writing within fifteen (15) Business Days from the date when the Existing ADR Customer no longer

participates in the Seller's DRAM Resource and is no longer registered at the CAISO.

- (e) The following defined terms shall be applicable to this Section 6.6:
 - (i) "Automated Demand Response" or "ADR" is Buyer's demand response program offering customers an incentive to install automated communication equipment and associated software that enhances their ability to reduce load during the Buyer's demand response program events. The CPUC approved the ADR programs by Decision 12-04-045 and Decision 14-05-025.
 - (ii) "DRAM Registration Period" shall mean the period of time during which Rule 24 registration is open only to Sellers in the DRAM Pilot Program, which is expected to be from January 1, 2016 to April 30, 2016.
 - (iii) "Existing Automated Demand Response Customer" or "Existing ADR Customer" is a Non-Residential Customers that has installed the ADR equipment under Buyer's ADR and received, at minimum, approval from Buyer that it has been approved for its first (60%) incentive payment.

ARTICLE 7. REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1. Representations and Warranties of Both Parties

On the Execution Date, each Party represents and warrants to the other Party that:

- (a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) Except for CPUC Approval in the case of Buyer, it has or will timely acquire all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (d) This Agreement constitutes its legally valid and binding obligation, enforceable against it in accordance with its terms;
- (e) It is not Bankrupt and there are not proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or become Bankrupt;

- (f) There is not pending or, to its knowledge, threatened against it, any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- (g) It (i) is acting for its own account, (ii) has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, (iii) is not relying upon the advice or recommendations of the other Party in so doing, and (iv) is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions, and risks of this Agreement; and
- (h) It has entered into this Agreement in connection with the conduct of its business and it has the capability or ability to make available or take delivery of, as applicable, the Product under this Agreement in accordance with the terms of this Agreement.

7.2. Additional Seller Representations, Warranties and Covenants

- (a) On the Execution Date, Seller represents and warrants to Buyer that Seller has not used, granted, pledged, assigned, or otherwise committed any of the Monthly Quantity to meet the System Resource Adequacy, or confer Resource Adequacy Benefits upon, any entity other than Buyer during the Delivery Period.
- (b) Seller covenants that throughout the Delivery Period:
 - (i) Seller will deliver the Product to Buyer free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person;
 - (ii) Seller has been authorized by each Customer, to act as an aggregator on behalf of such Customer to participate as a PDR in the DRAM Resource, if Seller is not also a Customer;
 - (iii) The DRP has been authorized by each Customer to act on behalf of such Customer to participate as a PDR for the DRAM Resource, if Seller is not the DRP; and
 - (iv) Seller will not use, grant, pledge, assign, or otherwise commit any Monthly Quantity to meet the RAR of, or confer Resource Adequacy Benefits upon, any entity other than Buyer during the Delivery Period; Seller will comply with the CPUC's requirements for Resource Adequacy Benefits for demand response as set forth in the CPUC Decisions including, without limitation, minimum availability criteria for demand response resources, and the requirements of the CAISO with respect to providing Resource Adequacy Benefits.
 - (v) During each month of the Delivery Period, if any participating Customers in the DRAM Resource have Back-up Generation, Seller shall ensure that

such Back-up Generation is not used during a Dispatch by any PDR providing Product to Buyer during such month. Seller shall use at least one of the following options to demonstrate that participating Customers did not use Back-up Generation during a Dispatch of a PDR providing Product to Buyer: (w) provide an attestation with each invoice that no participating Customer in the PDR providing Product in the invoiced month used Back-up Generation during a Dispatch; (x) prohibit participating Customers from having Back-up Generation in its DRAM Resource; (y) monitor metering on the participating Customer's DRAM Resource to ensure that no Back-up Generation was used during a Dispatch of a PDR providing Product to Buyer; and (z) require, in its agreement with its participating Customers, that no Back-up Generation may be used during a Dispatch of a PDR providing Product to Buyer.

- (vi) If any PDR is a Joint PDR Seller shall ensure that: (x) the use of the Joint PDR does not result in Buyer making payment in respect of Demonstrated Capacity in excess of the total capacity of the Joint PDR, whether to Seller or any other party, regardless of whether payment is made under this Agreement, another agreement in the DRAM Pilot Program, any other demand resource agreement or program, or any combination thereof; (y) the use of the Joint PDR does not result in Buyer making payment more than once in respect of capacity relating to a particular customer registered in the Joint PDR, regardless of whether payment is made under this Agreement, another agreement in the DRAM Pilot Program, any other demand resource agreement or program, or any combination thereof; and (z) Seller has the right to access and provide to Buyer the records and data regarding any PDR Customer that is not designated by Seller under Section 1.6(d) as part of the amount to be used to show Demonstrated Capacity under this Agreement to permit Buyer to audit such Joint PDR under Section 1.6(f) to the same extent Buyer may audit PDRs that are not Joint PDRs.

ARTICLE 8. NOTICES

8.1. Notices

Notices, requests, statements or payments from one Party to the other Party shall be made to the addresses and persons specified in Section 8.2. All Notices, requests, statements or payments from one Party to the other Party shall be made in writing and may be delivered by hand delivery, first class United States mail, overnight courier service, e-mail or facsimile. Notice from one Party to the other Party by facsimile (where confirmation of successful transmission is received) shall be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it shall be deemed received on the next Business Day). Notice from one Party to the other Party by hand delivery or overnight

delivery shall be deemed to have been received when delivered. Notice from one Party to the other Party by telephone shall be deemed to have been received at the time the call is received. Party may change its contact information by providing Notice of the same in accordance herewith.

8.2. Contact Information

For Buyer:

Billing Representative

[Name]

Phone:

Facsimile:

Contract Representative

[Name]

Phone:

Facsimile:

Supply Plan Contact

[Name]

Phone:

Facsimile:

Settlements

[Name]

Phone:

Facsimile:

Other Buyer Contact Information

Wire Transfer

BNK:

ABA:

ACCT:

Credit and Collections

Attn:

Phone:

Facsimile:

Notices of Event of Default or Potential Event of Default to:

[Name]

Phone:

Facsimile:

For Seller:

Billing Representative

[Name]

Phone:

Facsimile:

Contract Representative

[Name]

Phone:

Facsimile:

Supply Plan Contact

[Name]

Phone:

Facsimile:

Other Seller Contact Information

Wire Transfer

Credit and Collections

BNK:

Attn:

ABA:

Phone:

ACCT:

Facsimile:

Notices of Event of Default or Potential Event of Default to:

[Name]

Phone:

Facsimile:

The Parties acknowledge and agree that those persons set forth in this Section 8.2 are designated by each Party as their respective authorized representatives to act on their behalf for the purposes described therein.

ARTICLE 9. EVENTS OF DEFAULT; TERMINATION

9.1. Events of Default

An “Event of Default” shall mean, with respect to a Party (“Defaulting Party”), the occurrence of any of the following:

- (a) With respect to either Party:
 - (i) The failure to make, when due, any payment required to be made to the other Party pursuant to this Agreement, if such failure is not remedied within three (3) Business Days after written Notice of such failure is given by the Non-Defaulting Party;
 - (ii) Any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated if the representation or warranty is continuing in nature;
 - (iii) The failure to perform any material covenant, obligation, term or condition of this Agreement (except to the extent constituting a separate Event of

Default), where such breach is not remedied within five (5) Business Days of Notice of such breach by the Non-Defaulting Party;

- (iv) Such Party becomes Bankrupt; or
 - (v) A Merger Event occurs with respect to such Party.
- (b) With respect to Seller:
- (i) The failure of Seller to satisfy the collateral requirements set forth in Article 5;
 - (ii) During the Term, Seller makes any material misrepresentation or omission in any report required to be made or furnished by Seller, the Seller's DRP or the Seller's SC pursuant to this Agreement;
 - (iii) During the Delivery Period, Seller sells, assigns, or otherwise transfers, or commits to sell, assign, or otherwise transfer, the Product, or any portion thereof, to any party other than Buyer without Buyer's written consent; or
 - (iv) During the Term, the occurrence and continuation of a default, event of default or other similar condition or event (however described) in respect of Seller under one or more agreements or instruments relating to indebtedness for borrowed money (whether present or future, contingent or otherwise), which results in such indebtedness for borrowed money (whether present or future, contingent or otherwise) becoming, or becoming capable at such time of being declared, immediately due and payable under such agreements or instruments, before it would otherwise have been due and payable, or a default by Seller in making one or more payments on the due date thereof in an aggregate amount of not less than **[To be determined]** under such agreements or instruments (after giving effect to any applicable notice requirement or grace period).

9.2. Early Termination

If an Event of Default shall have occurred, the Party taking the default (the "Non-Defaulting Party") has the right:

- (a) To designate by Notice, which will be effective five (5) Business Days after the Notice is given, a day, no later than twenty (20) calendar days after the Notice is effective, for the early termination of this Agreement (an "Early Termination Date");
- (b) Withhold any payments due to the Defaulting Party under this Agreement;
- (c) Suspend performance of this Agreement, but excluding Seller's obligation to post and maintain Performance Assurance in accordance with Article 5; and

- (d) To pursue all remedies available at law or in equity against the Defaulting Party (including monetary damages), except to the extent that such remedies are limited by the terms of this Agreement.

9.3. Termination Payment

- (a) As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide Notice to the Defaulting Party of the amount of the Termination Payment. The Notice must include a written statement setting forth, in reasonable detail, the calculation of such Termination Payment including the Settlement Amount, together with appropriate supporting documentation.
- (b) If the Termination Payment is positive, the Defaulting Party shall pay such amount to the Non-Defaulting Party within two (2) Business Days after the Notice is provided. If the Termination Payment is negative (i.e., the Non-Defaulting Party owes the Defaulting Party more than the Defaulting Party owes the Non-Defaulting Party), then the Non-Defaulting Party shall pay such amount to the Defaulting Party within thirty (30) days after the Notice is provided.
- (c) If a Party disputes the other Party's calculation of the Termination Payment, in whole or in part, the disputing Party shall, within two (2) Business Days of receipt of the Party's calculation of the Termination Payment, provide to the other Party a detailed written explanation of the basis for such dispute. Any disputes as to the calculation of the Termination Payment which the Parties are unable to resolve may be submitted to dispute resolution as provided in Article 10.

9.4. Reserved

9.5. Suspension of Performance

Notwithstanding any other provision of this Agreement, if (a) an Event of Default or (b) a Potential Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon Notice to the Defaulting Party, shall have the right (i) to suspend performance under this Agreement and (ii) to the extent an Event of Default shall have occurred and be continuing to exercise any remedy available at law or in equity.

9.6. Rights and Obligations Surviving Termination or Expiration

The rights and obligations that are intended to survive a termination or expiration of this Agreement are all of those rights and obligations that this Agreement expressly provides survive any such termination or expiration and those that arise from a Party's covenants, agreements, representations, and warranties applicable to, or to be performed, at or during any time before or as a result of the termination or expiration of this Agreement, including:

- (a) A Party's obligation to provide information, including but not limited to Sections 3.3, 5.7, 6.2 and 6.4.

- (b) A Party's obligations with respect to invoices and payments pursuant to this Agreement;
- (c) The obligation of Seller to maintain Performance Assurance as set forth in Section 5.1;
- (d) The obligation of Buyer to return any Performance Assurance under Section 5.3;
- (e) The right to pursue remedies as set forth in Sections 9.2(d) and 10.04;
- (f) The obligations with respect to a Termination Payment as set forth in Section 9.3;
- (g) The dispute resolution provisions of Article 10;
- (h) The indemnity obligations expressly set forth in this Agreement;
- (i) The limitation of liabilities as set forth in Sections 3.5, 6.1 and Article 12; and
- (j) The obligation of confidentiality as set forth in Article 13.

ARTICLE 10. DISPUTE RESOLUTION

10.1. 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 the Agreement. Accordingly, it is agreed as follows:

- (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 Contract Representative, as identified on the Cover Sheet hereof, or such other person designated in writing as a representative of the Party ("Manager"). Either Manager may request a meeting (in person or telephonically) to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt 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 10.1(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 10.1(c) below.
- (b) Mediation. If the dispute (other than a dispute regarding the Termination Payment) cannot be resolved by negotiation as set forth in Section 10(a) above, then either Party may initiate mediation, the first-step of a two-step dispute resolution process, which JAMS, Inc., or its successor entity, a judicial arbitration and mediation service ("JAMS"). 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

(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 Applicable 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.

10.2. Provisional Relief

The Parties acknowledge and agree that irreparable damage would occur if certain provisions of this Agreement are not performed in accordance with the terms of this Agreement, that money damages would not be a sufficient remedy for any breach of these provisions of this Agreement, and that the Parties shall be entitled, without the requirement of posting a bond or other security, to seek a preliminary injunction, temporary restraining order, or other provisional relief as a remedy for a breach of Article 13 in any court of competent jurisdiction, notwithstanding the obligation to submit all other Disputes (including all claims for monetary damages under this Agreement) to arbitration pursuant to this Article 10. The Parties further acknowledge and agree that the results of the arbitration may be rendered ineffectual without the provisional relief.

Such a request for provisional relief does not waive a Party's right to seek other remedies for the breach of the provisions specified above in accordance with Article 10, notwithstanding any prohibition against claim-splitting or other similar doctrine. The other remedies that may be sought include specific performance and injunctive or other equitable relief, plus any other remedy specified in this Agreement for the breach of the provision, or if the Agreement does not specify a remedy for the breach, all other remedies available at law or equity to the Parties for the breach.

ARTICLE 11. INDEMNIFICATION

11.1. Seller's Indemnification Obligations

- (a) In addition to any other indemnification obligations Seller may have elsewhere in this Agreement, which are hereby incorporated in this Section 11.1, Seller releases, and shall indemnify, defend and hold harmless Buyer, and Buyer's directors, officers, employees, agents, assigns, and successors in interest, from and against any and all loss, liability, damage, claim, cost, charge, demand, penalty, fine or expense of any kind or nature (including any direct, damage, claim, cost, charge, demand, or expense, and attorneys' fees (including cost of in-house counsel) and other costs of litigation, arbitration or mediation, and in the case of third-party claims only, indirect or consequential loss or damage of such third-party), arising out of or in connection with:

- (i) any breach made by Seller of its representations, warranties and covenants in Article 7 or any payment disputes resulting from the use of a Joint PDR;
- (ii) Seller's failure to fulfill its obligations regarding Resource Adequacy Benefits as set forth in Article 3;
- (iii) any violation of Applicable Law arising out of or in connection with Seller's performance of, or failure to perform this Agreement;
- (iv) injury or death to persons, including Buyer employees, and physical damage to property, including Buyer property, where the damage arises out of, is related to, or is in connection with, Seller's obligations or performance under this Agreement.

This indemnity applies notwithstanding Buyer's active or passive negligence; *provided*, Buyer will not be indemnified for its loss, liability, damage, claim, cost, charge, demand or expense to the extent caused by its gross negligence or willful misconduct.

11.2. Indemnification Claims

All claims for indemnification by Buyer will be asserted and resolved as follows:

If a claim or demand for which Buyer may claim indemnity is asserted against or sought to be collected from Seller by a third party, Buyer shall as promptly as practicable give Notice to Seller; *provided*, failure to provide this Notice will relieve Seller only to the extent that the failure actually prejudices Seller.

- (a) Seller will have the right to control the defense and settlement of any claims in a manner not adverse to Buyer but cannot admit any liability or enter into any settlement without Buyer's approval.
- (b) Buyer may employ counsel at its own expense with respect to any claims or demands asserted or sought to be collected against it; *provided*, if counsel is employed due to a conflict of interest or because Seller does not assume control of the defense, Seller will bear the expense of this counsel.

ARTICLE 12. LIMITATION OF REMEDIES, LIABILITY, AND DAMAGES

EXCEPT AS SET FORTH HEREIN WITH RESPECT TO THE PRODUCT, THERE ARE NO WARRANTIES BY EITHER PARTY UNDER THIS AGREEMENT, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF.

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES WILL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY WILL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED, UNLESS THE PROVISION IN QUESTION PROVIDES THAT THE EXPRESS REMEDIES ARE IN ADDITION TO OTHER REMEDIES THAT MAY BE AVAILABLE.

SUBJECT TO SECTION 9.3, IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY WILL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES WILL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED.

UNLESS EXPRESSLY PROVIDED IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THE PROVISIONS OF ARTICLE 11 (INDEMNITY), NEITHER PARTY WILL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

NOTHING IN THIS ARTICLE PREVENTS, OR IS INTENDED TO PREVENT BUYER FROM PROCEEDING AGAINST OR EXERCISING ITS RIGHTS WITH RESPECT TO ANY PERFORMANCE ASSURANCE.

ARTICLE 13. CONFIDENTIALITY

13.1. Confidentiality Obligation

Neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party's or the Party's Affiliates' officers, directors, employees, lenders, counsel, accountants, advisors, or Rating Agencies, who have a need to know such information and have agreed to keep such terms confidential) except (a) in order to comply with any Applicable Law, summons, subpoena, exchange rule, or accounting

disclosure rule or standard, or to make any showing required by any applicable Governmental Body other than as set forth in Sections 13.1(e) and (f); (b) to the extent necessary for the enforcement of this Agreement; (c) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the non-disclosing Party in making such disclosure; (d) to the extent such information is or becomes generally available to the public prior to such disclosure by a Party; (e) when required to be released in connection with any regulatory proceeding (provided that the releasing Party makes reasonable efforts to obtain confidential treatment of the information being released); (f) with respect to Buyer, as may be furnished to its duly authorized Governmental Bodies, including without limitation the Commission and all divisions thereof, to Buyer's Procurement Review Group, a group of participants including members of the Commission and other governmental agencies and consumer groups established by the Commission in Commission decisions 02-08-071 and 03-06-071, and to Buyer's Cost Allocation Mechanism Group established by the CPUC in D.07-12-052, or (g) Seller may disclose the transfer of the Monthly Quantity under this Agreement to its SC in order for such SC to timely submit accurate Supply Plans. The existence of this Agreement is not subject to this confidentiality obligation; *provided*, neither Party shall make any public announcement relating to this Agreement unless required pursuant to subsection (a) or (e) of the foregoing sentence of this Article 13.

13.2. Obligation to Notify

In connection with discovery requests or orders pertaining confidential information in connection with this Agreement as referenced in Section 13.1(a) ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts to:

- (a) Notify the other Party before disclosing the Confidential Information; and
- (b) Prevent or limit such disclosure.

After using such reasonable efforts, the Disclosing Party will not be:

- (c) Prohibited from complying with a Disclosure Order; or
- (d) Liable to the other Party for monetary or other damages incurred in connection with the disclosure of the Confidential Information.

13.3. Remedies; Survival

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. With respect to information provided in connection with this Agreement, this obligation shall survive for a period of three (3) years following the expiration or termination of this Agreement.

ARTICLE 14. FORCE MAJEURE

To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the “Claiming Party”) gives notice and details of the Force Majeure to the other Party as soon as practicable, then, unless the terms of the Product specify otherwise, the Claiming Party shall be excused from the performance of its obligations with respect to this Agreement (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

ARTICLE 15. MISCELLANEOUS

15.1. General

- (a) This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.
- (b) The term “including,” when used in this Agreement, shall be by way of example only and shall not be considered in any way to be in limitation.
- (c) The headings used herein are for convenience and reference purposes only.
- (d) Each Party agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement.
- (e) Words having well-known technical or industry meanings have these meanings unless otherwise specifically defined in this Agreement.
- (f) Whenever this Agreement specifically refers to any Applicable Law, tariff, government department or agency, or Rating Agency, the Parties hereby agree that the reference also refers to any successor to such law, tariff or organization.
- (g) Nothing in this Agreement relieves either Party from, or modifies, any obligation or requirement that exists in any Applicable Law, tariff, rule, or regulation.
- (h) The Parties acknowledge and agree that this Agreement and the transactions contemplated by this Agreement constitute a “forward contract” within the meaning of the Bankruptcy Code and that Buyer and Seller are each “forward contract merchants” within the meaning of the Bankruptcy Code.

15.2. Governing Law and Venue

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY DISPUTE ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

15.3. Amendment

This Agreement can only be amended by a writing signed by both Parties.

15.4. Assignment

Neither Party shall assign this Agreement or its rights hereunder, as the case may be, without the prior written consent of the other Party, which consent may not be unreasonably withheld; *provided*, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof or thereof, as the case may be, in connection with any financing or other financial arrangements to any person or entity whose creditworthiness is equal to or higher than that of such Party, (ii) transfer or assign this Agreement to an Affiliate of such Party which Affiliate's creditworthiness is equal to or higher than that of such Party, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party and whose creditworthiness is equal to or higher than that of such Party; *provided*, in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

15.5. Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of, the Parties and their respective successors and assigns. This Agreement is not intended to confer any rights or remedies upon any other persons other than the Parties.

15.6. Waiver

None of the provisions of this Agreement shall be considered waived by either Party unless the Party against whom such waiver is claimed gives the waiver in writing. The failure of either Party to insist in any one instance upon strict performance of any the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishments of such rights for the future but the same shall continue and remain in full force and effect. Waiver by either Party of any default of the other Party shall not be deemed a waiver of any other default.

15.7. No Agency

Except as otherwise provided explicitly herein, in performing their respective obligations under this Agreement, neither Party is acting, or is authorized to act, as the other Party's agent.

15.8. No Third-Party Beneficiaries

This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound by this Agreement).

15.9. Entire Agreement

This Agreement, when fully executed, constitutes the entire agreement by and between the Parties as to the subject matter hereof, and supersedes all prior understandings, agreements or representations by or between the Parties, written or oral, to the extent they have related in any way to the subject matter hereof. Each Party represents that, in entering into this Agreement, it has not relied upon any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement.

15.10. Severability

If any term, section, provision or other part of this Agreement, or the application of any term, section, provision or other part of this Agreement, is held to be invalid, illegal or void by a court or regulatory agency of proper jurisdiction, all other terms, sections, provisions or other parts of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or regulatory agency holds that the provisions are not separable from all other provisions of this Agreement.

15.11. Multiple Originals

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any of the signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto by having attached to it one or more signature pages.

15.12. 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 be the "public interest" 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).

15.13. Performance Under this Agreement

Each Party and its representatives shall maintain records and supporting documentation relating to this Agreement, and the performance of the Parties hereunder in accordance with, and for the applicable time periods required by, all Applicable Laws.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Execution Date.

PACIFIC GAS AND ELECTRIC COMPANY [SELLER]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A

DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below:

“Affiliate” means with respect to a Party, any entity which directly or indirectly controls, is controlled by, or is under a common control with that Party. 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.

“Agreement” has the meaning in the Preamble.

“Applicable Laws” means all constitutions, treaties, laws, ordinances, rules, regulations, interpretations, permits, judgments, decrees, injunctions, writs and orders of any Governmental Body that apply to either or both of the Parties, the DRP, the PDR or the terms of this Agreement.

“Arbitrator” has the meaning set forth in Article 10.

“Audit Notice” has the meaning set forth in Section 1.6(b).

“Back-up Generation” means fossil-fueled back-up generation owned or used by a Customer including but not limited to the following: (i) distributed generation technologies using diesel, natural gas, gasoline, propane or liquefied petroleum gas, whether or not in a combined heat and power configuration. Back-up Generation does not include energy storage systems; provided such energy storage systems meet the greenhouse gas emission factor thresholds in effect from time to time under the CPUC’s Self-Generation Incentive Program.

“Bankrupt” means with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

“Bankruptcy Code” means the United States Bankruptcy Code (11 U.S.C. §101 *et seq.*), as amended, and any successor statute.

“Bundled Service Customer” means a customer of Buyer as a utility distribution company who takes bundled services from Buyer as a utility distribution company including having all its power requirements purchased by Buyer.

“Business Day” means a day that is not a Saturday, Sunday, a Federal Reserve Bank holiday, or the Friday immediately following the U.S. Thanksgiving holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

“Buyer” has the meaning set forth in the preamble.

“CAISO” means the California Independent System Operator or any successor entity performing the same functions.

“CAISO Tariff” means the tariff and protocol provisions, including any current CAISO-published “Operating Procedures” and “Business Practice Manuals,” as amended or supplemented from time to time, of the CAISO.

“Capacity Procurement Mechanism” has the meaning set forth in the CAISO Tariff.

“Cash” means U.S. Dollars held by or on behalf of Buyer as Performance Assurance hereunder.

“Cash Interest Rate” means the Federal Funds Effective Rate - the rate per annum equal to the “Monthly” Federal Funds Rate (as reset on a monthly basis based on the latest month for which such rate is available) as reported in Federal Reserve Bank Publication H.15-519, or its successor publication.

“Claiming Party” has the meaning set forth in Article 14.

“Commission” or “CPUC” means the California Public Utilities Commission, and all divisions thereof, or any successor thereto.

“Compliance Showings” means the (i) RAR compliance or advisory showings (or similar or successor showings), in each case, an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, to the CAISO pursuant to the CAISO Tariff, or to any Governmental Body having jurisdiction.

“Contract Price” means the price specified in the table in Section 1.5 for each Showing Month.

“CPM Capacity” has the meaning set forth in the Tariff.

“CPUC Approval” means a decision of the CPUC that (i) is final and no longer subject to appeal, which approves the Agreement in full and in the form presented on terms and conditions acceptable to both Parties, including without limitation terms and conditions related to cost recovery and cost allocation of amounts paid to Seller under the Agreement; (ii) does not contain conditions or modifications unacceptable to both Parties; and (iii) finds that any procurement pursuant to this Agreement satisfies the requirement to procure preferred resources under Commission Decision 13-02-015.

“CPUC Decisions” means Commission Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-031, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 09-12-053, 10-06-036, 10-12-038, 11-06-022, 11-10-003, 12-06-025, 13-02-006, 13-04-013, 13-06-024, 14-03-026, 14-06-050, 14-12-024, 15-02-007, 15-06-063, and any other existing or subsequent decisions, resolutions, or rulings related to resource adequacy, including, without limitation, the CPUC Filing Guide, in each case as may be amended from time to time by the CPUC.

“CPUC Filing Guide” is the 2015 annual document issued by the Commission which sets forth the guidelines, requirements and instructions for LSE’s to demonstrate compliance with the Commission’s resource adequacy program.

“Credit Rating” means, with respect to any entity, (a) the rating then assigned to such entity’s unsecured senior long-term debt obligations (not supported by third party credit enhancements), or (b) if such entity does not have a rating for its unsecured senior long-term debt obligations, then the rating assigned to such entity as an issuer rating by S&P and/or Moody’s. If the entity is rated by both S&P and Moody’s and such ratings are not equivalent, the lower of the two ratings shall determine the Credit Rating. If the entity is rated by either S&P or Moody’s, but not both, then the available rating shall determine the Credit Rating.

“Customer” means a person or entity that is either a: (i) Bundled Service Customer; (ii) community choice aggregation customer or direct access customer who would otherwise be eligible to be a Bundled Service Customer; or (iii) Unbundled Service Customer.

“Customer Data Access Systems” has the meaning described in CPUC Decision 13-09-025.

“Day-Ahead Market” has the meaning set forth in the CAISO Tariff.

“Day-Ahead Schedule” has the meaning set forth in the CAISO Tariff.

“Defaulting Party” has the meaning set forth in Section 9.1.

“Delivered Capacity Payment” has the meaning described in and is calculated pursuant to Section 4.1.

“Delivery Period” has the meaning set forth in Section 1.3.

“Demand Response Provider” or “DRP” has the meaning in the CAISO Tariff.

“Demonstrated Capacity” has the meaning set forth in Section 1.6(a).

“Dispatch” means the act of reducing all or a portion of the electrical consumption of the PDR pursuant to a Dispatch Instruction.

“Dispatch Instruction” has the meaning in the CAISO Tariff.

“Dispute” means any and all disputes, claims or controversies arising out of, relating to, concerning or pertaining to the terms of this Agreement, or to either Party’s performance or failure of performance under this Agreement.

“DRAM Pilot Program” means the initial program during 2015-2016 for the Product as described in CPUC D.14-03-026 and D.14-12-024.

“DRAM Resource” means the PDR(s) that Seller identifies pursuant to Section 1.4 that will provide Product to Buyer.

“Early Termination Date” has the meaning set forth in Section 9.2(a).

“Event of Default” has the meaning set forth in Section 9.1.

“Execution Date” has the meaning set forth in the preamble.

“FERC” means the Federal Energy Regulatory Commission, or any division thereof.

“Force Majeure” means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (i) the loss of Buyer’s markets; (ii) Buyer’s inability economically to use or resell the Product purchased hereunder; (iii) the loss or failure of Seller’s supply; (iv) Seller’s ability to sell the Product at a greater price; (v) a failure of performance of any other entity that is not a Party, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event; or (vi) breakage or malfunction of equipment, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event.

“Governmental Body” means any federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

“Interest Amount” means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all days in such Interest Period; each daily interest amount to be determined by such Party as follows: (i) the amount of Cash held by such Party on that day; multiplied by (ii) the Cash Interest Rate for that day, divided by (iii) 360.

“Interest Period” means the period from (and including) the last Business Day on which an Interest Amount was Transferred by a Party (or if no Interest Amount has yet been Transferred by such Party, the Business Day on which Cash was Transferred to such Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

“JAMS” has the meaning set forth in Article 10.

“Joint PDR” means a PDR which includes PDR Customers registered by the Seller (or its DRP) and other customers registered by another aggregator (or its DRP) who are not considered part of the PDR for purposes of meeting Seller’s obligations under this Agreement.

“Letter of Credit” means an irrevocable, non-transferable standby letter of credit, the form of which must be substantially as contained in Schedule 1 attached hereto; provided that, the issuer must be a Qualified Institution.

“Letter of Credit Default” means with respect to a Letter of Credit, the occurrence of any of the following events: (a) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least (i) “A”-, with a stable outlook designation from S&P and A3, with a stable outlook designation from Moody’s, if such issuer is rated by both S&P and Moody’s, (ii) “A-“ by S&P with a stable outlook designation, if such issuer is rated only by S&P, or (iii) "A3" by Moody’s with a stable outlook designation, if such issuer is rated only by Moody’s; (b) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit; (c) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; (d) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the term of the Agreement, in any such case without replacement; or (e) the issuer of such Letter of Credit shall become Bankrupt; provided, however, that no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Agreement.

“LSE” means load-serving entity.

“Mediator” has the meaning set forth in Section 10.2.

“Merger Event” means, with respect to a Party, that such Party consolidates or amalgamates with, merges into or with, or transfers substantially all its assets to another entity and (i) the resulting entity fails to assume all the obligations of such Party hereunder, or (ii) the resulting entity’s creditworthiness is materially weaker than that of such Party immediately prior to such action. The creditworthiness of the resulting entity shall not be deemed to be ‘materially weaker’ so long as the resulting entity maintains a Credit Rating of at least that of the applicable Party, as the case may be, immediately prior to the consolidation, merger or transfer.

“Monthly Quantity” means the amount of Product set forth in the table in Section 1.5 that Seller has agreed to provide to Buyer from the DRAM Resource for each day of the respective Showing Months.

“Moody’s” means Moody’s Investor Services, Inc. or its successor.

“Must-Offer Obligation” or “MOO” means Seller’s obligation to Bid or cause Seller’s SC to Bid the DRAM Resource into the CAISO Day-Ahead Market in accordance with the CAISO Tariff.

“Notification Time” means the 10:00 a.m. Pacific Prevailing Time on a Business Day.

“Non-Defaulting Party” has the meaning set forth in Section 9.2.

“Notice” means notices, requests, statements or payments provided in accordance with Article 8.

“PDR Capacity Baseline” means the CAISO baseline applicable to the PDR(s) in the DRAM Resource as specified in the CAISO Tariff.

“PDR Customer” is a Bundled Service Customer and/or Unbundled Service Customer account at the Service Account Identification level that is included in the DRAM Resource.

“Performance Assurance” has the meaning set forth in Section 5.1(a). Performance Assurance must be in the form of Cash or Letter of Credit. Any Cash received and held by Buyer after drawing on any Letter of Credit will constitute Performance Assurance in the form of Cash.

“Potential Event of Default” means an event which, with Notice or passage of time or both, would constitute an Event of Default.

“Procurement Review Group” has the meaning set forth in Article 13.

“Product” means system Resource Adequacy Benefits associated with the PDR(s) designated by Seller pursuant to Section 1.4, as such attributes may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward RAR. “Product” shall not include:

- (i) resource adequacy attributes or other locational attributes associated with the DRAM Resource related to a local RAR;
- (ii) flexible capacity resource adequacy attributes associated with the DRAM Resource; or
- (iii) any right of Buyer to the energy or ancillary services from the DRAM Resource.

“Proxy Demand Resource” or “PDR” has the meaning in the CAISO Tariff.

“Qualified Institution” means either a U.S. commercial bank, or a U.S. branch of a foreign bank acceptable to Buyer in its sole discretion; and in each case such bank must have a Credit Rating of at least: (a) “A-, with a stable designation” from S&P and “A3, with a stable designation” from Moody’s, if such bank is rated by both S&P and Moody’s; or (b) “A-, with a stable designation” from S&P or “A3, with a stable designation” from Moody’s, if such bank is rated by either S&P or Moody’s, but not both, even if such bank was rated by both S&P and Moody’s as of the date of issuance of the Letter of Credit but ceases to be rated by either, but not both of those Ratings Agencies.

“RAR” means the resource adequacy requirements established for LSEs by the Commission pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Body having jurisdiction, or successor program requirements.

“Ratings Agency” means any of S&P, Moody’s, and Fitch (collectively the ‘Ratings Agencies’).

“Resource Adequacy Benefits” has the meaning in the CPUC Decisions.

“Resource ID” has the meaning in the CAISO Tariff.

“Residential Customer” means a PDR Customer whose dwelling is single-family units, multi-family units, mobile homes, or other similar living establishments.

“Residential Customer Product” means Product that is comprised solely of Residential Customers and Small Commercial Customers; *provided* that the percentage of Residential Customers in the PDR(s) constituting the DRAM Resource is equal to or greater than ninety percent (90%). Where multiple PDRs, or portions thereof, are used to meet Seller’s Demonstrated Capacity obligations, the percentage requirements apply in the aggregate, based on the total number of PDR Customer service accounts in the DRAM Resource used to show Demonstrated Capacity.

“Revenue Quality Meter Data” means Interval Meter Data that has been validated, edited, and estimated in accordance with the Direct Access Standards for Metering and Meter Data as described in Rule 22.

“Rule 24” means Direct Participation Demand Response:
https://www.pge.com/regulation/DemandResponseOIR/Other-Docs/Joint-PSS/2013/DemandResponseOIR_Other-Doc_Joint-PSS_20130204_262339Atch01_262340.pdf .

“S&P” means Standard & Poor’s Financial Services LLC, or its successor.

“SAID” or “Service Account Identification” means a Buyer specific identifier for tracking energy service deliveries for a specific load through one or more meters at a customer premises or location as described in Rule 1.

“Scheduling Coordinator” or “SC” has the meaning set forth in the CAISO Tariff.

“Seller” has the meaning set forth in the preamble.

“Settlement Amount” means the sum of the estimated Delivered Capacity Payments for all of the remaining months of the Delivery Period, including the current month, as of the Early Termination Date, with such estimated Delivered Capacity Payments being based on the applicable Monthly Quantity values times the applicable Contract Price.

“Shortfall Capacity” means the amount of capacity with respect to the Monthly Quantity for any portion of a Showing Month which was shown by Buyer in its Compliance Showing that CAISO determines requires outage replacement in accordance with Section 40.7 of the CAISO Tariff.

“Showing Month” shall be each day of each calendar month of the Delivery Period that is the subject of the Compliance Showing, as set forth in the CPUC Decisions and outlined in the CAISO Tariff. For illustrative purposes only, pursuant to the CAISO Tariff and CPUC Decisions in effect as of the Execution Date, the monthly Compliance Showing made in June is for the Showing Month of August.

“Small Commercial Customer” means a PDR Customer which: (1) has a maximum billing demand of 20 kW, or less, per meter during the most recent 12 month period, or (2) has an annual usage of 40,000 kWh, or less, during the most recent 12 month period.

“Supply Plan” has the meaning set forth in the CAISO Tariff.

“Term” has the meaning set forth in Section 1.2.

“Termination Payment” means the sum of all amounts owed by the Defaulting Party to the Non-Defaulting Party under this Agreement, which shall include the Settlement Amount, less any amounts owed by the Non-Defaulting Party to the Defaulting Party determined as of the Early Termination Date. If Buyer is the Non-Defaulting Party and reasonably expect to incur penalties, fines or costs from the CPUC, the CAISO, or any other Governmental Body, then Buyer may estimate the of those penalties or fines and include them in the Termination Payment amount. If the Seller is the Non-Defaulting Party, then Seller may include in the Termination Payment amount the expenses, actually incurred by Seller and not previously paid by Buyer as of the Early Termination Date for SC services with respect to the DRAM Resource and this Agreement, in an amount not to exceed the sum of the monthly SC service payments during the months of the Delivery Term.

“Transfer” means, with respect to any Performance Assurance or Interest Amount, and in accordance with the instructions of the Party entitled thereto: (i) in the case of Cash, payment or transfer by wire transfer into one or more bank accounts specified by the recipient; (ii) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to the recipient.

“Unbundled Service Customer” means a retail customer of the Buyer acting as a utility distribution company, who takes and receives its electrical power requirements from a different Load Serving Entity that is not the Buyer, pursuant to CPUC Rule 22 Direct Access or Rule 23 Community Choice Service.

“WMDVBE” means women, minority, and disabled veteran business enterprise, as more particularly set forth in CPUC General Order 156.

EXHIBIT B

Issuing Bank Letterhead and Address

STANDBY LETTER OF CREDIT NO. XXXXXXXX

Date: [insert issue date]

Beneficiary:

Applicant: [Insert name of Applicant and address]

Attention:

Letter of Credit Amount: [insert amount]

Expiry Date: [insert expiry date]

Ladies and Gentlemen:

By order of **[Insert name of Applicant]** (“Applicant”), we hereby issue in favor of **[Insert name of Beneficiary]** (the “Beneficiary”) our irrevocable standby letter of credit No. **[Insert number of letter of credit]** (“Letter of Credit”), for the account of Applicant, for drawings up to but not to exceed the aggregate sum of U.S. \$ **[Insert amount in figures followed by (amount in words)]** (“Letter of Credit Amount”). This Letter of Credit is available with **[Insert name of bank, and the city and state in which it is located]** by sight payment, at our offices located at the address stated below, effective immediately. This Letter of Credit will expire at our close of business on **[Insert expiry date]** (the “Expiry Date”).

Funds under this Letter of Credit are available to the Beneficiary against presentation of the following documents:

1. Beneficiary’s signed and dated sight draft in the form of Annex A hereto, referencing this Letter of Credit No. **[Insert number]** and stating the amount of the demand; and
2. One of the following dated statements signed by an authorized representative or officer of Beneficiary:
 - A. “[**Insert name of Beneficiary**] (the “Beneficiary”) is entitled to draw the amount of **[Spell out the amount followed by (US\$xxxxxxx.xx)]**, under Letter of Credit No. **[Insert number]** owed by **[Insert name of Beneficiary’s counterparty under the Demand Response Auction Mechanism Resource Purchase Agreement]** or its assignee to Beneficiary under or in connection with the **[Insert identification of the Demand Response Auction Mechanism Resource Purchase Agreement]** between the Beneficiary and **[Insert name of Beneficiary’s counterparty under the Demand Response Auction Mechanism Resource Purchase Agreement]** or its assignee”
 - B. “Letter of Credit No. **[Insert number]** will expire in thirty (30) days or less and **[Insert name of Beneficiary’s counterparty under the Demand Response Auction Mechanism Resource Purchase Agreement]** or its assignee has not provided replacement Performance Assurance acceptable to **[Insert name of Beneficiary] (the Beneficiary)**”, and the amount of **[Spell out the amount followed by (US\$xxxxxxx.xx)]** of the accompanying sight draft does not exceed the amount of Performance Assurance that **[Insert name of Beneficiary’s counterparty under the Demand Response Auction Mechanism Resource Purchase Agreement]** or its assignee is required to transfer to the Beneficiary under the terms of the **[Insert identification of the Demand Response Auction Mechanism Resource Purchase Agreement]** between **[Insert name of Beneficiary’s counterparty under the Demand Response Auction Mechanism Resource Purchase Agreement]** and the Beneficiary.

Special Conditions:

1. Partial and multiple drawings under this Letter of Credit are allowed;
2. All banking charges associated with this Letter of Credit are for the account of the Applicant;
3. This Letter of Credit is not transferable; and
4. A drawing for an amount greater than the Letter of Credit Amount is allowed, however, payment shall not exceed the Letter of Credit Amount.

We engage with you that drafts drawn under and in compliance with the terms and conditions of this Letter of Credit will be duly honored upon presentation, if presented on or before the Expiry Date (or after the Expiry Date as provided below regarding events of Force Majeure), at **[Insert bank's address for drawings]**.

All demands for payment shall be made by presentation of copies or original documents, or by facsimile transmission of documents to **[Insert fax number or numbers]**, Attention: **[Insert name of bank's receiving department]**. If a demand is made by facsimile transmission, the originals or copies of documents must follow by overnight mail, and you may contact us at **[Insert phone number(s)]** to confirm our receipt of the transmission. Your failure to seek such a telephone confirmation does not affect our obligation to honor such a presentation.

Our payments against complying presentations under this Letter of Credit will be made no later than on the sixth (6th) banking day following a complying presentation.

Except as stated herein, this Letter of Credit is not subject to any condition or qualification. It is our individual obligation, which is not contingent upon reimbursement and is not affected by any agreement, document, or instrument between us and the Applicant or between the Beneficiary and the Applicant or any other party.

Except as otherwise specifically stated herein, this Letter of Credit is subject to and governed by the *Uniform Customs and Practice for Documentary Credits, 2007 Revision*, International Chamber of Commerce (ICC) Publication No. 600 (the "UCP 600"); provided that, if this Letter of Credit expires during an interruption of our business as described in Article 36 of the UCP 600, we will honor drafts presented in compliance with this Letter of Credit within thirty (30) days after the resumption of our business and effect payment accordingly.

The law of the State of New York shall apply to any matters not covered by the UCP 600.

For telephone assistance regarding this Letter of Credit, please contact us at **[insert number and any other necessary details]**.

Very truly yours,

[insert name of issuing bank]

By: _____
Authorized Signature

Name: _____ **[print or type name]**

Title: _____

Annex A SIGHT DRAFT

TO
[INSERT NAME AND ADDRESS OF PAYING BANK]

AMOUNT: \$ _____ DATE: _____

AT SIGHT OF THIS DEMAND PAY TO THE ORDER OF [insert name of Beneficiary] THE AMOUNT OF
U.S.\$ _____ (_____ U.S. DOLLARS)

DRAWN UNDER [INSERT NAME OF ISSUING BANK] LETTER OF CREDIT NO. XXXXXX.

REMIT FUNDS AS FOLLOWS:

[INSERT PAYMENT INSTRUCTIONS]

DRAWER

BY: _____
NAME AND TITLE

EXHIBIT C

Form of Notice of Demonstrated Capacity

EXHIBIT C - Notice of Demonstrated Capacity

Demand Response Auction Mechanism (DRAM)

Showing Month: _____
 Seller: _____
 Seller Contact Name: _____
 Seller Contact Phone: _____
 SCID: _____

Total "Monthly Quantity"^{**} (MW): _____
 Total "Demonstrated Capacity" (MW): **0.00 MW**
 Residential Product (Yes / No): _____

Therefore, in Delivered Capacity Payment formula, **"B"** = **0.00 MW** and **"D"** = _____

PDRs in the DRAM Resource			--- "Demonstrated Capacity" (MW) --- It is Seller's sole discretion as to which Demonstrated Capacity method is used for each PDR					
PDR Resource Name	CAISO Resource ID	Assigned NQC (MW) [*]	For each PDR Resource (row), choose one demonstration method (column) to establish monthly Demonstrated Capacity.					
			Capacity Test Maximum hourly load reduction during capacity test conducted by Seller's SC during Showing Month		Must Offer Obligation (MOO) Average capacity amount Seller bid into CAISO during Showing Month		Dispatch Results Maximum hourly load reduction resulting from Dispatch during Showing Month	
			Raw Demonstrated Capacity	Lessor of Assigned NQC or Raw Demonstrated Capacity	Raw Demonstrated Capacity	Lessor of Assigned NQC or Raw Demonstrated Capacity	Raw Demonstrated Capacity	Lessor of Assigned NQC or Raw Demonstrated Capacity
			Demonstrated Capacity ==>>		0.00 MW	0.00 MW	0.00 MW	0.00 MW

IMPORTANT NOTES: * "Monthly Quantity" is from the quantity & pricing Table in Section 4.5(a). ** In case of a Joint PDR, report full PDR NQC here. ** If using a Joint PDR, report Service Account Information (count) only for portion used.	1) Each capacity test must be at least two (2) consecutive hours long. 2) Should be calculated using the PDR Capacity Baseline.	1) Must be bid into the Day-Ahead Market. 2) Only include bids submitted in compliance with the MCO hours.	1) An eligible Dispatch requires that the PDR provided load reduction in all applicable hours of the CAISO Dispatch Instructions. 2) Should be calculated using the PDR Capacity Baseline.
---	--	---	---

The information provided by Seller in this Notice of Demonstrated Capacity is required by Section 1.8 of the DRAM Resource Purchase Agreement with (insert IOU name).

From: DRAM Exhibit C - Demonstrated Capacity Template (6_20_15).xlsx

EXHIBIT D

Form of Notice of Showing Month Supply Plan

Sample Counterparty Monthly Supply Plan Template

Contact Information			Supply Plan Information for Resources under DRAM Purchase Agreement to [insert IOU name]						
Contact Person	Phone Number	Email	SCID of Seller	Resource ID in CAISO Master File	RA Capacity (MW 00.00 No Rounding)	If Joint PDR RA Capacity Used for Contract (MW 00.00)	RA Capacity Effective Start Date (mm/dd/yyyy hh: mm:ss)	RA Capacity Effective End Date (mm/dd/yyyy hh: mm:ss)	SCID of Load Serving Entity

The information provided by Seller in this monthly Supply Plan template is required by Section 1.4 of the DRAM Resource Purchase Agreement with Buyer.

Attachment 2

IOU Proposal for DRAM Scoring Matrix

Qualitative Scoring Adder

Criteria	Answer	Score		Weight			Weighted Score (Score x Weight)
		(Yes)	(No)	SCE	SDG&E	PG&E	
Have you (the Seller) participated in a DR program or DR market anywhere as an aggregator?	Yes / No	0	1	0%	3%	0%	%
Will your project require any permits, interconnection agreements, environmental studies, or additional land rights prior to operation?	Yes / No	1	0	0%	3%	0%	%
Is there any ongoing investigation or an investigation that has occurred within the last five years with respect to any alleged violation of any rule, regulation, or law associated with any commodity, securities, environmental, or financial market regarding any DR services you were/are providing?	Yes / No	1	0	0%	3%	0%	%
DBE							
Do you have, or will obtain before the program begins, DBE status?	Yes / No	0	1	0%	1%	0%	%
Project Diversity							
Are you going to use enabling technology with at least 90% of your PDR customers?	Yes / No	0	1	0%	5%	0%	%
Total Qualitative Score							Sum of Above

Attachment 3

List of Affected Tariffs and Revised Tariffs

**ATTACHMENT 1
Advice 4618-E-A**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
35617-E	ELECTRIC SCHEDULE E-BIP BASE INTERRUPTIBLE PROGRAM Sheet 3	34281-E
35618-E	ELECTRIC SCHEDULE E-BIP BASE INTERRUPTIBLE PROGRAM Sheet 4	34282-E
35619-E	ELECTRIC SCHEDULE E-BIP BASE INTERRUPTIBLE PROGRAM Sheet 6	34284-E
35620-E	ELECTRIC SCHEDULE E-BIP BASE INTERRUPTIBLE PROGRAM Sheet 8	34286-E
35621-E	ELECTRIC SCHEDULE E-RSAC RESIDENTIAL SMART A/C PROGRAM Sheet 2	32825-E
35622-E	ELECTRIC TABLE OF CONTENTS Sheet 1	35491-E
35623-E	ELECTRIC TABLE OF CONTENTS RATE SCHEDULES Sheet 9	34299-E
35624-E	ELECTRIC TABLE OF CONTENTS RATE SCHEDULES Sheet 10	34795-E



**ELECTRIC SCHEDULE E-BIP
 BASE INTERRUPTIBLE PROGRAM**

Sheet 3

**METERING
 EQUIPMENT:**

Each SA must have an interval meter capable of recording usage in 15-minute intervals installed that can be read remotely by PG&E. A Meter Data Management Agent (MDMA) may also read the customer's meter on behalf of the customer's Electric Service Provider (ESP), if a customer is receiving DA Service. Metering equipment (including telephone line, cellular, or radio control communication device) must be in operation for at least 10 days prior to participating in the Program. If required, PG&E will provide and install the metering equipment at no cost to the bundled service or CCA Service customer. The installation of an interval meter for customers taking service under the provisions of DA is the responsibility of the customer's ESP, or Agent, and must be installed in accordance with Electric Rule 22.

Customers receiving an interval meter at no charge from PG&E through this Program must remain enrolled for a minimum period of one year. Customers who received an interval meter through this Program but later elects to leave prior to the one-year anniversary date, or is terminated for cause, must reimburse PG&E for all expenses associated with the installation and maintenance of the meter. Such charges will be collected as a one-time payment pursuant to Electric Rule 2, Section I. Customers who leave the Program after one year may continue their use of the meter at no additional cost. Customers may de-enroll prior to the end of the first year if they do so to participate in the 2016 Demand Response Auction Mechanism Pilot, as directed by the California Public Utilities Commission in Resolution E-4728.

(N)
 |
 |
 (N)

Direct Access Service Customers – If PG&E is the MDMA, no additional fees will be required from the customer. If PG&E is not the MDMA, the customer will be responsible for any and all costs associated with providing the interval data into the PG&E system on a daily basis. This includes any additional metering or communication devices that may need to be installed and any additional fees assessed by the customer's ESP. Prior to customer's participation in the Program, the customer must be able to successfully transfer meter data within PG&E's specification on a daily basis for a period of no less than 10 days to establish its baseline.

Until all necessary equipment is installed and all requirements have been met, new customers will not receive incentive payments or be assessed Excess Energy Charges or be obligated to participate in curtailment events.

**DEMAND
 RESPONSE
 OPERATIONS
 WEBSITE:**

PG&E's demand response operations website, located at <https://inter-act.pge.com>, will be used to communicate all curtailment events to the customer.

**NOTIFICATION
 EQUIPMENT:**

Directly-enrolled customers and aggregators, at their expense, must have access to the Internet and an e-mail address to receive notification via the Internet. In addition, they must have, at their expense, a cellular telephone that is capable of receiving a text message sent via the Internet. Customers cannot participate in the Program until all of these requirements have been satisfied.

In the event of a Program curtailment, directly-enrolled customers and aggregators will be notified using one or more of the above-mentioned systems. Receipt of such notice is the responsibility of the directly-enrolled customer and aggregator. PG&E does not guarantee the reliability of the e-mail system or Internet site by which notification is received.

(Continued)



**ELECTRIC SCHEDULE E-BIP
 BASE INTERRUPTIBLE PROGRAM**

Sheet 4

**PROGRAM
 DETAILS:**

PG&E will assign each customer, both directly enrolled and through an aggregator, to a load zone. The assigned load zone will be at PG&E's subsystem-level, which may change over time.

Directly-enrolled Customers and aggregators will be given at least 30 minutes notice before each curtailment. (N)

A Program curtailment event will be limited to a maximum of one (1) event per day and four (4) hours per event. The Program will not exceed 10 events during a calendar month, or 180 hours per calendar year.

All customers will be placed on a calendar billing cycle and their regular electric service bills will continue to be calculated each month based on actual recorded monthly demands and energy usage.

The Program will be operated throughout the year.

PG&E may terminate the Program, as directed by the Commission, upon 30 days written notice to all directly-enrolled customers and aggregators.

**PRE-
 ENROLLMENT:**

PG&E may subject a new applicant to a pre-enrollment qualification process to demonstrate its ability to effectively and reliably participate in the Program. This pre-enrollment qualification process may require the applicant to perform the pre-enrollment load reduction in which the applicant demonstrates its ability to reduce its load down to or below its proposed FSL within the 30-minute response time and for the duration of four (4) hours. During this time, the applicant shall not be subject to any financial impact under this rate schedule.

As part of its application, each new applicant is required to submit a load reduction plan detailing specific actions taken to reduce its load down to or below the applicant's proposed FSL within the 30-minute response time and for the duration of four (4) hours.

An applicant's effective start date shall be determined by PG&E. The effective start date shall be set after PG&E has determined the load reduction demonstration was successful and approved the applicant's load reduction plan. (T)

(Continued)



**ELECTRIC SCHEDULE E-BIP
 BASE INTERRUPTIBLE PROGRAM**

Sheet 6

**EXCESS
 ENERGY
 CHARGES:**

Excess Energy is any energy (kWh) consumed during a curtailment event that is in excess of the customer's FSL. The energy usage is measured in 15-minute intervals.

Customers will be assessed an Excess Energy Charge at \$6.00 per kilowatt-hour (kWh) the customer's.

PG&E will evaluate and apply Excess Energy Charges for directly-enrolled customers and aggregators' portfolios no later than 90 days after each curtailment event. The incentive payments will be reflected on the directly-enrolled customers' regular monthly bills as an adjustment. PG&E will adjust aggregators' payments based on performance no later than 90 days after a curtailment event.

PG&E may elect to evaluate and assess the Excess Energy Charges associated with several curtailment events as a single adjustment.

**PROGRAM
 RETEST:**

If a customer fails to reduce its load down to or below its FSL throughout the curtailment event, including test event, PG&E may require a re-test that will not count toward the Program event limits. The Excess Energy Charge will increase to \$8.40 per kilowatt-hour (kWh) for the re-test and will continue at this level for the remainder of the calendar year.

(N)

Following this initial re-test, the customer has the option to either: a) modify its FSL to an achievable level that meets Program requirements, b) de-enroll from the Program, or c) be re-tested at the current FSL. PG&E may require the customer be re-tested at the new FSL.

If the customer does not modify its FSL, de-enroll from the Program, or successfully comply with the re-test, then PG&E will either: a) set the customer's FSL to the highest FSL that meets the Program requirements and require a re-test, b) re-test the customer at its current FSL, or c) terminate the customer's participation.

There is no limit to the number of re-tests to which a customer is subject. The customer will be subject to an additional Excess Energy Charge for each failed re-test.

For aggregators who fail to comply with a curtailment event, the methodology specified above will be applied at the portfolio level.

(Continued)



**ELECTRIC SCHEDULE E-BIP
 BASE INTERRUPTIBLE PROGRAM**

Sheet 8

CONTRACTS: Customers, both directly-enrolled and those in an aggregator's portfolio, may re-designate their FSL or discontinue participation in the Program once annually by providing a 30-day written notice during the month of November. Cancellation will be effective January of the following year. Customers may de-enroll prior to the end of the first year if they do so to participate in the 2016 Demand Response Auction Mechanism Pilot, as directed by the California Public Utilities Commission in Resolution E-4728. (N)
 |
 (N)

Aggregators must submit a signed Agreement For Aggregators Participating in the Base Interruptible Program (Form 79-1079).

AGGREGATOR'S PORTFOLIO: Aggregators must submit a Notice to Add or Delete Customers Participating in the Base Interruptible Program (Form 79-1080) signed by the aggregated customer to add or delete a customer from its portfolio. PG&E will review and approve each SA before enrollment under the aggregator's portfolio. Each SA may be included in only one portfolio at a time.

PG&E will only add a new customer to an aggregator's portfolio after all necessary equipment is installed and all requirements have been met. Such requirements must be completed at least 5 calendar days prior to customer enrollment.

The terms and conditions of the agreement governing the relationship between the aggregator and a customer, with respect to such customer's participation in the Program through such an aggregator, are independent of PG&E. Any disputes arising between aggregator and such customer shall be resolved by the parties.

SPECIAL CONDITIONS FOR COMMUNITY CHOICE AGGREGATION SERVICE (CCA SERVICE) CUSTOMERS AND DIRECT ACCESS (DA) CUSTOMERS: DA/CCA Service customers enrolling directly with PG&E must make the necessary arrangements with their ESP/CCA before enrolling in this Program.

Aggregators must make the necessary arrangements with the ESP and CCA before enrolling DA or CCA Service customers in this Program. Aggregators must notify the ESP/CCA of its DA/CCA Service customers.

INTERACTION WITH CUSTOMER'S OTHER APPLICABLE PROGRAMS AND CHARGES: Customers who participate in a third party sponsored interruptible load program must immediately notify PG&E of such activity.

Customers enrolled in the Program may also participate in one of the following PG&E DR programs: Demand Bidding Program (Schedule E-DBP), the Scheduled Load Reduction Program (Schedule E-SLRP), or under the Peak Day Pricing (PDP) rate option.

If a customer is enrolled in two programs with simultaneous or overlapping events, the customer will receive payment for the capacity program and not for the simultaneous hours of the energy program.

(Continued)



**ELECTRIC SCHEDULE E-RSAC
 RESIDENTIAL SMART A/C PROGRAM**

Sheet 2

RATES: A customer's monthly electric bill will continue to be calculated in accordance with the otherwise applicable rate schedule.

DEVICE OPTIONS: Customers may elect that PG&E install, free of charge, one of the following two devices at their premise, subject to availability and the Program's device subscription limits:

1. **A/C Cycling Switch:** The A/C Cycling switch will generally be installed outdoors, on or adjacent to the customer's A/C unit. When activated by PG&E, the switch will turn off or cycle the A/C unit for approximately 50% of the time over each subsequent 30 minute interval. This is called a "cycle." Program events will be limited to no more than six hours each day. An A/C unit can be cycled no more than 100 hours each year.
2. **Programmable Controllable Thermostat (PCT):** A PCT is a thermostat that can be programmed and operated or activated remotely by a signal. When the program is called, PG&E will activate the device one of two ways: (1) the thermostat temperature will be incrementally increased up to four degrees or, (2) the device will cycle the A/C unit for approximately 50% of the time over each 30 minute interval, similar to the switch, until the event is complete. Program events will be limited to no more than six hours each day. A PCT can be activated no more than 100 hours each year.

PG&E understands that there may be times that a temperature increase, however modest, may inconvenience customers. PG&E will provide its customers with a toll free telephone number and/or a dedicated website to override, without penalty, PG&E's control of their device for a program event absent rotating block outages.

DEVICE CALL OPTION: Customers on time varying rates may request PG&E to activate their A/C Cycling switch or PCT when the customer is participating solely in an event associated with that rate.

- SPECIAL CONDITIONS:**
1. Devices may be activated by PG&E based on system peak loading conditions, peak prices or transmission or distribution system loading conditions. PG&E may on a limited basis conduct operational tests on a segment of customer devices.
 2. Program events will occur during PG&E's summer season, which runs from May 1 through October 31 each year.
 3. Customers must remain on the Program for 12 months. Customers may de-enroll prior to the end of the 12 months if they do so to participate in the 2016 Demand Response Auction Mechanism Pilot, as directed by the California Public Utilities Commission in Resolution E-4728. (N)
|
(N)
 4. PG&E will furnish, install, operate, and maintain an A/C Cycling switch or PCT at no cost to the customer for as long as the customer remains on this Program. Ownership of the installed devices will vest with the property owner. As a condition of participating in this Program, customer and property owner must agree to not deface, remove or otherwise interfere with the device or its operation while the customer is enrolled in this Program.
 5. Customer participation is limited to equipment and installation availability.

(Continued)



ELECTRIC TABLE OF CONTENTS

Sheet 1

TABLE OF CONTENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
	Title Page	35622-E	(T)
	Rate Schedules	34511,34559,35421,34620,35492,35422,35088, 35623,35624-E	(T)
	Preliminary Statements	35083,32706,35423,35049,34357,34358,35454,35458-E	
	Rules	34623,35401,35424-E	
	Maps, Contracts and Deviations.....	35044-E	
	Sample Forms.....	32777,32429,32726,35301,32504,35493,33209,35425,35484,32437,32508,32439-E	

(Continued)

Advice Letter No: 4618-E-A
 Decision No. E-4728 and E-4737

Issued by
Steven Malnight
 Senior Vice President
 Regulatory Affairs

Date Filed August 24, 2015
 Effective _____
 Resolution No. _____



ELECTRIC TABLE OF CONTENTS
RATE SCHEDULES

Sheet 9

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Rate Schedules		
Curtailement Options		
E-BIP	Base Interruptible Program.....	34279,34280, 35617,35618 ,34283, 35619 ,34285, 35620 ,34287-E
		(T) (T)
E-OBMC	Optional Binding Mandatory Curtailment Plan	29519,29520,28623, 29521,18431,23001,29522-E
E-DBP	Demand Bidding Program	34288,34289,34290,34291,34292, 34293,34294,34295,34296,34297-E
E-SLRP	Scheduled Load Reduction Program	28624,27285,27286,26287,29523-E
EZ-20/20	California 20/20 Rebate Program	22863,22864,22865-E
E-CBP	Capacity Bidding Program	32463,33265-33267,31535,23268-33270, 32785,33271,33272,32470-E
E-PEAKCHOICE	PeakChoice	31537,27319,28618,28619,27322-27323, 27324, 27325, 27326, 29928,29929-E

(Continued)

Advice Letter No: 4618-E-A
 Decision No. E-4728 and E-4737

Issued by
Steven Malnight
 Senior Vice President
 Regulatory Affairs

Date Filed August 24, 2015
 Effective September 24, 2015
 Resolution No. _____



ELECTRIC TABLE OF CONTENTS
RATE SCHEDULES

Sheet 10

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
	Rate Schedules	
	Energy Charge Rates	
E-FFS	Franchise Fee Surcharge.....	34712,34713,34714-E
E-RSAC	Residential Smart A/C Program	31538, 35621 ,27299-E (T)

(Continued)

Advice Letter No: 4618-E-A
 Decision No. E-4728 and E-4737

Issued by
Steven Malnight
 Senior Vice President
 Regulatory Affairs

Date Filed August 24, 2015
 Effective September 24, 2015
 Resolution No. _____

Electric Schedule E-BIP and E-RSAC

Revised Tariffs

(Redlined)



**ELECTRIC SCHEDULE E-BIP
 BASE INTERRUPTIBLE PROGRAM**

Sheet 3

**METERING
 EQUIPMENT:**

Each SA must have an interval meter capable of recording usage in 15-minute intervals installed that can be read remotely by PG&E. A Meter Data Management Agent (MDMA) may also read the customer's meter on behalf of the customer's Electric Service Provider (ESP), if a customer is receiving DA Service. Metering equipment (including telephone line, cellular, or radio control communication device) must be in operation for at least 10 days prior to participating in the Program. If required, PG&E will provide and install the metering equipment at no cost to the bundled service or CCA Service customer. The installation of an interval meter for customers taking service under the provisions of DA is the responsibility of the customer's ESP, or Agent, and must be installed in accordance with Electric Rule 22.

Customers receiving an interval meter at no charge from PG&E through this Program must remain enrolled for a minimum period of one year. Customers who received an interval meter through this Program but later elects to leave prior to the one-year anniversary date, or is terminated for cause, must reimburse PG&E for all expenses associated with the installation and maintenance of the meter. Such charges will be collected as a one-time payment pursuant to Electric Rule 2, Section I. Customers who leave the Program after one year may continue their use of the meter at no additional cost. Customers may de-enroll prior to the end of the first year if they do so to participate in the 2016 Demand Response Auction Mechanism Pilot, as directed by the California Public Utilities Commission in Resolution E-4728.

(N)
 ↓
 ↓
 (N)

Direct Access Service Customers – If PG&E is the MDMA, no additional fees will be required from the customer. If PG&E is not the MDMA, the customer will be responsible for any and all costs associated with providing the interval data into the PG&E system on a daily basis. This includes any additional metering or communication devices that may need to be installed and any additional fees assessed by the customer's ESP. Prior to customer's participation in the Program, the customer must be able to successfully transfer meter data within PG&E's specification on a daily basis for a period of no less than 10 days to establish its baseline.

Until all necessary equipment is installed and all requirements have been met, new customers will not receive incentive payments or be assessed Excess Energy Charges or be obligated to participate in curtailment events.

**DEMAND
 RESPONSE
 OPERATIONS
 WEBSITE:**

PG&E's demand response operations website, located at <https://inter-act.pge.com>, will be used to communicate all curtailment events to the customer.

**NOTIFICATION
 EQUIPMENT:**

Directly-enrolled customers and aggregators, at their expense, must have access to the Internet and an e-mail address to receive notification via the Internet. In addition, they must have, at their expense, a cellular telephone that is capable of receiving a text message sent via the Internet. Customers cannot participate in the Program until all of these requirements have been satisfied.

In the event of a Program curtailment, directly-enrolled customers and aggregators will be notified using one or more of the above-mentioned systems. Receipt of such notice is the responsibility of the directly-enrolled customer and aggregator. PG&E does not guarantee the reliability of the e-mail system or Internet site by which notification is received.

(Continued)



**ELECTRIC SCHEDULE E-BIP
 BASE INTERRUPTIBLE PROGRAM**

Sheet 4

**PROGRAM
 DETAILS:**

PG&E will assign each customer, both directly enrolled and through an aggregator, to a load zone. The assigned load zone will be at PG&E's subsystem-level, which may change over time.

Directly-enrolled Customers and aggregators will be given at least 30 minutes notice before each curtailment. (N)

A Program curtailment event will be limited to a maximum of one (1) event per day and four (4) hours per event. The Program will not exceed 10 events during a calendar month, or 180 hours per calendar year.

All customers will be placed on a calendar billing cycle and their regular electric service bills will continue to be calculated each month based on actual recorded monthly demands and energy usage.

The Program will be operated throughout the year.

PG&E may terminate the Program, as directed by the Commission, upon 30 days written notice to all directly-enrolled customers and aggregators.

**PRE-
 ENROLLMENT:**

PG&E may subject a new applicant to a pre-enrollment qualification process to demonstrate its ability to effectively and reliably participate in the Program. This pre-enrollment qualification process may require the applicant to perform the pre-enrollment load reduction in which the applicant demonstrates its ability to reduce its load down to or below its proposed FSL within the 30-minute response time and for the duration of four (4) hours. During this time, the applicant shall not be subject to any financial impact under this rate schedule.

As part of its application, each new applicant is required to submit a load reduction plan detailing specific actions taken to reduce its load down to or below the applicant's proposed FSL within the 30-minute response time and for the duration of four (4) hours.

An applicant's effective start date shall be determined by PG&E. The effective start date shall be set after PG&E ~~has~~has determined the load reduction demonstration was successful and approved the applicant's load reduction plan. (T)

(Continued)



**ELECTRIC SCHEDULE E-BIP
 BASE INTERRUPTIBLE PROGRAM**

Sheet 6

**EXCESS
 ENERGY
 CHARGES:**

Excess Energy is any energy (kWh) consumed during a curtailment event that is in excess of the customer's FSL. The energy usage is measured in 15-minute intervals.

Customers will be assessed an Excess Energy Charge at \$6.00 per kilowatt-hour (kWh) the customer's.

PG&E will evaluate and apply Excess Energy Charges for directly-enrolled customers and aggregators' portfolios no later than 90 days after each curtailment event. The incentive payments will be reflected on the directly-enrolled customers' regular monthly bills as an adjustment. PG&E will adjust aggregators' payments based on performance no later than 90 days after a curtailment event.

PG&E may elect to evaluate and assess the Excess Energy Charges associated with several curtailment events as a single adjustment.

**PROGRAM
 RETEST:**

If a customer fails to reduce its load down to or below its FSL throughout the curtailment event, including test event, PG&E may require a re-test that will not count toward the Program event limits. The Excess Energy Charge will increase to \$8.40 per kilowatt-hour (kWh) for the re-test and will continue at this level for the remainder of the calendar year. (N)

Following this initial re-test, the customer has the option to either: a) modify its FSL to an achievable level that meets Program requirements, b) de-enroll from the Program, or c) be re-tested at the current FSL. PG&E may require the customer be re-tested at the new FSL.

If the customer does not modify its FSL, de-enroll from the Program, or successfully comply with the re-test, then PG&E will either: a) set the customer's FSL to the highest FSL that meets the Program requirements and require a re-test, b) re-test the customer at its current FSL, or c) terminate the customer's participation.

There is no limit to the number of re-tests to which a customer is subject. The customer will be subject to an additional Excess Energy Charge for each failed re-test.

For aggregators who fail to comply with a curtailment event, the methodology specified above will be applied at the portfolio level.

(Continued)



**ELECTRIC SCHEDULE E-BIP
 BASE INTERRUPTIBLE PROGRAM**

Sheet 8

CONTRACTS: Customers, both directly-enrolled and those in an aggregator's portfolio, may re-designate their FSL or discontinue participation in the Program once annually by providing a 30-day written notice during the month of November. Cancellation will be effective January of the following year. Customers may de-enroll prior to the end of the first year if they do so to participate in the 2016 Demand Response Auction Mechanism Pilot, as directed by the California Public Utilities Commission in Resolution E-4728. (N)
 †
 (N)

Aggregators must submit a signed Agreement For Aggregators Participating in the Base Interruptible Program (Form 79-1079).

AGGREGATOR'S PORTFOLIO: Aggregators must submit a Notice to Add or Delete Customers Participating in the Base Interruptible Program (Form 79-1080) signed by the aggregated customer to add or delete a customer from its portfolio. PG&E will review and approve each SA before enrollment under the aggregator's portfolio. Each SA may be included in only one portfolio at a time.

PG&E will only add a new customer to an aggregator's portfolio after all necessary equipment is installed and all requirements have been met. Such requirements must be completed at least 5 calendar days prior to customer enrollment.

The terms and conditions of the agreement governing the relationship between the aggregator and a customer, with respect to such customer's participation in the Program through such an aggregator, are independent of PG&E. Any disputes arising between aggregator and such customer shall be resolved by the parties.

SPECIAL CONDITIONS FOR COMMUNITY CHOICE AGGREGATION SERVICE (CCA SERVICE) CUSTOMERS AND DIRECT ACCESS (DA) CUSTOMERS: DA/CCA Service customers enrolling directly with PG&E must make the necessary arrangements with their ESP/CCA before enrolling in this Program.

Aggregators must make the necessary arrangements with the ESP and CCA before enrolling DA or CCA Service customers in this Program. Aggregators must notify the ESP/CCA of its DA/CCA Service customers.

INTERACTION WITH CUSTOMER'S OTHER APPLICABLE PROGRAMS AND CHARGES: Customers who participate in a third party sponsored interruptible load program must immediately notify PG&E of such activity.

Customers enrolled in the Program may also participate in one of the following PG&E DR programs: Demand Bidding Program (Schedule E-DBP), the Scheduled Load Reduction Program (Schedule E-SLRP), or under the Peak Day Pricing (PDP) rate option.

If a customer is enrolled in two programs with simultaneous or overlapping events, the customer will receive payment for the capacity program and not for the simultaneous hours of the energy program.

(Continued)



ELECTRIC SCHEDULE E-RSAC
RESIDENTIAL SMART A/C PROGRAM

Sheet 2

RATES: A customer's monthly electric bill will continue to be calculated in accordance with the otherwise applicable rate schedule.

DEVICE OPTIONS: Customers may elect that PG&E install, free of charge, one of the following two devices at their premise, subject to availability and the Program's device subscription limits:

1. **A/C Cycling Switch:** The A/C Cycling switch will generally be installed outdoors, on or adjacent to the customer's A/C unit. When activated by PG&E, the switch will turn off or cycle the A/C unit for approximately 50% of the time over each subsequent 30 minute interval. This is called a "cycle." Program events will be limited to no more than six hours each day. An A/C unit can be cycled no more than 100 hours each year.
2. **Programmable Controllable Thermostat (PCT):** A PCT is a thermostat that can be programmed and operated or activated remotely by a signal. When the program is called, PG&E will activate the device one of two ways: (1) the thermostat temperature will be incrementally increased up to four degrees or, (2) the device will cycle the A/C unit for approximately 50% of the time over each 30 minute interval, similar to the switch, until the event is complete. Program events will be limited to no more than six hours each day. A PCT can be activated no more than 100 hours each year.

PG&E understands that there may be times that a temperature increase, however modest, may inconvenience customers. PG&E will provide its customers with a toll free telephone number and/or a dedicated website to override, without penalty, PG&E's control of their device for a program event absent rotating block outages.

DEVICE CALL OPTION: Customers on time varying rates may request PG&E to activate their A/C Cycling switch or PCT when the customer is participating solely in an event associated with that rate.

SPECIAL CONDITIONS: 1. Devices may be activated by PG&E based on system peak loading conditions, peak prices or transmission or distribution system loading conditions. PG&E may on a limited basis conduct operational tests on a segment of customer devices.

2. Program events will occur during PG&E's summer season, which runs from May 1 through October 31 each year.

3. Customers must remain on the Program for 12 months. Customers may de-enroll prior to the end of the 12 months if they do so to participate in the 2016 Demand Response Auction Mechanism Pilot, as directed by the California Public Utilities Commission in Resolution E-4728.

(N)
 ↓
 ↓
 (N)

4. PG&E will furnish, install, operate, and maintain an A/C Cycling switch or PCT at no cost to the customer for as long as the customer remains on this Program. Ownership of the installed devices will vest with the property owner. As a condition of participating in this Program, customer and property owner must agree to not deface, remove or otherwise interfere with the device or its operation while the customer is enrolled in this Program.

5. Customer participation is limited to equipment and installation availability.

(Continued)

Attachment 4

Proposed Schedule for the 2017 DRAM Pilot

DRAM	Number of Days*	Date	Day	DRAM RFO Step
2016	V	23-Jul	Thu	CPUC Decision on DRAM Pilot Advice Letter (Voted)
2016	T	27-Jul	Mon	CPUC Decision on DRAM Pilot Advice Letter (Published)
2016	T+15	11-Aug	Tue	Launch SC RFI
2016	V+30	24-Aug	Mon	File Supplemental Advice Letter with conforming RFO/RFI changes
2016	T+45	10-Sep	Thu	Deadline for RFI proposal submissions
2016	T+55	21-Sep	Mon	Launch RFO
2016	T+85	20-Oct	Tue	Deadline for RFO bid submissions
2016	T+95	27-Oct	Tue	IOUs notify non-conforming Bidders (request to "cure")
2016	T+115	6-Nov	Fri	Bidder "Cure" period concludes
2016	T+125	30-Nov	Mon	Notice to bidders of selection and send final contract for execution
2016	T+165	8-Jan	Fri	IOU files Tier 2 advice letter seeking CPUC approval of contracts
2016	T+195	8-Feb	Mon	Energy Division gives notice of approval or other action
2017		30-Sep	Wed	2017 DRAM AL Filing
2017		20-Oct	Tue	Protests Due
2017		27-Oct	Tue	Replies to Protests Due
2017		30-Nov	Mon	Draft Resolution
2017	T	14-Jan	Thu	CPUC Decision on 2017 DRAM Pilot Advice Letter
2017	T + 30	15-Feb	Mon	Launch 2017 RFO
2017	T + 60	14-Mar	Mon	Deadline for RFO bid submissions
2017	T + 116	9-May	Wed	Contract Execution
2017	T + 144	6-Jun	Fri	IOU files Tier 2 advice letter seeking CPUC approval of contracts
2017	T + 174	6-Jul	Wed	CPUC contract approval
2017		July - Sep		RA allocation process
2017		Oct	Oct	RA Supply Plan filing

Dates in green are estimated

* If calculated number of days occurs on a weekend or a company holiday, day will fall on the next business day.

Attachment 5

**Proposal for Participation of ADR Customers
in the 2016 DRAM Pilot**

PG&E PROPOSAL FOR ADR PROGRAM PARTICIPATION IN 2016 DRAM PILOT

- A. This proposal would apply only to Existing ADR Customers who are registered by the Seller at the CAISO during the “DRAM only” registration period, January 1, 2016 to April 30, 2016 (“Registration Period”). An Existing ADR Customer is a customer that has completed installation of its ADR equipment and received, at minimum, approval from Buyer for purposes of receiving its 60% incentive payment, by no later than December 31, 2015.
- B. ADR customers who register at the CAISO for Proxy Demand Response (PDR) services outside the Registration Period are subject to the terms and conditions of their current ADR contract.
- C. An Existing ADR Customer registered at the CAISO during the Registration Period by the Seller or its DRP may participate in the DRAM Pilot Program in the Seller’s DRAM Resource without repayment of its 60% installation incentive. However, it will forego its 40% performance incentive. Its obligation to participate in a qualifying PG&E DR program under its ADR contract is deemed fulfilled.
- D. An Existing ADR Customer having completed its entire initial year or season of participation in a qualifying PG&E DR program for purposes of calculating its 40% incentive payment prior to May 1, 2016¹ may participate in the DRAM Pilot Program without repayment of either its 60% installation incentive or the 40% performance incentive earned during its initial year or season. Its obligation to participate in a qualifying PG&E DR program under its ADR contract is deemed fulfilled.
- E. An Existing ADR Customer in the Seller’s DRAM portfolio that has not completed its initial year or season of required participation for purposes of calculating its 40% incentive payment by May 1, 2016 will receive no portion of the 40% ADR incentive payment.
- F. As a condition of participating in the DRAM Pilot Program, an Existing ADR Customer must de-enroll from its PG&E DR program which it has enrolled in to satisfy its DR participation requirements under the ADR contract. Sellers must inform the Existing ADR Customer before it de-enrolls that in doing so, the Existing ADR Customer will forfeit its rights to any uncollected ADR incentives.
- G. By May 8, Sellers must provide PG&E’s Demand Response Operations group with a list of Existing ADR Customers that it was able to register at the CAISO for the DRAM Pilot through April 30, 2016. Existing ADR Customers who were able to register at the CAISO for DRAM participation will be treated under the conditions specified in Sections C, D, and E above. These customers will be notified that 1) PG&E will cease sending notification of DR events and operating

¹ May 1 is first day of 2016 demand response operating season.

the customer's ADR equipment; 2) by virtue of the customer's participation in DRAM, the customer has forfeited its rights to any uncollected ADR incentives; and 3) its obligation to remain on a PG&E DR program as a condition of its ADR contract has been met.

- H. Existing ADR customers who have de-enrolled during the DRAM Registration Period but are not listed in a Seller's DRAM ADR customer participation list will be provided an opportunity to re-enroll in a qualifying PG&E DR program² to complete requirements, as needed, to receive any remaining ADR incentives.³ Customers who elect not to re-enroll in a PG&E DR program will be treated in accordance with the current ADR contract.

Seller assumes responsibility for operation of its DRAM customer's ADR equipment and for notification to the customer of CAISO awards and events.

² Re-enrollment for the purposes of claiming ADR incentives need to occur by August 1, 2016.

³ PG&E will temporarily hold off collection of ADR program participation penalties during the Registration Period until it can be determined whether or not the customer will participate in DRAM, which could nullify these penalties.

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

AT&T	Don Pickett & Associates, Inc.	OnGrid Solar
Albion Power Company	Douglass & Liddell	Pacific Gas and Electric Company
Alcantar & Kahl LLP	Downey & Brand	Praxair
Anderson & Poole	Ellison Schneider & Harris LLP	Regulatory & Cogeneration Service, Inc.
BART	G. A. Krause & Assoc.	SCD Energy Solutions
Barkovich & Yap, Inc.	GenOn Energy Inc.	SCE
Bartle Wells Associates	GenOn Energy, Inc.	SDG&E and SoCalGas
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
CENERGY POWER	Green Power Institute	San Francisco Water Power and Sewer
CPUC	Hanna & Morton	Seattle City Light
California Cotton Ginners & Growers Assn	In House Energy	Sempra Energy (Socal Gas)
California Energy Commission	International Power Technology	Sempra Utilities
California Public Utilities Commission	Intestate Gas Services, Inc.	SoCalGas
California State Association of Counties	Kelly Group	Southern California Edison Company
Calpine	Leviton Manufacturing Co., Inc.	Spark Energy
Casner, Steve	Linde	Sun Light & Power
Center for Biological Diversity	Los Angeles County Integrated Waste Management Task Force	Sunshine Design
City of Palo Alto	Los Angeles Dept of Water & Power	Tecogen, Inc.
City of San Jose	MRW & Associates	Tiger Natural Gas, Inc.
Clean Power	Manatt Phelps Phillips	TransCanada
Coast Economic Consulting	Marin Energy Authority	Troutman Sanders LLP
Commercial Energy	McKenna Long & Aldridge LLP	Utility Cost Management
Cool Earth Solar, Inc.	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	NLine Energy, Inc.	Water and Energy Consulting
Day Carter Murphy	NRG Solar	Wellhead Electric Company
Defense Energy Support Center	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	ORA	YEP Energy
Division of Ratepayer Advocates	Office of Ratepayer Advocates	