



Demand Response Auction Mechanism (DRAM) Request for Offers

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II. Overview

Overview

Pacific Gas and Electric Company (“PG&E”) is issuing this Request for Offers (“RFO” or “DRAM RFO”) to enable the California Public Utility Commission (“CPUC”) mandated Demand Response Auction Mechanism¹ (“DRAM”) Pilot for 2016. This pilot is intended to solicit offers (“Offers”) from participants (“Bidders”) to provide resource adequacy (“RA”) capacity to the three Investor Owned Utilities (“IOUs”) under a standard form, non-negotiable purchase agreement (“PA”). This RFO calls for PG&E’s procurement of system-wide RA from winning Bidders (Sellers) who bid Proxy Demand Resource (“PDR”) in the CAISO wholesale market (“Product”).

The DRAM is governed by Commission Resolution (E-4728) and Commission disposition to PG&E’s AL4618-E-B. DRAM solicitations will be conducted simultaneously by each of the three IOUs within their respective service territories. Additional eligibility and RFO requirements for Bidders are specified in Section III of these RFO Instructions.

Subject to Offer pricing, and other factors identified in this RFO, PG&E seeks to purchase a minimum of 10 MWs of RA capacity within its service territory.

All purchases will be made according to the terms and conditions set forth in the PA. These RFO Instructions set forth the procedures a Bidder must follow in order to participate in the RFO. Capitalized terms used in these RFO Instructions, but not otherwise defined herein, have the meanings set forth in the PA.

Schedule

1. Schedule Overview

The DRAM Decision 14-12-024 requires that the three IOUs hold their DRAM auctions simultaneously. The final RFO schedule is subject to change to conform to any CPUC requirements but otherwise at the discretion of PG&E. PG&E will post any schedule change on PG&E’s DRAM RFO Website. Also, as further described below, Participants may register at PG&E’s RFO website to receive notice of these and other RFO changes by electronic mail. PG&E will have no liability or responsibility to any Participant for any change in the schedule or for failing to provide notice of any change.

¹ Refer to <http://www.pge.com/en/mybusiness/save/energymanagement/index.page> for more information on the DRAM initiative.

The expected schedule for this RFO is (all times are in Pacific Prevailing Time (“PPT”)):

Date/Time	Event
Ongoing	Participants may register online at PG&E’s DRAM RFO website to receive notices regarding the RFO.
September 28, 2015	PG&E issues the RFO.
October 6, 2015	Bidders’ Conference for RFO (via webinar).
October 26, 2015, 4:00 PM (PPT).	Offers Due. Offer(s) must be submitted to the online platform at Power Advocate.
October 30, 2015	IOUs notify non-conforming Bidders (Request to “cure”).
November 6, 2015	Bidder Cure Period Ends.
November 30, 2015	Notice to bidders of selection and send final PA for execution.
January 8, 2016	Advice Letter Filing for executed PAs.
February 8, 2016	Energy Division gives notice of approval or other action

2. RFO Process

- a. Registration. Participants may register online to receive announcements and updates about this RFO by going to the DRAM RFO Website <http://www.pge.com/dram> and clicking on the “Registration Link.”
- b. Issuance. PG&E issues the DRAM RFO and posts the RFO Instructions, the Standard PA and all other RFO Materials on the RFO Website.
- c. Bidders’ Webinar. PG&E, SCE and SDG&E will hold a Bidders’ Webinar to review key Protocol and PA items related to this solicitation. Information on how to attend the conference will be made available on the RFO Website and to those who register on the RFO Website shown above.
- d. Offers Due. Participant’s Offer must be submitted via Power Advocate and must include all of the documents described in Section V. By responding to this RFO, the Participant agrees to be bound by all of the terms, conditions and other provisions of this RFO and any changes or supplements to it that may be issued by PG&E.

Bidders’ residential and non-residential bids must be separately identified in the Offer Form.

- e. PG&E Selects Offers. Bidders whose Offers have been selected will be notified via email. PG&E will select Offers according to the evaluation criteria described in Section IV. Next-best Offers beyond those selected may be placed on a back-up list to be selected in order of evaluation results should any selected Offers fail to complete the RFO process.

- f. Execution and Regulatory Approval. Once PG&E has fully executed each of the PAs resulting from this RFO, it will submit all such PAs to the CPUC for approval via a Tier 2 advice letter filing for approval.

Disclaimers for Rejecting Offers and/or Terminating this RFO

This RFO does not constitute an offer to buy and creates no obligation to execute any PA or to enter into a transaction under a PA as a consequence of the RFO. PG&E shall retain the right at any time, at its sole discretion, to reject any Offer on the grounds that it does not conform to the terms and conditions of this RFO and reserves the right to request information at any time during the solicitation process.

PG&E retains the discretion, subject to, if applicable, the approval of the CPUC, to: (a) reject any Offer on the basis, including but not limited to the basis that an Offer is the result of market manipulation or is not cost competitive or any other applicable reason; (b) modify this RFO, the form PA as it deems appropriate to implement the RFO and to comply with applicable law or other decisions or direction provided by the CPUC; and (c) terminate the RFO should the CPUC not authorize PG&E to purchase Products in the manner proposed in this RFO. In addition, PG&E reserves the right to either suspend or terminate this RFO at any time if such suspension is required by or with the approval of the CPUC. PG&E will not be liable in any way, by reason of such withdrawal, rejection, suspension, termination or any other action described in this paragraph to any Participant, whether submitting an Offer or not.

III. RFO Goals

PG&E is seeking to procure 10 MW of Product in this solicitation as measured during the month of August 2016. At least 2 MW of the Product shall be attributed to a Residential Customer Product which is defined in the CPUC Resolution E-4728 as “comprised of at least 90% residential accounts, with the remaining (up to) 10% being made up of small commercial customers.”

IV. Eligibility

Retail Customer Eligibility

Participation in the DRAM or any CAISO market product is precluded if a customer is also enrolled in a PG&E DR program. In collaboration with the DRAM working group effort, PG&E has developed three measures to “set aside” (encourage or make available) retail customers for DRAM participation. Specifically, the measures involve the following actions:

- Eliminate or reduce existing service commitment or requirements for customers on a PG&E program or rate schedule.
- Encourage existing AMP participants to move their demand reductions under the DRAM pilot.
- Separately evaluate residential and non-residential DRAM bids while providing minimum target levels for both customer classes.

Details surrounding these measures can be found on the DRAM RFO website under “Set-asides.”

Bidder Eligibility

PG&E is seeking Products that meet the specific eligibility requirements below. The Participant’s Offer must demonstrate that the Project meets PG&E’s Rule 24 requirement and is subject to PG&E’s Rule 24 initial implementation limitations. Other eligibility requirements can be found in the “DEMAND RESPONSE AUCTION MECHANISM RESOURCE PURCHASE AGREEMENT” on PG&E’s DRAM RFO website.

DRAM Submittal and Cure Deadlines

1. PG&E will only consider Offers that meet the Bidder Submittal Deadline set forth in the DRAM RFO Schedule in the Schedule Overview above.
2. Further, at PG&E’s sole discretion, PG&E may allow Bidder to cure any deficiencies contained in its Offer submittal. If such cure is allowed, the deficiency must be cured prior to the deadline set forth in the DRAM RFO Schedule in the Schedule Overview above. A Bidder’s cure shall be limited only to those areas or issues which PG&E designates as eligible to be cured.
3. Offers may be for Residential Customer or Non-residential Customer Products. Residential Customer and Non-residential Customer Product offers must be identified separately in the Bidder’s Offer Form.
4. A maximum of 20 variations will be accepted per Offer. Variations should be submitted via the provided DRAM RFO Offer Form Tab in the Bidder’s Offer Form.

DRAM Resource Size and Location Requirements

1. Service Agreements (locations) contained in Bidder’s PDR must be within PG&E’s service territory.
2. Each Bidder’s DR resource(s) bid into the auction must be a minimum of 100 kW per SubLap. A single Offer could consist of multiple PDRs. Each Offer must contain a minimum of 1 month of delivery for August 2016.

3. The total number of service agreements contained in all Sellers' DR resource(s) shall not exceed 10,000, as specified in Decision 15-03-042.
4. Bid acceptance may be subject to PG&E budget limitations as specified in CPUC RESOLUTION E-4728.

Purchase Agreement (PA) Terms

1. The Delivery Period(s) will be no earlier than June 1, 2016 and no later than December 31, 2016.
2. The Bidder must submit its Offer, via the Offer Sheet on the RFO Website, with a Monthly Quantity (Capacity kW) and Contract Price (\$/kW) for each applicable Showing Month (June 2016 – December 2016). If the Bidder does not wish to bid during a particular month, it should include a zero for that month in its Offer Sheet. For each Contract Price for each Showing Month of its Offer, Bidder must designate how much of such Contract Price is attributable to Bidder Scheduling Coordinator ("SC") costs. The SC costs must be separately identified in the Offer.

V. Evaluation Criteria

Evaluation Criteria

PG&E will evaluate conforming Offers using the evaluation criteria outlined below. Residential and non-residential bids will be evaluated separately. PG&E will endeavor to contract a minimum of 2 MW of residential demand response via this RFO.

(1) Quantitative Assessment.

PG&E will perform a quantitative assessment of each conforming Offer individually and subsequently rank them based on the Offer's weighted average cost. The Offer's cost is determined using the product of the Offer volume and Offer price per month with the addition of the monthly scheduling coordinator cost.

These costs are weighted by each month's relative RA value, incentivizing Sellers to bid into months that have the most need. The weighted average bid price will be in \$/kW.

The result of the quantitative analysis is a merit-order ranking of all complete and conforming Offers. An illustrative formula is provided below.

Offered Volume (kw)	Weighted Volume (KW)	SC Cost (\$000)	Offered Pricing (\$/kW-mth)	Total Cost (\$000)	\$/KW	Rank
[A]	[B]	[C]	[D]	[E] = A*D+C	[E/B]	

The monthly Resource Adequacy weights that will be used in this evaluation are determined by the CPUC and provided in the following table.²

	Monthly Weight
Jan	2.5%
Feb	1.8%
Mar	1.7%
Apr	1.9%
May	2.7%
Jun	5.2%
Jul	24.6%
Aug	31.2%
Sept	15.6%
Oct	4.6%
Nov	4.0%
Dec	4.2%

(2) Qualitative Assessment.

The following table shows the joint IOU DRAM scoring matrix for qualitative assessment. Note that PG&E will give zero weight to this qualitative scoring matrix. As such, PG&E will not ask these questions for evaluation of Offerers.

² CPUC 2012 Resource Adequacy Report -Page 27, Table 13.
<http://www.cpuc.ca.gov/NR/rdonlyres/94E0D083-C122-4C43-A2D2-B122D7D48DDD/0/2012RARReportFinal.pdf>

Qualitative Scoring Adder							
	Answer	Score		Weight			Weighted Score (Score x Weight)
		(Yes)	(No)	SCE	SDG&E	PG&E	
Criteria							
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

VI. Required Information

Submission Overview

All Offer submittal information pertaining to this RFO will be hosted on the Power Advocate site. In order to participate in this RFO, Participants must register and be accepted through Power Advocate at the Public Registration Link:

<https://www.poweradvocate.com/pR.do?okey=51771&pubEvent=true>

Event Name: 51771 : DRAM Ph1

PG&E strongly encourages Participants to register with Power Advocate well before Offers are due. PG&E will be posting the detailed instructions for submitting Offer(s) and using the on-line platform on PG&E’s website.

Electronic Documents: The electronic documents for the attachments must be in a Microsoft Word, Excel file or Adobe Acrobat PDF file as applicable. The Participant should not provide documents in other electronic formats and versions. For each document, please include a company name in each file name. **Telephonic, hardcopy or facsimile transmission of an Offer is not acceptable.**

Required Forms

The following documents, which are located on the DRAM RFO Website, must be completed and included with each Offer:

1. **Completed Offer Form** (Attachment A), Participant must provide a complete Offer form. Please provide all applicable information requested in the form and all inputs must exactly match the respective information provided in other required documentation.
2. Corporate Structure (Attachment B)

Bidder Tools and Aids

As aids to help submit complete and conforming Offers, PG&E strongly encourages Bidders and potential Bidders to:

- Register themselves on the RFO Website
- Participate in the RFO Pre-Bid Conference

VII. Offer Selection

PG&E will select Offers according to the evaluation criteria described in Section IV. PG&E plans to notify selected Participants by e-mail according to the schedule described above.

PG&E may place some offers on a waitlist. Any waitlisted Participants would be selected in order of priority should any one of the selected Offers fail to return an executed PA pursuant to the schedule outlined above.

VIII. Regulation

Confidentiality

After contract execution, PG&E is required to submit executed PAs to the CPUC for approval via a Tier 2 advice letter filing.

No Participant shall collaborate on or discuss with any other Participant or potential Participant bidding strategies, the substance of any Offer(s), including without limitation the price or any other terms or conditions of any Offer(s), or whether an Offer has been selected.

All information and documents in Participant's Offer clearly identified and marked by

Participant as “Proprietary and Confidential” on each page on which confidential information appears shall be considered confidential information. PG&E shall not disclose such confidential information and documents to any third parties except for PG&E’s employees, agents, counsel, accountants, advisors, or contractors who have a need to know such information and have agreed to keep such information confidential and except as provided otherwise in this section. In addition, Participant’s Offer will be disclosed to the Independent Evaluator.

Notwithstanding the foregoing, it is expressly contemplated that the information and documents submitted by Participant in connection with this RFO may be provided to the CPUC, its staff, and the Procurement Review Group (“PRG”), established pursuant to D. 02-08-071. PG&E retains the right to disclose any information or documents provided by Participant to the CPUC, the PRG, the California Energy Commission (“CEC”) and to any other entity in order to comply with any applicable law, regulation, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over PG&E at any time even in the absence of a protective order, confidentiality agreement, or nondisclosure agreement, as the case may be, without notification to Participant and without liability or any responsibility of PG&E to Participant. PG&E cannot ensure that the CPUC will afford confidential treatment to Participant’s confidential information, or that confidentiality agreement or orders will be obtained from and/or honored by the PRG, the CEC, or the CPUC. By submitting an Offer, Participant agrees to adhere and be bound by the confidentiality provisions described in this section.

The treatment of confidential information described above shall continue to apply to information related to Projects that are selected in this RFO and formalized through execution of a PA.

Changes to RFO

By responding to this RFO, each Participant agrees to be bound by all terms, conditions and other provisions of this RFO and any changes or supplements to it that may be issued by PG&E.

IX. Communications

PG&E has established the DRAM RFO website at www.pge.com/dram where Participants register and where all the RFO documents, information, announcements and Q&As are posted and available to Participants.

To promote accuracy and consistency of the information provided to all Participants, PG&E encourages Participants to submit any inquiries via e-mail directed to DRAMRFO@pge.com for matters related to DRAM procurement. With respect to matters of general interest raised by any Participant, PG&E may, without reference to the specific Participant raising such matter or initiating the inquiry, post the questions and responses on its website. PG&E may, in its sole discretion, decline to respond to any

email or other inquiry without liability or responsibility.

Any exchange of material information regarding this RFO between Participant and PG&E must be submitted to both PG&E and the Independent Evaluator. The IE for this RFO is Merrimack Energy Group. Participants should copy Wayne Oliver from the Merrimack Energy Group at waynejoliver@aol.com.

PG&E may elect to respond to inquiries or comments by individual Participants concerning purely procedural or administrative matters, but may also decline to do so in its sole discretion without liability or responsibility.

X. Submission of Signed PAs

As instructed by PG&E, December 14, 2015 is the last day for selected Bidders to sign and submit the executed signature pages of the Standard PA (s), or to notify PG&E if electing not to execute the Standard PA (s).

For each Standard PA that a Bidder chooses to execute with PG&E, Bidder must return two executed originals of the Standard PA signature page(s) to PG&E by overnight delivery to the following:

Pacific Gas and Electric Company
Attn: Dana Ostfeld
245 Market St, 3rd Floor
Mail Code N3F
San Francisco, CA 94105

XI. Procurement Review Group Review

Following completion of the evaluation and rankings of Offers, PG&E will submit the results of the evaluation and its recommendations to its PRG members. PG&E will consider any alternative recommendations proposed by the PRG. PG&E, in its sole discretion, shall determine whether any alternatives proposed by the PRG should be adopted. PG&E has no obligation to obtain the concurrence of the PRG with respect to any Offer.

PG&E assumes no responsibility for the actions of the PRG, including actions that may delay or otherwise affect the schedule for this Solicitation, including the timing of the selection of Offers and the obtaining of Regulatory Approval.

XII. Regulatory Approval

The effectiveness of any executed PA is expressly conditioned on PG&E's receipt of final and non-appealable CPUC approval of such PA.

XIII. Participant's Waiver of Claims and Limitations of Remedies

By submitting an Offer, Bidder knowingly, voluntarily, and completely waives any rights under statute, regulation, state or federal constitution or common law to assert any claim, complaint or other challenge in any regulatory, judicial or other forum, including without limitation, the CPUC (except as expressly provided below), the FERC, the Superior Court of the State of California ("State Court") or any United States District Court ("Federal Court") concerning or related in any way to this RFO or these RFO Instructions, including all documents incorporated by reference therein and exhibits, attachments, and appendices attached thereto ("Waived Claims").

Bidder further expressly acknowledges and consents that if it asserts any Waived Claim at the CPUC, FERC, State Court or Federal Court, or otherwise in any forum, to the extent that Bidder's Offer has not already been disqualified, PG&E is entitled to automatically disqualify this Offer from further consideration in the RFO or otherwise, and further, PG&E may elect to terminate the RFO.

By submitting an Offer, Bidder further agrees that the sole forum in which Bidder may assert any challenge with respect to the conduct or results of the RFO is at the CPUC. Bidder further agrees that:

1. The sole means of challenging the conduct or results of the RFO is a complaint filed under Article 3, Complaints and Commission Investigations, of Title 20, Public Utilities and Energy, of the California Code of Regulations;
2. The sole basis for any such protest shall be that PG&E allegedly failed in a material respect to conduct the RFO in accordance with these RFO Instructions; and
3. The exclusive remedy available to Bidder in the case of such a protest shall be an order of the CPUC that PG&E again conduct any portion of the RFO that the CPUC determines was not previously conducted in accordance with these RFO Instructions (including all documents incorporated by reference therein and exhibits, attachments, and appendices attached thereto).

Bidder expressly waives any and all other remedies, including, without limitation, compensatory and/or exemplary damages, restitution, injunctive relief, interest, costs and/or attorneys' fees. Unless PG&E elects to do otherwise in its sole discretion, during the pendency of such a protest the RFO and any related regulatory proceedings related to the RFO will continue as if the protest had not been filed, unless the CPUC issues an order suspending the RFO or PG&E has elected to terminate the RFO.

Bidder further acknowledges and agrees that if Bidder asserts any Waived Claim, PG&E shall be entitled to seek immediate dismissal of Bidder's claim, complaint or other challenge, with prejudice, by filing a motion to dismiss (or similar procedural device) supported by the language in this section and that Bidder will not challenge or oppose such a request for dismissal.

Bidder further acknowledges and agrees that if it asserts any Waived Claim, and if PG&E successfully has that claim dismissed or transferred to the CPUC, Bidder shall pay PG&E's full costs and expenses incurred in seeking such dismissal or transfer, including reasonable attorneys' fees.

XIV. Termination of the RFO-Related Matters

PG&E reserves the right at any time, in its sole discretion, to terminate the RFO for any reason whatsoever without prior notification to Participants and without liability of any kind to or responsibility of PG&E or anyone acting on PG&E's behalf. Without limitation, grounds for termination of the RFO may include the assertion of any Waived Claims by a Participant or a determination by PG&E that, following evaluation of the Offers, there are no Offers that are cost competitive.

PG&E reserves the right to terminate further participation in this process by any Participant, to evaluate the qualifications of any Participant, and to reject any or all Offers, all without notice and without liability to PG&E or anyone acting on PG&E's behalf.

In the event of termination of the RFO for any reason, PG&E will not reimburse the Participant for any expenses incurred in connection with the RFO regardless of whether such Participant's Offer is selected, not selected, rejected or disqualified.

Unless earlier terminated, the RFO will terminate automatically upon the execution of one or more PAs by selected Participants as described herein. In the event that no PAs are executed, then the RFO will terminate automatically on July 31, 2016.

XV. Participant's Representations and Warranties

1. By submitting an Offer, Bidder agrees to be bound by the conditions of the RFO, and makes the following representations, warranties, and covenants to PG&E, which representations, warranties, and covenants shall be deemed to be incorporated in their entirety into each of Bidder's Offers:
 - Bidder has read, understands and agrees to be bound by all terms, conditions and other provisions of these RFO Instructions;
 - Bidder has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the RFO and these RFO Instructions,

including the submittal forms and documents listed in these RFO Instructions which are posted on the RFO Website;

- Bidder warrants herein that the Product Price includes all Bidder's costs of adhering to the provisions of the Standard PA;
- Bidder has obtained all necessary authorizations, approvals and waivers, if any, required by Bidder to submit its Offer pursuant to the terms of these RFO Instructions and to enter into a Final Agreement with PG&E;
- Bidder's Offer complies with all Applicable Laws;
- Bidder has not engaged, and covenants that it will not engage, in any communications with any other actual or potential Bidder in the RFO concerning this solicitation, price terms in Bidder's Offer, or related matters and has not engaged in collusion or other unlawful or unfair business practices in connection with the RFO;
- Any Offer submitted by Bidder is subject only to PG&E's acceptance, in PG&E's sole discretion; and
- The information submitted by Bidder to PG&E in connection with the RFO and all information submitted as part of any Offer is true and accurate as of the date of Bidder's submission. Bidder also covenants that it will promptly update such information upon any material change thereto.

2. By submitting an Offer, Bidder acknowledges and agrees:

- That PG&E may rely on any or all of Bidder's representations, warranties, and covenants in the RFO (including any Offer submitted by Bidder);
- That in PG&E's evaluation of Offers pursuant to the RFO, PG&E has the right to disqualify a Bidder that is unwilling or unable to meet any other requirement of the RFO, as determined by PG&E in its sole discretion.

3. BY SUBMITTING AN OFFER, BIDDER HEREBY ACKNOWLEDGES AND AGREES THAT ANY BREACH BY BIDDER OF ANY OF THE REPRESENTATIONS, WARRANTIES AND COVENANTS IN THESE RFO INSTRUCTIONS SHALL CONSTITUTE GROUNDS FOR IMMEDIATE DISQUALIFICATION OF SUCH BIDDER, IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE TO PG&E UNDER APPLICABLE LAW, AND DEPENDING ON THE NATURE OF THE BREACH, MAY ALSO BE GROUNDS FOR TERMINATING THE RFO IN ITS ENTIRETY.

XVI. Good Faith Dealings

It is expected that the Parties will act in good faith in their dealings with each other with respect to this RFO.