

**MASTER POWER PURCHASE AND SALE AGREEMENT  
RESOURCE ADEQUACY CONFIRMATION LETTER  
BETWEEN  
[COUNTEPARTY NAME] ("PARTY A")  
AND  
PACIFIC GAS AND ELECTRIC COMPANY ("PARTY B")**

This confirmation letter ("Confirmation") confirms the Transaction between Party A and Party B in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in this Confirmation. Except for obligations in Article 6 (Confidentiality), Article 8 (Collateral Requirements), and Article 10 (Filing and Approvals), which shall be effective and binding as of the Execution Date, the Transaction shall be effective and binding upon the Confirmation Effective Date and shall continue until the end of the Delivery Period. This Transaction is governed by the Master Power Purchase and Sale Agreement between the Parties, effective as of [Date], together with the Cover Sheet, the Collateral Annex and Paragraph 10 to the Collateral Annex, and any other annexes thereto (collectively, as amended, restated, supplemented, or otherwise modified from time to time, the "Master Agreement"). The Master Agreement and this Confirmation are collectively referred to herein as the "Agreement". Capitalized terms used but not otherwise defined in this Confirmation, have the meanings specified for such terms in the Master Agreement or the Tariff (defined below), as applicable. Section references herein are to this Confirmation unless otherwise noted.

**ARTICLE 1**  
**TRANSACTION TERMS**

**Buyer:** Party B

**Seller:** Party A

**Product:** The Product is the Capacity Attributes of the Unit(s) as defined in Appendix B. The Product does not include any right to the energy or ancillary services of the Unit(s).

**Delivery Period:** [Date] to [Date], inclusive.

**Contract Quantity and Contract Price:** The Contract Quantity and Contract Price for each day of each Showing Month during the Delivery Period shall be set forth in Appendix B.

**ARTICLE 2**  
**DELIVERY OBLIGATIONS AND ADJUSTMENTS**

**2.1 Contingent Firm RA Product**

Seller shall provide Buyer with the Designated RA Capacity in accordance with the Capacity Attributes and Contract Quantity as set forth in Appendix B for each day included in the Delivery Period from the Unit(s) defined in Appendix D. If Seller fails to provide Buyer with the Designated RA Capacity as a result of a Non-Excusable Event, then Seller shall be liable for damages and/or required to indemnify Buyer for any resulting penalties or fines pursuant to the terms of Section 2.4 hereof.

- (a) **Planned Outages:** If Seller is unable to provide the applicable Contract Quantity for a portion of a Showing Month due to a Planned Outage of a Unit, then Seller shall have the option, but not the obligation, upon written notice to Buyer by sixty (60) calendar days before the relevant deadlines for the corresponding Compliance Showing, to reduce the Contract Quantity in accordance with the Planned Outage for such portion of the Showing Month. This option to reduce the Contract Quantity in accordance with a Planned Outage is not available for the following Showing Months: June, July, August, September, and October.
- (b) **Reductions in Unit NQC and/or Unit EFC:** Seller's obligation to deliver the applicable Contract Quantity for any Showing Month may also be reduced by Seller if the Unit NQC and/or Unit EFC is reduced. If a Unit experiences such a reduction in Unit NQC and/or Unit EFC, then Seller has the option, but not the obligation, upon written notice to Buyer by sixty (60) calendar days before the relevant deadlines for the corresponding Compliance Showing, to reduce the Contract Quantity in accordance with the reduction in Unit NQC and/or Unit EFC of the Showing Month.
- (c) If the Seller does not provide written notice in the required time period, as specified in Sections 2.1(a) and 2.1(b), Buyer is entitled to include the Contract Quantity for the relevant Showing Month in its Compliance Showings. If, subsequent to Seller not providing such written notice within the required time period, Seller does not include the Contract Quantity in its Supply Plan, then Seller shall be liable for damages and/or required to indemnify Buyer for any resulting penalties or fines pursuant to the terms of Section 2.4 hereof.
- (d) **Invoice Adjustment:** If Section 2.1(a) or Section 2.1(b) are invoked, such that Designated RA Capacity is less than Contract Quantity for a particular Showing Month, then the Monthly Payment for such month shall be adjusted as set forth in Section 3.1.

## 2.2 **Delivery of Product**

- (a) Seller shall provide Buyer with the Designated RA Capacity of Product for each day during the Delivery Period consistent with the following:
  - (i) Seller shall, on a timely basis with respect to each applicable Showing Month, submit, or cause the Unit's Scheduling Coordinator to submit, Supply Plans in accordance with the Tariff to identify and confirm the Designated RA Capacity to be provided to Buyer for each day of such Showing Month that is included in the Delivery Period so that the total amount of Product identified and confirmed for each such day of such Showing Month equals the Designated RA Capacity for such day of such Showing Month.
  - (ii) Seller will be deemed to have delivered the Product on each day to the extent that Buyer receives credit from CAISO for such day for Product identified and confirmed in the Supply Plan submitted for the Unit.

- (iii) Hold-Back Capacity, if any, is deemed Designated RA Capacity delivered, unless utilized under Article 7 as Substitute Capacity, then Designated RA Capacity is delivered according to the timeline requirements therein.
- (b) In accordance with Sections 2.1 and subject to Article 7, Seller shall, to the extent required by CAISO or the CPUC rules, cause the information listed in Appendix B to be included in all applicable Supply Plans and shall cause all Supply Plans to be filed in conformance with the requirements of the CPUC Filing Guide and the Tariff. In addition, if, during the Delivery Period, there are changes to the information included in Appendix B, the Parties agree to communicate such changes to each other promptly.

### **2.3 Damages for Failure to Provide Designated RA Capacity**

If Seller fails to deliver to Buyer the Designated RA Capacity of Product for any day during the Delivery Period with respect to each Showing Month, and such failure is not excused under the terms of the Agreement, then Seller is liable for damages pursuant to Section 4.1 of the Master Agreement.

### **2.4 Indemnities for Failure to Deliver Designated RA Capacity**

- (a) Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or CAISO resulting from any of the following:
  - (i) Seller's failure to deliver any portion of the Designated RA Capacity of Product for any portion of the Delivery Period due to a Non-Excusable Event and such failure results in the imposition of penalties, fines or costs assessed against Buyer; or
  - (ii) A Unit's Scheduling Coordinator's failure to timely or accurately submit Supply Plans in accordance with the applicable Tariff that identify Buyer's right to the Designated RA Capacity purchased hereunder for each day of the Delivery Period.
- (b) With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these penalties, fines, and costs.

### **2.5 Buyer's Re-Sale of Product**

- (a) Buyer may re-sell all or a portion of the Product purchased under this Confirmation ("Resold Product"); provided that such re-sell right does not include the ability to offer any portion of Product into the CSP. If Buyer re-sells Product, Seller agrees, and agrees to cause the Unit's Scheduling Coordinator, to follow Buyer's instructions with respect to providing such Resold Product to subsequent purchasers of such Resold Product to the extent such instructions are consistent

with Seller's obligations under this Confirmation. Seller further agrees, and agrees to cause the Unit's Scheduling Coordinator, to take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to allow such subsequent purchasers to use such Resold Product in a manner consistent with Buyer's rights under this Confirmation. If Buyer incurs any liability to any subsequent purchaser of such Resold Product due to the failure of Seller or the Unit's Scheduling Coordinator to comply with the terms of this Confirmation, then Seller shall be liable to Buyer for any liabilities Seller would have incurred under this Confirmation if Buyer had not resold the Product, including without limitation, pursuant to Sections 2.3 and 2.4.

- (b) If Buyer exercises its right to re-sell the Product, Buyer shall notify Seller in writing that such sale has occurred by providing to Seller the information described in Appendix C ("Re-sale Plan"). The Re-sale Plan shall be provided no later than three (3) Business Days before the deadline for the Compliance Showings applicable to the relevant Showing Month, except where Buyer exercises its rights under Article 7, then Buyer shall notify Seller in accordance with deadlines described in Article 7. Buyer shall notify Seller of any subsequent changes or further resale of the Resold Product, and such notice shall include all updates to the information in Appendix C in accordance with the deadlines described in this Section 2.5(b).

### **ARTICLE 3** **PAYMENT**

#### **3.1 Monthly Payment**

In accordance with the terms of Article Six of the Master Agreement, Buyer shall make a payment (a "Monthly Payment") to Seller, for the applicable Showing Month, as follows:

$$\text{Monthly Payment} = Q \times DF \times P \times CF$$

where:

Q = The Contract Quantity of Product to be delivered by Seller to Buyer pursuant to Appendix B for the Showing Month

DF = RA Derate Factor, expressed as a percentage for each Unit, is the Designated RA Capacity for a Showing Month pursuant to Section 2.1(a) or Section 2.1(b), if applicable, divided by the Contract Quantity for such Showing Month set forth in Appendix B.

P = The Contract Price for the Showing Month, expressed in dollars per kW-month, as stated in Appendix B

CF = The conversion factor equal to 1,000 kW per MW

The Monthly Payment calculation shall be rounded to two decimal places.

**3.2 Allocation of Other Payments and Costs**

- (a) Seller is entitled to retain any revenues it may receive from, and shall pay all costs charged by, CAISO or any other third party with respect to the Unit for (i) start-up, shutdown, and minimum load costs, (ii) capacity revenue for ancillary services, (iii) energy sales, (iv) revenue for flexible ramping product, and (v) any revenues for black start or reactive power services. All Seller revenues described in this Section 3.2(a) and received by Buyer or a purchaser of Resold Product must be remitted to Seller and Buyer shall pay such revenues to Seller if received by Buyer or if a subsequent purchaser of Resold Product fails to remit those revenues to Seller.

If Buyer fails to pay such revenues to Seller, Seller may recoup any amounts owing to it for such revenues against any future amounts it may owe to Buyer.

Seller shall indemnify, defend and hold Buyer harmless from and against all liabilities, damages, claims, losses, costs or expenses (including, without limitation, attorneys' fees) incurred by or brought against Buyer in connection with Environmental Costs.

- (b) In order to verify the accuracy of such revenues, Buyer has the right, at its sole expense and during normal working hours after reasonable prior notice, to hire an independent third party reasonably acceptable to Seller to audit any documents, records or data of Seller associated with the Contract Quantity and in accordance with Section 3.1 of this Confirmation and Article Six of the Master Agreement.
- (c) If CAISO or CPUC develops a centralized capacity market, Buyer will have exclusive rights to tell the Seller or the Unit's Scheduling Coordinator to offer, bid, or otherwise submit the applicable Designated RA Capacity of Product for each day during the Delivery Period provided to Buyer pursuant to this Confirmation for re-sale in such market, and retain and receive all revenues from such re-sale.
- (d) Buyer and Seller agree that the Unit is subject to the terms of the Availability Standards, Non-Availability Charges, and Availability Incentive Payments as contemplated under Section 40.9 of the Tariff. Any Availability Incentive Payments or Non-Availability Charges are for the account, or are the responsibility of, the Seller, as applicable.

**ARTICLE 4**  
**CAISO OFFER REQUIREMENTS**

Seller is responsible for, as applicable, scheduling or causing the applicable Unit's Scheduling Coordinator to schedule with, or make available to, the CAISO the Designated RA Capacity delivered to Buyer for each day during the Delivery Period in compliance with the Tariff, and performing all, or causing the Unit's Scheduling Coordinator, owner, or operator, as applicable, to perform all obligations under the Tariff that are associated with the sale of Designated RA Capacity hereunder. Buyer is not liable for the failure of Seller or the failure of any Unit's Scheduling

Coordinator, owner, or operator to comply with such Tariff provisions or any penalties or fines imposed on Seller or the Unit's Scheduling Coordinator (unless Seller is the Scheduling Coordinator), owner, or operator for such noncompliance.

**ARTICLE 5**  
**OTHER BUYER AND SELLER COVENANTS**

**5.1 Seller's and Buyer's Duty to Take Action to Allow the Utilization of the Product**

Buyer and Seller shall, throughout the Delivery Period, take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity on each day during the Delivery Period for the sole benefit of Buyer or any applicable subsequent purchaser pursuant to Section 2.5.

**5.2 Representations, Warranties and Covenants**

- (a) Seller represents and warrants to Buyer throughout the Delivery Period that:
- (i) no portion of the Contract Quantity for any day during the Delivery Period has been committed by Seller to any third party in order to satisfy Compliance Obligations or analogous obligations in any CAISO or non-CAISO markets;
  - (ii) the Unit is either (A) connected to the CAISO Controlled Grid, is within the CAISO Control Area, and is under the control of CAISO or (B) a Dynamic Resource-Specific System Resource or a Pseudo-Tied Generating Unit;
  - (iii) each Unit's Scheduling Coordinator, owner and operator is obligated to comply with applicable laws, including the Tariff, relating to the Product;
  - (iv) if Seller is the owner of the Unit, the aggregation of all amounts of Capacity Attributes that Seller has sold, assigned or transferred for the Unit for each day included in the Delivery Period does not exceed the Unit NQC and, if applicable, the Unit EFC, for that Unit; and
  - (v) Seller has notified the Scheduling Coordinator of each Unit that Seller has transferred the Designated RA Capacity to Buyer for each day of the Delivery Period, or, if applicable, to a subsequent purchaser;
  - (vi) Seller has notified the Scheduling Coordinator of each Unit that Seller is obligated to cause each Unit's Scheduling Coordinator to provide to the Buyer, by forty five (45) calendar days before the relevant deadlines for the corresponding Compliance Showing, the Designated RA Capacity of each Unit that is to be submitted in the Supply Plan associated with this Agreement for the applicable period; and
  - (vii) Seller has notified each Unit's Scheduling Coordinator that Buyer is entitled to the revenues set forth in Section 3.2 of this Confirmation, and such

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Scheduling Coordinator is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.

- (b) Seller represents and warrants to Buyer as of the date of the relevant Compliance Showing, that Seller owns or has the exclusive right to the Product sold under this Confirmation from the Unit;
- (c) Seller represents and warrants to Buyer that as of the Execution Date the Unit is incremental to the CAISO Area Baseline List.
- (d) Seller covenants as follows:
  - (i) Seller shall not offer and shall ensure that the Unit's Scheduling Coordinator does not offer, any portion of the Contract Quantity for any day during the Delivery Period to CAISO as CPM Capacity. However, if CAISO designates any portion of the Contract Capacity as CPM Capacity, then Seller shall promptly notify Buyer, or shall cause the Unit's Scheduling Coordinator to promptly notify Buyer within one (1) Business Day of the time Seller receives notification from CAISO. If CAISO makes such a designation, Seller shall not accept, and shall ensure that the Unit's Scheduling Coordinator does not accept, any such designation by CAISO unless and until Buyer has agreed to accept such designation; and
  - (ii) Seller shall, upon request, furnish Buyer, CAISO, CPUC or other applicable Governmental Body evidence that its representation made in Section 5.2(c)(i) is true and correct
- (e) Each Party covenants to the other Party throughout the Delivery Period to comply with the Tariff, relating to the Product.
- (f) The Parties agree that the following sections of the Master Agreement between the Parties shall not be applicable to this Confirmation or Transactions hereunder until the effective date of Party B's ~~exit from~~plan of reorganization in the Chapter 11 Cases has occurred: Sections 5.1(d), 5.1(e), 5.1(f), 10.2(v), 10.2(vi), and 10.10. Notwithstanding anything to the contrary contained herein, with respect to Party B: Party A acknowledges and agrees that (i) representations and warranties under Section 10.2(x) of the Master Agreement are made subject to the provisions of the Bankruptcy Code and any order of the Bankruptcy Court; and (ii) until the effective date of Party B's ~~exit from~~plan of reorganization in the Chapter 11 Cases has occurred, the existence or continuation of Party B being Bankrupt is not an Event of Default with respect to Party B under this Agreement (including pursuant to Section 5.1(g) of the Master Agreement) and does not entitle Party A to terminate this Agreement solely because of such existence or continuation.

**5.3 Counterparts**

This Confirmation may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered by electronic mail (including pdf or any electronic signature complying with the federal ESIGN Act of 2000, California's Uniform Electronic Transactions Act (Cal. Civ. Code Section 1633.1, et seq.) or other applicable law) or other transmission method and any other counterpart so delivered shall have the same legal effect as an original.

## **ARTICLE 6** **CONFIDENTIALITY**

Notwithstanding Section 10.11 of the Master Agreement, the Parties may disclose all terms and conditions of this Transaction to any Governmental Body, the CPUC, CAISO and the Procurement Review Group, and Seller may disclose the transfer of the Contract Quantity for each day during the Delivery Period under this Transaction to the Scheduling Coordinator of the Unit in order for such Scheduling Coordinator to timely submit accurate Supply Plans. Each disclosing Party shall use reasonable efforts to limit, to the extent possible, the ability of any such applicable Governmental Body, CAISO, or Scheduling Coordinator to further disclose information disclosed pursuant to this Article. In addition, if Buyer resells all or any portion of the Contract Quantity for any day during the Delivery Period to another party, Buyer shall be permitted to disclose to the purchaser of the Resold Product all such information necessary to effect such resale transaction, other than the Contract Price.

## **ARTICLE 7** **HOLD-BACK AND SUBSTITUTE CAPACITY**

No later than three (3) Business Days before the relevant deadline for the initial Compliance Showing with respect to a particular Showing Month, Buyer may request in writing that Seller not list, or cause the Unit's Scheduling Coordinator not to list, in the Unit's Supply Plan a portion or all of the Contract Quantity for any portion of such Showing Month included in the Delivery Period ("Hold-Back Capacity"). Along with such request, Buyer shall also provide updated Unit information reflecting the requested change. The updated Unit information shall be in the form of the Supply Plan. Following Buyer's request for Hold-Back Capacity, Buyer may request, in writing, that Seller make the previously requested Hold-Back Capacity available for Buyer's use as Substitute Capacity only for Planned Outages within the respective Showing Month. Such request shall be received by Seller no later than eight (8) Business Days prior to the first day of the Planned Outage for which Buyer seeks to use such Substitute Capacity as required by the CAISO. The amount of Contract Quantity that is the subject of Buyer's request for Hold-Back Capacity shall be deemed Contract Quantity delivered for purposes of calculating a Monthly Payment pursuant to Section 3.1 and calculating any amounts due pursuant to Section 2.2 or 2.3. Seller shall, or shall cause the Unit's Scheduling Coordinator to, comply with Buyer's request under this Article 7.



Notwithstanding anything to the contrary in Sections 2.3, Seller shall not be liable for any costs, penalties, or fines assessed against Buyer by the CAISO as a result of Seller's failure to make Substitute Capacity available to Buyer if Buyer did not timely comply with the notification requirements of this Article 7.

**ARTICLE 8**  
**COLLATERAL REQUIREMENTS**

**8.1 Buyer Collateral Requirements**

Section 8.1 of the Master Agreement, entitled "Party A Credit Protection", and all corresponding provisions to Section 8.1 of the Master Agreement do not apply to this Confirmation.

**8.2 Seller Collateral Requirements**

Notwithstanding anything to the contrary contained in the Master Agreement, Seller shall, within five (5) Business Days following the Execution Date, provide to, and maintain with, Buyer a Fixed Independent Amount as long as Seller or its Guarantor, if any, does not maintain Credit Ratings of at least BBB- from S&P and Baa3 from Moody's. The "Fixed Independent Amount" shall be \_\_\_\_\_ dollars (\$ \_\_\_\_\_) *[insert dollar amount equal to 10% of the sum of the highest estimated Monthly Payments for any 24-month period during the Delivery Period].*

**[For Masters with Collateral Annex insert:** For the purposes of calculating the Collateral Requirement pursuant to Section 8.2 of the Master Agreement, entitled "Party B Credit Protection", and all corresponding provisions to Section 8.2 of the Master Agreement, such Fixed Independent Amount for Seller shall be added to the Exposure Amount for Buyer and subtracted from the Exposure Amount for Seller.]

**8.3 Current Mark-to-Market Value**

**[For Masters with Collateral Annex insert:]** For the purposes of calculating Exposure pursuant to the Collateral Annex, the Current Mark-to-Market Value for this Transaction is deemed to be zero. If at any time prior to the expiration of the Delivery Period, a liquid market for the Product develops wherein price quotes for such a product can be obtained, the Parties agree to amend the Confirmation to include a methodology for calculating the Current Mark-to-Market Value for this Transaction, consequently affecting each Party's Exposure.

**[For Masters without Collateral Annex insert:]** For the purposes of calculating Termination Payment pursuant to Article 8 of the Master Agreement, the mark-to-market value for this Transaction is deemed to be zero. If at any time prior to the expiration of the Delivery Period, a liquid market for the Product develops wherein price quotes for such a product can be obtained, the Parties agree to amend the Confirmation to include a methodology for calculating the mark-to-market value for this Transaction, consequently affecting each Party's Performance Assurance amount.

**ARTICLE 9**  
**CONDITIONS PRECEDENT**

Notwithstanding any other provision of this Confirmation to the contrary, all of the Parties' obligations except for the Parties' obligations under Article 6 (Confidentiality), Article 8 (Collateral Requirements), and Article 10 (Filing and Approvals) herein, are conditioned upon the following:

- (a) Seller's receipt, or the Parties' written waiver, of CPUC Approval as defined below; and
- (b) The Bankruptcy Court has entered an order (which order has become final and non-appealable), granting PG&E's motion, and approving and authorizing the Transaction ("Bankruptcy Court Approval").

The CPUC Approval and the Bankruptcy Court Approval shall be referred to collectively as the "Conditions Precedent". The date that the Conditions Precedent are satisfied or waived by Seller shall be and mean the "Confirmation Effective Date" of the Transaction.

**ARTICLE 10**  
**FILING AND APPROVALS**

**10.1 Filing for Approval.**

Buyer shall file the Agreement (a) with the CPUC requesting CPUC Approval and (b) with the Bankruptcy Court for Bankruptcy Court Approval. Seller shall use commercially reasonable efforts to support Buyer in obtaining CPUC Approval and Bankruptcy Court Approval. Buyer shall have no obligation to seek rehearing or to appeal a CPUC decision or Bankruptcy Court order which fails to approve the Agreement, or which contains findings required for CPUC Approval with conditions or modifications unacceptable to either Party. Notwithstanding anything to the contrary in the Agreement, Buyer shall not have any obligation or liability to Seller or any third party for any action or inaction of the CPUC or other Governmental Authority affecting the approval or status of this Agreement.

**10.2 Termination Right and Transaction Termination Date.**

In the event that: (a) the CPUC issues a final and non-appealable order not approving this Agreement in its entirety, (b) the CPUC issues a final and non-appealable order which contains conditions or modifications unacceptable to either Party, or (c) approval by the CPUC or the Bankruptcy Court has not been received by Buyer on or before one hundred eighty (180) days from the date on which Buyer files for CPUC Approval or Bankruptcy Court Approval (whichever is later), then either Party may, in its sole discretion, elect to terminate this Agreement upon Notice to the other Party provided in accordance with Section 10.7 of the EEI Agreement. Such Notice shall become effective one (1) Business Day after its provision. The effective date of the Notice shall constitute the "Transaction Termination Date". Any termination elected and noticed in accordance with this Section 10.2 shall terminate all of the Parties' rights and obligations under the Agreement as of the Transaction Termination Date.

**10.3 Effect of Termination.**

Any termination of the Agreement properly exercised by a Party under Section 10.2 shall be without liability or obligation, except for the Parties' confidentiality obligations under Article 6 herein and in the EEI Agreement and shall have no effect on the status of the EEI Agreement.

**ARTICLE 11  
ADDITIONAL MASTER AGREEMENT AMENDMENTS**

**11.1 Declaration of an Early Termination Date and Calculation of Settlement Amounts**

The Parties shall determine the Settlement Amount for this Transaction in accordance with Section 5.2 of the Master Agreement using the defined terms contained in this Confirmation and with respect to this Transaction only, the following language is to be added at the end of Section 5.2 of the Master Agreement:

“If Buyer is the Non-Defaulting Party and Buyer reasonably expects to incur or be liable for any penalties, fines or costs from the CPUC, CAISO, or any Governmental Body having jurisdiction, because Buyer or a purchaser of Resold Product is not able to include the applicable Contract Quantity in any applicable Compliance Showing due to Seller's Event of Default, then Buyer may, in good faith, estimate the amount of those penalties, fines or costs and include this estimate in its determination of the Termination Payment, subject to accounting to Seller when those penalties, fines or costs are finally ascertained. If this accounting establishes that Buyer's estimate exceeds the actual amount of penalties, fines or costs, Buyer shall promptly remit to Seller the excess amount. The rights and obligations with respect to determining and paying any Termination Payment, and any dispute resolution provisions with respect thereto, survive the termination of this Transaction and continue until after those penalties, fines or costs are finally ascertained.”

**ACKNOWLEDGED AND AGREED TO AS OF THE EXECUTION DATE.**

**[COUNTEPARTY NAME] ("PARTY A")**

**Pacific Gas and Electric Company, a  
California corporation, limited for all  
purposes hereunder to its Electric  
Procurement and Electric Fuels Functions  
("PARTY B")**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**APPENDIX A**  
**DEFINED TERMS**

For purposes of this Confirmation, the following terms have the following meanings:

“Advice Letter” means (1) an informal request by a CPUC jurisdictional entity for Commission approval, authorization, or other relief, including an informal request for approval to furnish service under rates, charges, terms or conditions other than those contained in the utility’s tariffs then in effect, and (2) a compliance filing by a load-serving entity pursuant to Public Utilities Code Section 380.

“Availability Incentive Payments” has the meaning set forth in the Tariff.

“Availability Standards” shall mean the availability standards set forth in Section 40.9 of the Tariff.

“Bankruptcy Code” means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

“Bankruptcy Court” means the United States Bankruptcy Court for the Northern District of California, having subject matter jurisdiction over the Chapter 11 Cases.

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

“CAISO Area Baseline List” means Attachment A of the CPUC Rulemaking No. 16-02-007.

“CAISO Controlled Grid” has the meaning set forth in the Tariff.

“CAISO Resource ID” has the meaning set forth in the Tariff

“Capacity Attributes” means, with respect to a generating unit, any and all of the following, in each case which are attributed to or associated with the generating unit at any time throughout the Delivery Period:

- (a) Resource Adequacy Capacity attributes of the generating unit, as may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward RAR;
- (b) Resource Adequacy Capacity attributes or other locational attributes of the generating unit related to a Local Capacity Area, as may be identified from time to time by the CPUC, CAISO or other Governmental Body having jurisdiction, associated with the physical location or point of electrical interconnection of the generating unit within the CAISO Control Area, that can be counted toward a Local RAR; and
- (c) other current or future defined characteristics, certificates, tags, credits, or accounting constructs of the generating unit, howsoever entitled, including any accounting construct counted toward any Compliance Obligations;

provided that, notwithstanding the foregoing, Capacity Attributes exclude all certificates, tags, credits, or accounting constructs that are not counted toward any Compliance Obligations, howsoever entitled associated with the generating unit, as such characteristics, certificates, tags, credits, or accounting constructs are described in the CPUC Decisions and Tariff.

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

“Chapter 11 Cases” means Party B’s Chapter 11 bankruptcy cases pending before the United States Bankruptcy Court for the Northern District of California, Case Nos. 19-30088 (DM) and 19- 30089 (DM), which are being jointly administered.

“Competitive Solicitation Process” or “CSP” has the meaning set forth in the Tariff.

“Compliance Obligations” means the RAR and Local RAR, and if applicable FCR.

“Compliance Showings” means the monthly, annual, or multi-year (a) Local RAR compliance or advisory showings (or similar or successor showings), (b) RAR compliance or advisory showings (or similar or successor showings), and (c) if applicable, FCR 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 CAISO) pursuant to the CPUC Decisions, to CAISO pursuant to the Tariff, or to any Governmental Body having jurisdiction.

“Confirmation” is defined in the introductory paragraph of this Confirmation.

“Confirmation Effective Date” has the meaning set forth in Article 9.

“Contract Price” means, for any period during the Delivery Period, the price, expressed in dollars per kW-month, specified for such period set forth in the Contract Price Table in Appendix B.

“Contract Quantity” means, with respect to any day during the Delivery Period, the amount of Product, expressed in MW, set forth in the Contract Quantity table in Appendix B for such day.

“Control Area” has the meaning set forth in the Tariff.

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

“CPUC” means the California Public Utilities Commission.

“CPUC Decisions” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050, 15-01-063, 15-06-063, 16-06-045, 17-06-027, 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” means the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSE’s to demonstrate compliance with the CPUC’s resource adequacy program.

“Delivery Period” is defined in Article 1 of this Confirmation.

“Designated RA Capacity” shall be equal to, with respect to any particular Showing Month of the Delivery Period, the Contract Quantity of Product for such Showing Month, minus any reductions to Contract Quantity made by Seller pursuant to Section 2.1(a) or Section 2.1(b)

“Dynamic Resource-Specific System Resource” has meaning set forth in the Tariff

“Emission Reduction Credits” or “ERC(s)” means emission reductions that have been authorized by a local air pollution control district pursuant to California Division 26 Air Resources; Health and Safety Code Sections 40709 and 40709.5, whereby such district has established a system by which all reductions in the emission of air contaminants that are to be used to offset certain future increases in the emission of air contaminants shall be banked prior to use to offset future increases in emissions.

“Environmental Costs” means costs incurred in connection with acquiring and maintaining all environmental permits and licenses for the Product, and the Product’s compliance with all applicable environmental laws, rules and regulations, including capital costs for pollution mitigation or installation of emissions control equipment required to permit or license the Product, all operating and maintenance costs for operation of pollution mitigation or control equipment, costs of permit maintenance fees and emission fees as applicable, and the costs of all Emission Reduction Credits or Marketable Emission Trading Credits (including any costs related to greenhouse gas emissions) required by any applicable environmental laws, rules, regulations, and permits to operate, and costs associated with the disposal and clean-up of hazardous substances introduced to the site, and the decontamination or remediation, on or off the site, necessitated by the introduction of such hazardous substances on the site.

“Execution Date” means the latest signature date found on the signature page of this Agreement.

“FERC” means the Federal Energy Regulatory Commission.

“FCR” means the flexible capacity requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by a Local Regulatory Authority or other Governmental Body having jurisdiction.

“FCR Attributes” means, with respect to a generating unit, any and all resource adequacy attributes of the generating unit, as may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward an LSE’s FCR.

“FCR Contract Quantity” means, with respect to a day included in the Delivery Period, the amount of FCR Attributes, expressed in MW, equal to the Contract Quantity for such day.

“Flexible Capacity Category” has the meaning set forth in the Tariff.

“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. This definition

does not include “market participants” as defined in the CAISO’s Business Practice Manual for Definitions and Acronyms as published on the CAISO website.

“Hold-Back Capacity” is defined in Article 7 of this Confirmation.

“Local Capacity Area” has the meaning set forth in the Tariff.

“Local RAR” means the local resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, by CAISO pursuant to the Tariff, or by any other Governmental Body having jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.

“LSE” means “Load Serving Entity” as such term is defined in the Tariff.

“Marketable Emission Trading Credits” means without limitation, emissions trading credits or units pursuant to the requirements of California Division 26 Air Resources; Health & Safety Code Section 39616 and Section 40440.2 for market based incentive programs such as the South Coast Air Quality Management District’s Regional Clean Air Incentives Market, also known as RECLAIM, and allowances of sulfur dioxide trading credits as required under Title IV of the Federal Clean Air Act (see 42 U.S.C. § 7651b.(a) to (f)).

“Master Agreement” is defined in the introductory paragraph of this Confirmation.

“Monthly Payment” is defined in Section 3.1 of this Confirmation.

“MW” means megawatt.

“Net Qualifying Capacity” has the meaning set forth in the Tariff.

“Non-Availability Charges” has the meaning set forth in the Tariff.

“Non-Excusable Event” means any event, other than events covered under Section 2.1 herein, that causes Seller to fail to perform its obligations under this Confirmation, including, without limitation, any such event resulting from (a) the negligence of the owner, operator or Scheduling Coordinator of a Unit, or (b) Seller’s failure to comply, or failure to cause the owner, operator or Scheduling Coordinator of the Units to comply, with the terms of the Tariff with respect to the Units providing Capacity Attributes and FCR Attributes, as applicable.

“Outage” has the meaning set forth in the Tariff.

“Path” refers to the Path 26 transmission constraint which is surrounded by two zones; North of Path 26 (PG&E’s TAC) and South of Path 26 (SCE and SDG&E’s TACs), as identified by the Commission in D.07-06-029.

“Planned Outage” means any outage that was submitted to the CAISO for approval at least eight (8) calendar days prior to the outage start date.



“Pseudo-Tied Generating Unit” has the meaning set forth in the Tariff

“Procurement Review Group” has the meaning set forth in CPUC Decision D. 02-08-071.

“Product” is defined in Article 1 of this Confirmation.

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

“Re-sale Plan” is defined in Section 2.5(b) of this Confirmation.

“Resold Product” is defined in Section 2.5 of this Confirmation.

“Resource Adequacy Capacity” has the meaning set forth in the Tariff.

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

“SCID of Benefitting LSE” means the Scheduling Coordinator ID Code (SCID) of the Load Serving Entity (LSE) that will be using the Product toward meeting their RAR in the given Showing Month.

“Scheduling Coordinator ID Code (SCID)” has the meaning set forth in the Tariff.

“Showing Month” means the calendar month that is the subject of the related Compliance Showing, as set forth in the CPUC Decisions and outlined in the Tariff. For illustrative purposes only, pursuant to the Tariff and CPUC Decisions in effect as of the Confirmation Effective Date, the monthly Compliance Showing made in June is for the Showing Month of August.

“Substitute Capacity” means “RA Substitute Capacity” as defined in the Tariff.

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

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

“Tariff” means the Fifth Replacement FERC Electric Tariff and the associated CAISO protocol provisions, including any current CAISO-published “Operating Procedures” and “Business Practice Manuals,” in each case as amended or supplemented from time to time.

“Transaction” for purposes of this Agreement means the Transaction that is evidenced by this Agreement.

“Unit” means the generation unit or units provided by Seller defined in Appendix D.

“Unit EFC” means, with respect to a Unit, the Effective Flexible Capacity of the Unit as set by CAISO as of the Execution Date.

“Unit NQC” means, with respect to a Unit, the Net Qualifying Capacity of the Unit as set by CAISO as of the Execution Date.

“Unit SCID” means the Scheduling Coordinator ID Code (SCID) of the Unit

**APPENDIX B**  
**PRODUCT AND PRICE INFORMATION**

Product means Capacity Attributes with the following characteristics.

<b>Showing Month and Year</b>	<b>Path (North, South)</b>	<b>RAR Quantity (MW)</b>	<b>Capacity Area*</b>	<b>FCR Quantity, if any (MW)</b>	<b>Flexible Capacity Category (1,2,3)</b>	<b>Contract Price (\$/kW-month)</b>	<b>SCID of Benefitting LSE</b>

\* Please specify: Bay Area, Humboldt, Sierra, Stockton, Fresno, Kern, North Coast/North Bay, LA Basin, Big Creek/Ventura

**APPENDIX C**  
**SUBSEQUENT SALE INFORMATION**

<b>Contract Key ID:</b>	
<b>Benefitting LSE SCID:</b>	
<b>Generic Volume (in MW):</b>	
<b>Local Volume (in MW and by local area):</b>	
<b>Flexible Volume (in MW):</b>	
<b>Term:</b>	

**APPENDIX D  
UNIT INFORMATION**

Name		
CAISO Resource ID		
Unit SCID		
Unit NQC		
Unit EFC		
Resource Category (1, 2, 3 or 4)		
Unit Contract Quantity		

**APPENDIX E**  
**NOTICE INFORMATION**

**Name:**  
("Seller" or "Party A")  
All Notices:

**Name:** Pacific Gas and Electric Company, a California corporation, limited for all purposes hereunder to its Electric Procurement and Electric Fuels Functions  
("Buyer" or "Party B")  
All Notices:

Delivery Address:  
Street:  
City: State: Zip:

Delivery Address:  
77 Beale Street, Mail Code N12E  
San Francisco, CA 94105-1702

Mail Address:  
Attn:  
Phone:  
Facsimile:

Mail Address:  
P.O. Box 770000, Mail Code N12E  
San Francisco, CA 94177  
Attn: Candice Chan (candice.chan@pge.com)  
Director, Contract Mgmt & Settlements  
Phone: (415) 973-7780

**Invoices and Payments:**  
Attn:  
Phone:  
Facsimile:

**Invoices and Payments:**  
Attn: Fuel Settlements (egssettlements@pge.com)  
Manager, Fuel Settlements  
Phone: (415) 973-0795

**Payments**  
Attn:  
Phone:  
Facsimile:

**Scheduling:**  
Attn:  
Phone:  
Facsimile:

**Outages:**  
Attn: Outage Coordinator  
(ESMOutageCoordinator@pge.com;  
RATransactionNotificationList@pge.com)  
Phone: (415) 973-1721

**Wire Transfer:**  
BNK:  
ACCT Title:  
ABA:  
ACCT:  
DUNS:  
Federal Tax ID Number:

**Wire Transfer:**  
BNK: The Bank of NY Mellon  
ACC Title: PG&E  
ABA: 011001234  
ACCT: 059994  
DUNS: 556650034  
Federal Tax ID Number: 94-0742640

**Credit and Collections:**  
Attn:  
Phone:

**Credit and Collections:**  
Attn: Credit Risk Management (PGERiskCredit@pge.com)  
Phone: (415) 972-5188

**Contract Management**  
Attn:  
Phone:  
Facsimile:

**Contract Management**  
Attn: Elizabeth Motley (elizabeth.motley@pge.com)  
Contract Management  
Phone: (415) 973-2368

**With additional Notices of an Event of Default to Contract Manager:**  
Attn:

**With additional Notices of an Event of Default to Contract Manager:**  
Attn: Ted Yura (ted.yura@pge.com)

Phone:  
Facsimile:

Senior Manager, Contract Management  
Phone: (415) 973-8660

**Supply Plan Contact:**

**Supply Plan and Hold-Back Request:**  
EPP-RAFilingsMailbox@pge.com

**APPENDIX F**  
**FORM OF LETTER OF CREDIT**  
***Issuing Bank Letterhead and Address***

STANDBY LETTER OF CREDIT NO. XXXXXXXX

**Date:** [Insert issue date]

**Beneficiary:** [Insert Beneficiary name]  
[Insert Beneficiary address]

**Applicant:** [Insert Applicant name]  
[Insert Applicant address]

**Letter of Credit Amount:** [Insert amount]

**Expiry Date:** [Insert date that is one (1) year from offer 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 issuing or paying 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, and it 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 Exhibit A hereto, referencing this Letter of Credit No. **[Insert number]** and stating the amount of the demand; and
2. One of the following statements signed by an authorized representative or officer of Beneficiary:

A. “The amount of the accompanying sight draft under Letter of Credit **[Insert number of letter of credit]** (the “Draft Amount”) is owed to **[Insert name of Beneficiary]** by **[Insert name of Beneficiary’s counterparty under the RA Confirmation]** (“Counterparty”) under Confirmation for Resource Adequacy Capacity Product for CAISO Resources dated **[insert date of the Confirmation]** between **[Insert name of Beneficiary]** and Counterparty, which entitles **[Insert name of Beneficiary]** to draw the Draft Amount under Letter of Credit No. **[Insert number]**,” or

B. “Letter of Credit No. **[Insert number]** will expire in thirty (30) days or less and **[Insert name of Beneficiary’s counterparty under the RA Confirmation]** has not provided replacement security acceptable to **[Insert name of 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;
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; and
5. The Expiry Date of this Letter of Credit shall be automatically extended without amendment for a period of one year and on each successive Expiry Date, unless at least sixty (60) days before the then current Expiry Date, we notify you by registered mail or courier that we elect not to renew this Letter of Credit for such additional period.

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

All demands for payment shall be made either by presentation of originals or copies of documents, or by facsimile transmission of documents to **[Insert fax number]**, Attention: **[Insert name of bank's receiving department]**. You may contact us at **[Insert phone number]** to confirm our receipt of the transmission. Your failure to seek such a telephone confirmation does not affect our obligation to honor such a facsimile presentation.

Our payments against complying presentations under this Letter of Credit will be made no later than on the third (3rd) 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: \_\_\_\_\_  
Name: **[Print or type name]**  
Title: **[Print or type title]**

**EXHIBIT A**  
**SIGHT DRAFT**

TO:  
[INSERT NAME AND ADDRESS OF PAYING BANK]

AMOUNT: \$ \_\_\_\_\_ DATE: \_\_\_\_\_

AT SIGHT OF THIS DEMAND PAY TO THE ORDER OF PACIFIC GAS AND ELECTRIC  
COMPANY 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: [Print or type name]  
Title: [Print or type title]