
PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 12, 2019

Pacific Gas and Electric
Company
Erik Jacobson Regulatory Relations
c/o Megan Lawson
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177
PGETariffs@pge.com

Subject: Revised disposition rejecting without prejudice Advice Letters 3946-G and 3950-G.

Dear Mr. Erik Jacobson,

PG&E Advice Letters 3946-G and 3950-G, (collectively "Advice Letters") are rejected without prejudice.

Summary

The Advice Letters seek approval of a new California Biomethane Interconnection and Operation Agreement and an updated California Producers Interconnection and Operation Agreement. Staff finds that the topic of renewable natural gas interconnection is scoped within the open proceeding, Rulemaking (R.) 13-02-008, and is more appropriately addressed in a formal proceeding. Furthermore, PG&E should file a formal application to implement changes to its 1997 California Producers Interconnection and Operation Agreement. Therefore, the Advice Letters are rejected without prejudice.

Attachment 1 contains a discussion of the comments, replies to the comments and our determination for rejection the ALs without prejudice.

Please contact Jamie Ormond of the Energy Division staff at 415-703-1193 (jo2@cpuc.ca.gov) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "ERandolph".

FOR

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division.

Michael Boccadoro, AECA, 925 L St Ste 800, Sacramento, CA 95814

MBoccadoro@WestCoastAdvisors.com

Evelyn Kahl, BUCHALTER, 55 Second Street Suite 1700, San Francisco, CA 94105

ekahl@buchalter.com

Jean Spencer, Energy Division

Dorothy Duda, Energy Division

Simon Baker, Energy Division

Attachment 1

Review and Analysis

Background

Public Utilities Code Section 399.24 (AB 1900, 2012) requires that the Commission adopt policies and programs to promote the in-state production and distribution of biomethane. Decision (D.) 14-01-034¹, in Rulemaking (R.) 13-02-008, developed pipeline injection standards to permit the safe injection of biomethane into the natural gas pipeline system. D. 17-12-004², in (R.) 17-06-015, the Dairy Biomethane Pilot Rulemaking, established the implementation and selection framework to implement the pilot projects required by Senate Bill 1382 (Lara 2016).

On July 5, 2018, the Assigned Commissioner published an Amended Scoping Memo and Ruling opening the Third Phase of R. 13-02-008 to further develop a biomethane renewable natural gas industry in response to legislative direction. The scoping memo stated, "...[I]n order to promote development of a statewide biomethane industry across all investor-owned utility territories and reduce barriers to entry, it is important to establish a standardized utility biomethane interconnection tariff and standardized interconnection pro forma forms for the use of biomethane projects across the state."³

Protest & Reply

The Advice Letters were filed on March 2, 2018. Protests were filed on April 9, 2018 by Agricultural Energy Consumers Association (AECA), DVO, Inc. (DVO), and the California Natural Gas Producers Association. PG&E replied on April 16, 2018. PG&E filed AL 3950-G-A on April 18, 2019 and a substitute sheet on June 8, 2018. PG&E filed Supplemental AL 3946-G-A on June 8, 2018.

Discussion

AECA and DVO raised the following issues in protest to PG&E's California Biomethane Interconnection and Operation Agreement: 1) the continuous gas flow provisions, 2) the performance assurance requirements, 3) the gas gathering line and decommissioning costs, 4) the insurance coverage requirements, and, 5) the force majeure and termination clauses. Because staff finds that the issues presented in the ALs are more properly addressed in a formal proceeding, these protests are denied.

The California Biomethane Interconnection and Operation Agreement provided in Advice Letters 3946-G-A was used in contracting with the dairy biomethane pilot projects. Energy Division approved of their use for purpose of the pilots in the disposition of Advice Letter 5065-

¹ Approved, January 16, 2014.

² Approved, December 14, 2017.

³ Rulemaking 13-02-008, Assigned Commissioners Amended Scoping Memo and Ruling, July 5, 2018, p7.

G in response to D. 17-12-004.⁴ Yet, Energy Division finds that it is appropriate to review the potential broader use of these agreements in a formal proceeding.

The updated California Producers Interconnection and Operation Agreement, AL 3950-G, contains revisions to PG&E's pro forma traditional natural gas California Production Interconnection and Operating Agreement (CPIOA). The CPIOA has permitted the interconnection and receipt of traditional natural gas produced within the State of California into the pipeline system since 1997.⁵ In its April 9, 2018, protest, California Natural Gas Producers Association stated that PG&E should have filed a formal application to implement changes to the 1997 CPIOA. Staff agrees. This request is not in response to a Commission Decision, nor is it a quick and simplified review, as set forth in GO 96B sections 5.1 (matters appropriate for ALs). PG&E should file a formal application to implement changes to its 1997 California Producers Interconnection and Operation Agreement.

Conclusion

Staff finds that the topic of renewable natural gas interconnection is scoped within the open proceeding, Rulemaking (R.) 13-02-008, and is more appropriately addressed in a formal proceeding. Furthermore, PG&E should file a formal application to implement changes to its 1997 California Producers Interconnection and Operation Agreement. For the reasons detailed above, Advice Letters 3946-G and 3950-G are rejected without prejudice.

⁴ Requesting the Approval of Selected Dairy Pilot Biomethane Project Contracts and Waiver of Certain Tariff Provisions, approved March 8, 2019.

⁵ This agreement codified the natural gas service provisions of the traditional natural gas settlement, Gas Accord I, January 1, 1996. The Gas Accord restructured how PG&E provided fossil fuel natural gas service to California customers, "by increasing competition and choice," and restructuring the natural gas industry in Northern California. A renewable natural gas industry was not contemplated at that time. Renewable natural gas industry participants did not participate in the 1996 settlement nor the revisions presented here.



Erik Jacobson
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

March 2, 2018

Advice 3950-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Interconnection of Producer Delivery Facilities to Accept California Production Gas for Transportation on the PG&E System

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits for approval a pro forma California Production Interconnection and Operating Agreement (CPIOA) (Attachment 1).

PG&E seeks California Public Utilities Commission (CPUC or Commission) approval of this pro forma interconnection agreement that includes the terms and conditions required to safely interconnect a producer's gas delivery facilities and inject California Production gas¹, including merchantable biomethane, into the PG&E system for transportation.

Background

PG&E's Gas Rule 21 provides for nondiscriminatory open access to PG&E's gas pipeline system to any party for the purposes of physically interconnecting with the PG&E system and effectuating the delivery of gas. PG&E receives California Production gas for transport by a customer at various receipt points on the PG&E system.

The Gas Accord I decision restructured the way PG&E provides natural gas service to California consumers. In the late 1990s, PG&E converted its gas procurement agreements with California producers to Gas Rule 21 transport agreements that require the execution of a CPIOA that defines the contractual obligations for the construction, installation, and operation of facilities necessary to accept a producer's clean, dry gas for transportation.

¹ "California Production" is defined in PG&E's Gas Rule No. 1.

The current version of the CPIOA was prepared in 1997, more than 20 years ago. Although the Commission did not review and approve the entire CPIOA in 1997, it has reviewed some parts of the agreement. Specifically, in Resolution G-3223, dated October 22, 1997, the Commission approved PG&E's Gas Advice Letter 2030-G that adopted a pro forma version of Appendix F Sheets 1 and 2 to the CPIOA. For purposes of this filing, the current CPIOA will be referred to as the "1997 CPIOA." A copy of the 1997 CPIOA is included as Attachment 2 to this filing.

Since the 1997 CPIOA was implemented, the pipeline industry has seen significant changes in oversight, regulations and safety standards to ensure public safety, pipeline facility integrity and safety and protection of the environment. In addition, there have been substantial changes in the detail included in commercial terms since 1997. The updated CPIOA reflects current operational, commercial, and legal business practices. For purposes of this advice letter, the updated CPIOA will be referred to as the "updated CPIOA."

The updated CPIOA is necessary to reinforce PG&E's commitment to the safety of our customers and employees as our chief priority, as well as to providing safe and reliable gas service.

Applicability

PG&E is proposing that the 1997 CPIOA continue to apply to California producers who have an existing 1997 CPIOA in place for existing facilities. These agreements will be grandfathered and PG&E is not proposing to replace these existing agreements with the updated CPIOA.

For new or modified receipt point facilities with either existing California producers, or new California producers, PG&E will use the updated CPIOA. PG&E plans to start using the updated CPIOA from the date that it files this advice letter to ensure that all new receipt point facilities are covered by the updated CPIOA.

Concurrent with this filing, PG&E is also filing a California Biomethane Interconnection and Operating Agreement (CBIOA) for new receipt points that will be used for biomethane only. The updated CPIOA and CBIOA are similar, except that the CBIOA is intended to apply to receipt point facilities that will solely be used for biomethane.

The following table provides a summary of when the 1997 CPIOA, the updated CPIOA, and the new CBIOA are applicable:

Gas Type	Under Contract	Existing Facilities	Volume Increase	Modify Facilities	Contract
Well Production	Yes	Yes	No	No	1997 CPIOA
Well Production	Yes	Yes	Yes	No	1997 CPIOA
Well Production	Yes	Yes	Yes	Yes	Updated CPIOA
Well Production	No	N/A	N/A	N/A	Updated CPIOA
Biomethane Connecting to Existing Facilities ²	No	Yes	N/A	Yes	Updated CPIOA

Summary of Terms and Conditions

The updated CPIOA was developed to modernize the 1997 CPIOA for the safe receipt of gas from California Production sources. Below, PG&E provides a summary of the provisions in the updated CPIOA. This summary is not intended to be a complete description of each term and condition in the updated CPIOA. Parties interested in the updated CPIOA should review the terms and conditions in the pro forma agreement included as Attachment 1 to this filing.

- **Section 1 – Scope of Agreement and Term:** This section addresses the scope of the CPIOA, making clear that gas transportation is not included under the agreement, and addresses the Hinshaw Exemption provided in 15 U.S.C. § 717(c). Section 1 also specifies that the term of the updated CPIOA and the corresponding Receipt Point Exhibits is 15 years, and can be continued year to year thereafter. Finally, Section 1 explains how the Receipt Point Exhibits correspond to receipt points.
- **Section 2 - Definitions:** The updated CPIOA alphabetically lists the specific definitions for the capitalized terms referenced in the agreement.
- **Section 3 – Conditions Precedent:** Section 3 describes the conditions that must be satisfied before the updated CPIOA and the associated Receipt Point Exhibits become effective.

² This situation involves a Producer that has an existing CPIOA for production wells and then modifies facilities to connect a new biomethane source to the existing facilities.

- **Section 4 – Receipt Point Facilities:** Section 4 addresses existing and new receipt point facilities. For new receipt point facilities, PG&E will provide facility designs and cost estimates for construction and installation. Producers can then choose between having PG&E perform the construction and installation of the new receipt point facilities, or the Producer can perform the construction and installation consistent with PG&E’s design, specifications and use of PG&E approved contractors. Section 4 includes detailed provisions regarding the construction, installation, and commissioning of new receipt point facilities, as well as how the costs associated with these facilities will be paid for by the Producer. Section 4 also addresses repairs, upgrades and modifications to receipt point facilities. Finally, Section 4 addresses the discontinuance of receipt point facilities, including costs related to decommissioning.
- **Section 5 – Volunteered Pipelines:** Section 5 will apply only if a receipt point meter currently under a 1997 CPIOA is transferred to another producer due to sale or assignment, and the assignor had been delivering gas through a Volunteered Pipeline. Section 5 addresses the operation and repair/replacement of these pipelines.
- **Section 6 – Gas Deliveries:** Section 6 includes provisions related to gas custody, quality, flow, pressure, pulsation, and gas sampling to ensure facility integrity and safety. Section 6 allows the producer the option to have PG&E or an independent third party lab perform gas quality testing of gas from a California production well.
- **Section 7 – Metering and Measuring Equipment:** Section 7 describes PG&E’s measuring equipment used to measure producer’s deliveries and provides detailed provisions regarding metering, meter maintenance, and meter accuracy.
- **Section 8 – Change in Operations and Suspension:** In order to safely operate the PG&E system, this section addresses operational changes that may impact PG&E’s ability to receive producer’s gas and the breach and failure to cure conditions under which deliveries and receipts may be suspended by either party.
- **Section 9 – Appointment of Physical Operator:** Section 9 describes the producer’s ability to appoint a physical operator to act on behalf of a producer.
- **Section 10 – Invoicing and Payment Terms:** Section 10 addresses the invoicing and payment terms of the updated CPIOA, including timely payment and failure to make a timely payment.
- **Section 11 -- Assignment:** Section 11 describes the requirements for assignment and adds the option for a producer to assign this agreement for collateral security purposes.

- **Section 12 - Notices:** Section 12 defines the form of notice, how notice is to be provided, and when the notice is deemed to have been received.
- **Section 13 – No Warranty; Remedies; Consequential Damages:** Section 13 addresses a warranty disclaimer, remedies under the updated CPIOA, and consequential damage provisions.
- **Section 14 - Indemnity:** Section 14 addresses indemnity.
- **Section 15 – Dispute Resolution:** Section 15 describes the dispute resolution process, including initial management negotiations, followed by mediation and, if needed, binding arbitration.
- **Section 16 - Termination:** Section 16 describes the situations under which the updated CPIOA can be terminated, as well as the situations where a Receipt Point Exhibit (*i.e.*, Exhibit A) can be terminated. This section also describes rights and obligations post-termination.
- **Section 17 – Performance Assurance:** Section 17 describes the producer performance assurance requirements, detailing the collateral to be provided by a producer for each receipt point meter added under a CPIOA Receipt Point Exhibit A, to secure the producer's obligations under the agreement. The Letter of Credit will be issued pursuant to the updated CPIOA and is included in Exhibit E.
- **Section 18 – Additional Provisions:** Section 18 includes standard contractual provisions such as governing law, interpretation, amendments, third-party beneficiaries, waiver, severability and other contractual provisions.

In addition to these sections, the updated CPIOA also includes the following Exhibits, which are incorporated into the agreement:

- **Exhibit A – Receipt Point Exhibit:** This exhibit is prepared for each receipt point covered by the updated CPIOA and includes information such as the location of gas sources, the location of receipt point facilities, and contact information for individuals responsible for the receipt point facilities.
- **Exhibit B – Producer and Appointed Physical Operator Declaration:** This exhibit is a declaration from the producer and physical operator that they have title to Gas that flows onto the PG&E System at the receipt point.
- **Exhibit C – Biomethane Declaration:** This exhibit is a declaration by the producer that Gas delivered to the PG&E System is not from a Hazardous Waste Facility, consistent with California Health and Safety Code sections 25117.1 and 25421(g).

- **Exhibit D – Invoicing and Payment Instructions:** This exhibit includes information for both PG&E and the producer regarding invoicing and payment.
- **Exhibit E – Form Letter of Credit:** This exhibit includes a pre-approved form letter of credit consistent with the performance assurance provisions.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than March 22, 2018, which is 20 days 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
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-3582
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).

Effective Date

PG&E requests that this Tier 3 advice filing become effective upon Commission approval.

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. 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 – Pro Forma California Production Interconnection and Operating Agreement
- Attachment 2 - 1997 California Production Interconnection and Operating Agreement

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 G)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Yvonne Yang

Phone #: (415) 973-2094

E-mail: Yvonne.Yang@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) #: **3950-G**

Tier: 3

Subject of AL: **Interconnection of Producer Delivery Facilities to Accept California Production Gas for Transportation on the PG&E System**

Keywords (choose from CPUC listing): Agreements

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.14-01-034 and Res G-3223

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: **Upon Commission Approval**

No. of tariff sheets: N/A

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: N/A

Service affected and changes proposed: N/A

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 20 days 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

c/o Megan Lawson

77 Beale Street, Mail Code B13U

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

Advice 3950-G
March 2, 2018

Attachment 1

Pro-forma California Production Interconnection and Operating Agreement



Contract No.: _____

**CALIFORNIA PRODUCTION
INTERCONNECTION AND OPERATING
AGREEMENT**

BETWEEN

**PACIFIC GAS AND ELECTRIC COMPANY
AND**

[PRODUCER NAME]

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CALIFORNIA PRODUCTION INTERCONNECTION AND OPERATING AGREEMENT

This CALIFORNIA PRODUCTION INTERCONNECTION AND OPERATING AGREEMENT (“Agreement”), effective as of the latest signature date in the signature block (“Effective Date”), is by and between [**PRODUCER NAME**] (“Producer”), a [**STATE, ENTITY TYPE**], and PACIFIC GAS AND ELECTRIC COMPANY (“PG&E”), a California corporation. Producer and PG&E may also be referred to individually as a “Party” and jointly as the “Parties.”

RECITALS

A. Producer owns or otherwise controls, or may hereafter own or otherwise control, Gas from California Production, which is or will be capable of being physically delivered to a Receipt Point on the PG&E System within the State of California.

B. The Parties desire to provide for the delivery by Producer, and the receipt by PG&E, of Producer’s Gas at a Receipt Point.

C. Producer hereby warrants that it can demonstrate that it has the right to deliver, or appoint an operator to transport, Producer’s Gas that flows onto the PG&E System and has an Authorized Agent who can transfer good title to such Gas being delivered and to nominate all Gas to be delivered at the Receipt Point(s) and that such right is free and clear of all liens and adverse claims of any kind.

NOW THEREFORE, in consideration of the promises and mutual undertakings set forth below, PG&E and Producer agree as follows:

SECTION 1 SCOPE OF AGREEMENT AND TERM

(a) Scope. This Agreement sets forth the terms and conditions under which PG&E will accept Gas from Producer’s Delivery Facilities into the PG&E System at a Receipt Point, including the design, construction, installation, and operation of Receipt Point Facilities.

(b) Transportation. This Agreement does not provide for, or address in any way, any right of Producer to receive transportation services on the PG&E System. PG&E provides transportation services pursuant to applicable rules, schedules, tariffs, and agreements.

(c) Hinshaw Exemption. PG&E is exempt from FERC jurisdiction under the Hinshaw Exemption in the Natural Gas Act (15 U.S.C. §717(c)). PG&E shall not be required to take any action under this Agreement, including without limitation to enter into any contracts with third parties delivering Gas from Producer’s Delivery Facilities to the PG&E System, which for any reason jeopardizes or in PG&E’s sole opinion could reasonably raise a question regarding PG&E’s retention of its Hinshaw Exemption. PG&E shall notify Producer in a timely manner should PG&E become aware that any action under this Agreement jeopardizes its Hinshaw Exemption. PG&E shall make a good faith effort to allow Producer an opportunity to take such actions as are necessary to assist PG&E in addressing any Hinshaw Exemption issues. The cost of mitigating any actual or potential impact on PG&E’s Hinshaw Exemption, related to this Agreement, shall be borne by Producer.

(d) Term of Agreement. This Agreement is effective on the Effective Date and shall remain in effect for a primary term of fifteen (15) years unless terminated earlier as provided in Section 16(a)(i). After the initial fifteen (15) year term, the Agreement shall automatically continue without the need for any additional documentation in one (1) year terms thereafter unless terminated earlier as provided in Section 16(a)(i).

(e) Term of Receipt Point Exhibit. Each Receipt Point Exhibit is effective from the Receipt Point Exhibit Effective Date and shall remain in effect for a term of fifteen (15) years unless terminated earlier as provided in Section 16(a)(ii). After the initial fifteen (15) year term of the Agreement, the Receipt Point Exhibit shall automatically continue in one (1) year terms thereafter, without the need for any additional documentation, unless terminated earlier as provided in Section 16(a)(ii).

(f) Receipt Points.

(i) Initially, the Agreement shall include at least one Receipt Point and corresponding Receipt Point Exhibit.

(ii) The Parties shall execute a separate Receipt Point Exhibit for each additional Receipt Point that is added to the Agreement. Each separate Receipt Point shall be incorporated into the Agreement and shall be designated by its own numbered Receipt Point Exhibit. The Receipt Point Exhibit shall be in the form of Exhibit A hereto.

(iii) The transfer of any existing Receipt Point from another agreement into this Agreement will require the execution of a Receipt Point Exhibit associated with and incorporated into this Agreement.

(iv) To remove a Receipt Point, the Receipt Point Exhibit for that Receipt Point must be terminated as provided in Section 16(a)(ii).

SECTION 2 **DEFINITIONS**

For purposes of this Agreement, the following terms when used herein shall have the meaning set forth below. Any capitalized term that is used, but not defined, in this Agreement, and which is defined in PG&E's Gas Rules, shall have the meaning given in the PG&E Gas Rules. In the event of a conflict between any definition in this Agreement and a similar definition described in PG&E's Gas Rules, the definition in PG&E's Gas Rules shall be used.

“AGA” means American Gas Association.

“Applicable Laws and Regulations” means all duly promulgated applicable federal, state, and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, judicial or administrative orders, permits, tariffs and schedules, and other duly authorized actions of any Governmental Authority, as may be amended from time to time, that are applicable to, impact, or affect this Agreement.

“Arbitration” has the meaning set forth in Section 15(d).

“Authorized Agent” means Producer's exclusive agent appointed pursuant to a CPBA Attachment 1 to represent and act on behalf of the Producer for the purpose of (a) nominating volumes of

Gas supplied to the Receipt Point for transportation by PG&E and balancing those nominations, and (b) allocating, prorating and handling administrative matters concerning the Gas to be delivered at a Receipt Point designated on a Receipt Point Exhibit.

“Biomethane Production Facility” means a facility used to convert Biogas into Biomethane, as those terms are defined in Gas Rule No. 1.

“British Thermal Unit or Btu” has the meaning set forth in Gas Rule No. 1.

“Business Day” means a calendar day except for Saturdays, Sundays, and weekdays when the CPUC’s offices are closed, due either to a State holiday or an unscheduled closure (e.g., an emergency or natural disaster), and shall be between the hours of 8:00 a.m. and 5:00 p.m. (Pacific Standard Time).

“California Production” has the meaning set forth in Gas Rule No. 1.

“CPBA” means the California Production Balancing Agreement (PG&E Gas Sample Form No. 79-944) which establishes the terms and conditions for the resolution of imbalances on the PG&E System caused by volumes of Gas, delivered into the PG&E System from California Production, which volumes exceed or are insufficient to match the nominations made for the deliveries into the PG&E System.

“CPBA Attachment 1” means Attachment 1, “Appointment of Authorized Agent” to a California Production Balancing Agreement, in which an Authorized Agent is named.

“CPUC” means the Public Utilities Commission of the State of California, including any successor regulatory body.

“Design Estimate” has the meaning set forth in Section 4(c)(iii).

“Design/Construct Estimate” has the meaning set forth in Section 4(c)(iii).

“Effective Date” has the meaning set forth in the first paragraph of this Agreement.

“Eligible LC Bank” means either a U.S. commercial bank, or a foreign bank issuing a Letter of Credit through its U.S. branch; and in each case the issuing U.S. commercial bank or foreign bank must be acceptable to PG&E in its sole discretion and 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.

“Executive” has the meaning set forth in Section 15(b)(i).

“FERC” means the Federal Energy Regulatory Commission, including any successor regulatory body.

“Force Majeure Event” has the meaning set forth in Section 18(k).

“Gas” has the meaning set forth in Gas Rule No. 1.

“Gas Gathering Pipeline Facilities” means PG&E pipeline facilities, entering or exiting a Receipt Point Facility, including Volunteered Pipelines, that are dedicated to the sole use of transporting Producer’s Gas to market. Gas Gathering Pipeline Facilities include, but are not limited to, pipeline, fittings, valves, taps, associated appurtenances, cathodic protection equipment, land rights, and SCADA.

“Gas Rules” means any numbered gas rule filed as a tariff and approved by the CPUC for PG&E, as such Gas Rules may be revised, amended, restated or reissued from time to time. Gas Rules shall include any applicable tariffs and terms defined in the Gas Rules or tariffs. The Gas Rules are available at www.pge.com/tariffs.

“Good Utility Practice” means any of the practices, methods, and acts engaged in or approved by a significant portion of the gas industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with accepted industry practice, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

“Governmental Authority” (or “Governmental Authorities”) means any federal, state, local, or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over either or both of the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Producer.

“Hazardous Waste” means waste material or conditions, and includes, but is not limited to, the definition of hazardous waste set forth in the California Health and Safety Code, Section 25117, as may be revised from time to time.

“Initial Negotiation End Date” has the meaning set forth in Section 15(b)(i).

“Interconnect Capacity” means the metering, testing, and other daily design capacity of the Receipt Point Facilities. The Interconnect Capacity is not the same as the capacity of the PG&E System to transport Gas away from the Receipt Point and is not, nor is it intended to be, any commitment by PG&E of takeaway capacity. The requested Interconnect Capacity shall be set forth on the applicable Receipt Point Exhibit.

“Interest Amount” means, with respect to an Interest Period, the amount of interest calculated as follows: (a) the sum of (i) the principal amount of Performance Assurance in the form of cash held by PG&E during that Interest Period, and (ii) the sum of all accrued and unpaid Interest Amounts accumulated prior to such Interest Period; (b) multiplied by the Interest Rate in effect for that Interest Period; (c) multiplied by the number of days in that Interest Period; (d) divided by 360.

“Interest Payment Date” means the date of returning unused Performance Assurance held in the form of cash.

“Interest Period” means the monthly period beginning on the first day of each month and ending on the last day of each month.

“Interest Rate” means 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.

“ITCC” means the Income Tax Component of Contribution as described in PG&E’s Gas Preliminary Statement Part P, Income Tax Component of Contributions Provision, as may be revised from time to time.

“JAMS” shall mean the Judicial Arbitration and Mediation Service, or other similar dispute resolution provider.

“Letter of Credit” means an irrevocable, non-transferable standby letter of credit, the form of which must be substantially as contained in Exhibit E to this Agreement; provided that if the issuer is a U.S. branch of a foreign commercial bank, PG&E may require changes to such form; and the issuer must be an Eligible LC Bank on the date of issuance.

“Manager” has the meaning set forth in Section 15(b)(i).

“MAOP” means the maximum allowable operating pressure established by PG&E for any portion of or facilities associated with the PG&E System.

“Maximum Delivery Pressure” has the meaning set forth in Section 6(g).

“Mcf” and “Mcf/d” means one thousand standard cubic feet of Gas and one thousand standard cubic feet of Gas per day, respectively.

“Mediation” has the meaning set forth in Section 15(c).

“Meter Maintenance Testing” has the meaning set forth in Section 7(b).

“Minimum Flow Requirement” means the minimum daily delivery volume of Producer’s Gas to the Receipt Point in Mcf/d.

“Minimum Delivery Pressure” has the meaning set forth in Section 6(g).

“Moody’s” means Moody’s Investors Service, Inc., or its successor.

“NIST” means the National Institute of Standards and Technology, or its successor organization.

“Notice” has the meaning set forth in Section 12.

“Operating Agent (or Pumper)” means the person who oversees daily field operations of a Well(s) or a Biomethane Production Facility.

“Performance Assurance” means collateral provided by Producer to PG&E to secure Producer’s obligations under this Agreement. PG&E only accepts two forms of collateral to satisfy the Performance Assurance obligations: (a) cash via wire transfer in immediately available funds, or (b) Letter of Credit.

“PG&E Costs” means PG&E’s actual costs to design, construct, install and/or commission Receipt Point Facilities and Gas Gathering Pipeline Facilities, including but not limited to, all PG&E

direct and indirect labor, contract labor, equipment and materials costs, applicable overhead costs, land survey and land rights, environmental costs, Gas sampling costs, permitting, computer system and planning model upgrades, SCADA or other communications, and any related ITCC.

“PG&E Meter” has the meaning set forth in Section 7(a).

“PG&E System” means the gas pipeline system, and all related equipment and facilities, which are owned and operated by PG&E within the State of California, including the Receipt Point Facilities.

“Physical Operator” has the meaning set forth in Section 9.

“Pressure Headroom” means the difference between the MAOP and the normal operating pressure for a pipeline as determined by PG&E, at PG&E’s sole discretion.

“Producer” means the entity named in the first paragraph of this Agreement.

“Producer’s Delivery Facilities” means all facilities owned and operated by Producer, or the principals for whom Producer is the agent for purposes of this Agreement, upstream of the PG&E System, as described on the applicable Receipt Point Exhibit, whether now existing or to be constructed, through which Gas is transported from Producer to the PG&E System.

“Producer Test” has the meaning set forth in Section 7(b)(vii).

“Reasonable Efforts” means, with respect to an action required to be attempted or taken by a Party under this Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

“Receipt Point” means that point where the PG&E System and Producer’s Delivery Facilities physically interconnect for delivery of Gas by Producer to, and receipt thereof by, PG&E, as set forth in the applicable Receipt Point Exhibit.

“Receipt Point Exhibit” means the numbered Exhibit A prepared for each separate Receipt Point (e.g., Exhibit A-1 for the first Receipt Point; Exhibit A-2 for the second Receipt Point, etc.).

“Receipt Point Exhibit Effective Date” means the latest signature date in the signature block on the Receipt Point Exhibit.

“Receipt Point Facilities” (or “Receipt Point Facility”) means PG&E’s facilities generally including metering, gas quality monitoring and testing equipment determined by PG&E to be necessary to ensure compliance with Gas Rule No. 21 or other Gas Rules. Receipt Point Facilities include, but are not limited to, piping, valving, overpressure protection equipment, odorization equipment, pipeline taps, power, solar panels, structures, SCADA, communications, fixtures, real property, foundations, fencing and other institutional controls, tube trailer (if applicable) and other equipment or vehicles necessary for receiving Renewable Gas, and all other property, material, and equipment at the Receipt Point. The Receipt Point Facilities for a Receipt Point are further described in the Receipt Point Exhibit.

“Receipt Point Facilities Termination Charge” has the meaning set forth in Section 4(e).

“Referral Date” has the meaning set forth in Section 15(b)(i).

“Release to Operations” means the date on which the Receipt Point Facilities have been fully inspected, tested, and commissioned by PG&E, and PG&E has provided written authorization for commercial operation and receipt of Producer’s Gas supply.

“Renewable Gas” means Biomethane, as that term is defined in Gas Rule No. 1.

“SCADA” means Supervisory Control and Data Acquisition equipment installed and operated for the purpose of monitoring Receipt Point Facilities.

“S&P” means Standard and Poor’s Financial Services, LLC (a subsidiary of The McGraw-Hill Companies, Inc.) or its successor.

“Volunteered Pipeline” means pipelines, valves, and other attached appurtenances owned and operated by PG&E, as listed on a Receipt Point Exhibit, which are located between the Receipt Point Facilities and Producer’s Delivery Facilities dedicated for the sole benefit of the Producer and any other producers on the pipeline.

“Well(s)” means the facilities producing or providing Gas, excluding Renewable Gas, that are listed on the Receipt Point Exhibit A.

SECTION 3 **CONDITIONS PRECEDENT**

(a) Conditions. On the Effective Date of this Agreement and the Receipt Point Exhibit Effective Date for each Receipt Point, the following conditions shall have been satisfied by the respective Parties by the date indicated, or if no date is indicated, by the Effective Date or the Receipt Point Exhibit Effective Date, as applicable.

(i) Producer and PG&E are party to a CPBA Attachment 1 for each Receipt Point.

(ii) If Producer and PG&E were or are parties to any previous or separate agreement for the delivery of Producer’s Gas to the PG&E System that included a Receipt Point that is to be included under this Agreement, that agreement’s appendices or Receipt Point Exhibit has been terminated, with no outstanding obligations between the parties thereto, and no outstanding disputes relating thereto.

(iii) Producer shall have satisfied any and all conditions set forth in Gas Rule No. 21 or other applicable Gas Rules, making Producer eligible to deliver Gas, and the Gas eligible to be received, at the Receipt Point.

(iv) Producer shall establish and maintain Performance Assurance as described in Section 17.

(b) Cooperation. Each Party shall cooperate with the other Party as is reasonable under the circumstances, and keep the other Party advised of all significant developments in connection with obtaining satisfaction of the conditions specified in Section 3(a).

SECTION 4

RECEIPT POINT FACILITIES

(a) Receipt Point Facilities. Receipt Point Facilities shall be designed, constructed, installed, and operated for the purpose of receiving Producer's Gas into the PG&E System.

(b) Existing Receipt Point Facilities. If there are existing Receipt Point Facilities for receipt of Gas into the PG&E System and PG&E has determined, in its sole discretion, that such facilities are adequate for purposes of delivery of Producer's Gas to the PG&E System, then Producer shall pay PG&E's Costs to connect the Producer's Delivery Facilities to the existing Receipt Point Facilities. If Producer requests that a Renewable Gas source be connected to or injected into existing Receipt Point Facilities, then the requirements for new facilities in Sections 4(c) shall apply.

(c) New Receipt Point Facilities. New Receipt Point Facilities shall be designed, constructed, and installed pursuant to the requirements of this Section 4(c) in any of the following circumstances: (1) existing Receipt Point Facilities are not adequate for receipt of Producer's Gas into the PG&E System; (2) Producer requests that a Renewable Gas source be connected to or injected into existing Receipt Point Facilities; or (3) there are no existing Receipt Point Facilities.

(i) Request for Receipt Point Facility Location. Producer shall request PG&E to identify a specific location for the Receipt Point Facilities.

(A) At the time such request is made, Producer shall: (1) submit a new or revised Receipt Point Exhibit; (2) submit an executed Exhibit B; (3) submit an executed Exhibit C if for a Renewable Gas source; and (4) provide assignment of applicable easements, rights of way, and other necessary land rights to PG&E.

(B) PG&E shall within thirty (30) days of Producer providing the completed documentation required in Section 4(c)(i)(A): (1) if applicable, perform or witness a back pressure test; and (2) have collected or witnessed the collection of the Gas sample or witnessed the collection of and received the analysis of Producer's Renewable Gas source sample. Gas sampling and testing shall comply with the procedures set forth in PG&E's Gas Rule No. 21, as revised from time to time.

(ii) Agreement On Receipt Point Facility Location. PG&E shall notify Producer of the Receipt Point Facility location it has identified with compatible Gas quality and available capacity for the receipt of Producer's Gas. Producer must then notify PG&E within thirty (30) days whether it agrees with the location of the Receipt Point Facilities. The agreed upon Receipt Point Facility location shall be included in the Receipt Point Exhibit. Identification of the location for the Receipt Point Facilities shall not obligate PG&E to maintain capacity available on the PG&E System for Producer's Gas.

(iii) Design, PG&E Cost Estimates, And Construction and Installation Options. PG&E shall provide Producer with an estimate of the PG&E Costs to design, construct, install, and commission the Receipt Point Facilities ("Design/Construct Estimate") and an estimate of the design costs alone if Producer elects to construct and install the Receipt Point Facilities as allowed under Section 4(c)(v) ("Design Estimate"). The Producer shall provide Notice to PG&E within twenty (20) days of receiving the Design/Construct Estimate and the Design Estimate whether the Producer elects to have PG&E construct and install the Receipt Point Facilities or whether the Producer will construct and install those facilities. Producer shall pay the amount of the Design/Construct Estimate, if Producer elects for PG&E to construct and install the Receipt Point Facilities, or the Design Estimate, if the Producer elects

to construct and install the Receipt Point Facilities, to PG&E within thirty (30) days of receipt. At PG&E's sole discretion, the Parties can agree on a mutually agreeable payment schedule subject to PG&E credit requirements.

(iv) PG&E Construction and Installation of New Receipt Point Facilities. If Producer elects, pursuant to Section 4(c)(iii), for PG&E to construct and install the Receipt Point Facilities, this Section 4(c)(iv) shall apply.

(A) If at any time, PG&E determines that the PG&E Costs will likely exceed the Design/Construct Estimate, PG&E will provide Notice to Producer of the additional amounts, which Producer shall pay to PG&E as a condition of PG&E continuing work.

(B) In the case of termination of this Agreement prior to completion of the Receipt Point Facilities, PG&E shall provide an invoice to Producer for the PG&E Costs for the Receipt Point Facilities. Producer shall be credited the salvage value of the Receipt Point Facilities, if any, and shall pay all PG&E Costs for the Receipt Point Facilities, less the salvage value as determined in PG&E's sole and reasonable judgment, within thirty (30) days of receipt of the invoice. At PG&E's sole discretion, the Parties may agree on a mutually agreeable payment schedule subject to PG&E credit requirements.

(C) Where formal rights of way or easements are required on and over Producer's property, or the property of others, for the installation of the Receipt Point Facilities, Producer understands and agrees that PG&E shall not be obligated to install the Receipt Point Facilities unless and until all necessary permanent rights of way or easements, satisfactory to PG&E, free of encumbrances which PG&E believes could cause interference with ownership and operation of the Receipt Point Facilities, and free of Hazardous Waste, are granted without cost to PG&E.

(D) Upon final determination of the PG&E Costs after completion of the Receipt Point Facilities, PG&E will perform a true-up of the PG&E Costs compared to the amounts already paid by Producer, and will generate an invoice showing the difference, if any. If the PG&E Costs exceed the amount already paid by Producer, Producer shall pay the amount specified in the invoice within thirty (30) days of receipt of the invoice. If the PG&E Costs are less than the amount already paid by Producer, PG&E will refund the amount specified in the invoice within thirty (30) days of delivery of the invoice to Producer.

(E) PG&E shall not be responsible for any delay in completion of the construction and/or commencement of operation of the Receipt Point Facilities resulting from a Force Majeure Event, weather, any change in scope or schedule caused by Producer or a third-party, an act or failure or delay in acting by Producer, or any other event or occurrence outside the control of PG&E.

(v) Producer Construction and Installation of New Receipt Point Facilities. If Producer elects, pursuant to Section 4(c)(iii), to construct and install the Receipt Point Facilities, this Section 4(c)(v) shall apply.

(A) Construction, Installation, and Commissioning. Producer shall construct and install the Receipt Point Facilities in accordance with designs, specifications, plans, standards, and procedures provided by PG&E. Producer shall: (1) use qualified licensed contractors from PG&E's approved list of contractors for such work; (2) procure materials from PG&E-approved vendors; (3) ensure that the Receipt Point Facilities, and the construction thereof, comply with Applicable Laws and

Regulations at all times; (4) communicate its project schedule to PG&E, and carry out the work in a manner so as to not interfere with or interrupt PG&E's operations; and (5) obtain necessary permits in consultation with PG&E, and name PG&E as the permit holder or otherwise such that PG&E will benefit from the permit during the operating phase, if applicable.

(B) Insurance Required for Producer Construction. Prior to commencing construction, Producer and any contractor retained by or on behalf of Producer shall provide to PG&E evidence of the following insurance coverages at levels set forth by PG&E for the project as reflective of PG&E's financial risk: (1) statutorily required workers' compensation insurance; (2) employers' liability insurance; (3) at least five million dollars (\$5,000,000) in general commercial liability insurance naming PG&E as an additional named insured; and (4) at least five million dollars (\$5,000,000) in pollution legal liability/contractor's pollution liability.

(C) Inspection. Producer's work on the Receipt Point Facilities shall be subject to PG&E's inspection. PG&E shall have the right to inspect any aspect of the work upon reasonable advance notice to Producer.

(1) PG&E will inspect for compliance with its designs, specifications, plans, standards, and procedures at the following hold points, beyond which Producer shall not proceed until PG&E has provided its approval in writing: (a) materials procurement; (b) design drawings; and (c) twenty-five percent (25%), fifty percent (50%), and seventy-five percent (75%), of construction and installation. Producer shall provide adequate advance Notice to PG&E that the indicated hold points have been or will be reached.

(2) PG&E will make Reasonable Efforts to inspect and provide consent to proceed at each of the hold points as soon as practicable.

(3) Inspections and approvals by PG&E are solely for PG&E's internal use and needs. Producer agrees not to rely upon such inspections and approvals to meet Producer's responsibilities under this Agreement or for any other purpose, and agrees to hold PG&E harmless from, and Producer hereby releases PG&E from, any and all liability related directly or indirectly to the use or application of such inspections and approvals.

(D) Final Inspection and Documentation. After Producer has completed installation of the Receipt Point Facilities, Producer shall provide Notice requesting that PG&E perform final inspections, commissioning tests, and proceed to Release to Operations. Producer shall provide to PG&E: (1) as applicable, all real property documentation including applicable easements, rights of way and other necessary land rights related to or necessary for the Receipt Point Facilities; (2) an environmental indemnity agreement that covers, but is not limited to, Hazardous Waste, all in form and substance acceptable to PG&E, at PG&E's sole discretion; (3) a quitclaim deed and/or bill of sale for the Receipt Point Facilities, in form and substance acceptable to PG&E at its sole discretion; (4) complete "as-built" drawings with survey location of the Receipt Point Facilities; (5) reports on processes required to be performed pursuant to the procedures such as, without limitation, welder's qualifications, material test reports, and hydrostatic test reports; (6) if applicable, a transfer of any permits issued in Producer's name to PG&E's name; and (7) Producer's warranty that the Receipt Point Facilities were constructed in conformance with CPUC General Order No. 112-F, or any successor regulations, and the specifications plans, standards and procedures provided by PG&E pursuant to Section 4(c)(v)(A).

(E) Title Transfer, Connection, and Commissioning. After PG&E has performed its final inspection of the Receipt Point Facilities and has verified that Producer has met the requirements set forth in this Section 4(c)(v), title to the Receipt Point Facilities shall immediately transfer to PG&E whether or not the Parties have executed any documentation formalizing such transfer. PG&E will connect the Receipt Point Facilities to the PG&E System. All connections to and from the PG&E System shall be performed solely by PG&E or PG&E's contractor. All commissioning activities at the Receipt Point Facilities shall be performed solely by PG&E or PG&E's contractors. Producer shall not alter, or in any manner disturb, manipulate, or tamper with any part of the PG&E System, including the Receipt Point Facilities when owned by PG&E.

(F) Invoice for PG&E Costs. After connecting the Receipt Point Facilities to the PG&E System, PG&E will invoice Producer for PG&E's Costs to inspect and connect the Receipt Point Facilities to the PG&E System. Producer shall pay the invoice within thirty (30) days of receipt. At PG&E's sole discretion, the Parties can agree on a mutually agreeable payment schedule subject to PG&E credit requirements.

(G) Indemnity. Producer shall indemnify PG&E and hold it harmless from all liability in connection with construction work performed by Producer, or any contractor retained by or on behalf of Producer, under this Agreement.

(vi) Receipt Point Facility Ownership. Receipt Point Facilities provided by PG&E under this Agreement, or transferred to PG&E as provided in Section 4(c)(v), shall at all times be and remain the property of PG&E.

(d) Repairs, Upgrades, Modifications and Replacements. PG&E shall provide Notice to Producer or producers if PG&E determines at any time that the Receipt Point Facilities or Gas Gathering Pipeline Facilities require, at PG&E's sole discretion, repairs, upgrades, modifications or replacements, which will be at Producer's or producers' expense. PG&E's Notice shall describe and include PG&E's estimate to perform the necessary repairs, upgrades, modifications or replacements and will be prorated for each producer, if applicable.

(i) If a single Producer is connected to the Receipt Point Facilities or Gas Gathering Pipeline Facilities, the Producer shall notify PG&E within thirty (30) days of receipt of PG&E's Notice that the Producer requests that PG&E make the necessary repairs, upgrades, modifications or replacements, which will be at Producer's expense. Producer shall pay PG&E within thirty (30) days of the date of the Producer's receipt of PG&E's estimate for the necessary repairs, upgrades, modifications or replacements. At PG&E's sole discretion, the Parties can agree on a mutually agreeable payment schedule subject to PG&E credit requirements. Upon completion of the work, if the PG&E Costs exceed PG&E's estimate, PG&E will invoice the Producer for the difference between the estimate and the PG&E Costs. Producer shall pay the invoice for the remaining amount to PG&E within thirty (30) days of receipt. If the PG&E Costs are less than PG&E's estimate, PG&E will refund the difference between the estimate and the PG&E Costs within thirty (30) days of the invoice.

(ii) If more than one producer, including Producer, is served by the Receipt Point Facilities or Gas Gathering Pipeline Facilities, all producers, including Producer, shall notify PG&E within thirty (30) days of receipt of PG&E's Notice if the producers, including Producer, request that PG&E make the necessary repairs, upgrades, modifications or replacements. Producer and producers shall pay their proportionate share of the estimate to PG&E within thirty (30) days of the date of producers', including Producer's, receipt of PG&E's estimate. At PG&E's sole discretion, the Parties can

agree on a mutually agreeable payment schedule subject to PG&E credit requirements. Upon completion of the repairs, upgrades, modifications or replacements, if the PG&E Costs exceed PG&E's estimate, PG&E will invoice each producer, including Producer, proportionately for the difference between the estimate and the PG&E Costs. Producer and producers shall pay the invoice for the remaining amount to PG&E within thirty (30) days of receipt. If the PG&E Costs are less than PG&E's estimate, PG&E will refund the difference between the estimate and the PG&E Costs to each producer, including Producer, within thirty (30) days of the invoice.

(iii) If Producer fails, or producers fail, to request in writing and pay PG&E's estimated costs, within thirty (30) days of receipt of PG&E's Notice as provided in Sections 4(d)(i) or (d)(ii), that PG&E make the repairs, upgrades, modifications or replacements at Producer's expense, or producers' expense, then PG&E shall have the right to refuse to accept Producer's and producers' Gas, and may proceed to abandon, retire, or sell the Receipt Point Facilities or Gas Gathering Pipeline Facilities, at its sole discretion.

(e) Discontinuance of Receipt Point Upon Termination And Associated Termination Charges. Upon discontinuance of the use of the Receipt Point Facilities or Gas Gathering Pipeline Facilities due to termination of the Receipt Point Exhibit or of this Agreement, Producer shall pay to PG&E the costs to decommission the Receipt Point Facilities or Gas Gathering Pipeline Facilities, and return the site to its original state ("Receipt Point Facilities Termination Charge").

(i) The Receipt Point Facilities Termination Charge shall include the costs to remove the Receipt Point Facilities or Gas Gathering Pipeline Facilities and site restoration costs, less the estimated salvage value as determined in PG&E's sole and reasonable judgment.

(ii) Within ninety (90) days of the termination of a Receipt Point Exhibit or of this Agreement, PG&E shall provide Notice to Producer that includes an estimate for the Receipt Point Facilities Termination Charge. No later than thirty (30) days after the Producer's receipt of this estimate, Producer shall pay PG&E the estimated Receipt Point Facilities Termination Charge. At PG&E's sole discretion, the Parties can agree on a mutually agreeable payment schedule subject to PG&E credit requirements.

(iii) Upon completion of the removal of the Receipt Point Facilities or Gas Gathering Pipeline Facilities and site restoration, PG&E will provide a final invoice to Producer showing the difference, if any, between the estimated Receipt Point Facilities Termination Charge and the final Receipt Point Facilities Termination Charge. If the final Receipt Point Facilities Termination Charge exceeds the amount already paid by Producer, Producer shall pay the remaining amount to PG&E within thirty (30) days of the date of the Producer's receipt of PG&E's invoice. If the final Receipt Point Facilities Termination Charge is less than the amount already paid by Producer, PG&E will refund the difference to Producer within thirty (30) days of PG&E's invoice.

(f) Alternative Interconnection of a Biomethane Production Facility. The Parties may consider alternatives to Receipt Point and Receipt Point Facilities to enable interconnection of a Biomethane Production Facility to the PG&E System such as, but not limited to, the utilization of mobile and temporary resources for the delivery of Renewable Gas to the PG&E System. The Parties agree to negotiate interconnection alternatives in good faith and to preserve the benefits of the bargain as described in this Agreement.

SECTION 5 **VOLUNTEERED PIPELINES**

(a) Control of Gas. This section shall apply only if Producer is delivering gas through a Volunteered Pipeline. Producer shall be deemed to be in control of Gas delivered into the Volunteered Pipeline(s) from the Gas Well or Renewable Gas source to the Gas Gathering Pipeline Facilities. PG&E shall be deemed to be in control of the Gas after the downstream fitting of Producer's Delivery Facilities.

(b) Operation of Volunteered Lines. PG&E, in its sole discretion, shall have the right to operate the Volunteered Pipeline(s) in the same manner as all other pipelines in the PG&E System. PG&E, in its sole discretion, may choose to operate the Volunteered Pipeline(s) or any portion thereof at a higher or lower pressure, or to have the direction of flow changed; PG&E shall give Notice to Producer of the date and time of such action. No later than thirty (30) days after PG&E's Notice, Producer shall shut-in the Gas from California Production during any such work on the Volunteered Pipeline(s). PG&E will give Producer Notice when Producer is free to resume deliveries.

SECTION 6 **GAS DELIVERIES**

(a) Compliance with Applicable Laws and Regulations. Producer's delivery of Gas to the Receipt Point, and other performance under this Agreement, must be in compliance with Applicable Laws and Regulations and Producer shall obtain all applicable licenses and permits for the conduct of its business and the performance of this Agreement.

(b) Transfer of Gas Custody. Transfer of Gas custody between Producer and PG&E shall occur at the Receipt Point.

(c) Quality; Right of Refusal. PG&E shall have the continuing right at any time, and in its sole discretion, to monitor the quality of Gas provided by Producer and refuse to accept delivery of any Gas if: (i) Producer's Gas does not meet the Gas quality specifications set forth in Gas Rule No. 21, as revised from time to time; (ii) the composition or supply source of Producer's Gas is different from that described in the Receipt Point Exhibit; (iii) the PG&E System does not have available pipeline capacity or Pressure Headroom; or (iv) in PG&E's sole judgment the delivery of Producer's Gas may have adverse effects on PG&E's operations, the PG&E System, or on the operations or property of customers or other producers. PG&E shall promptly provide Notice to Producer of any decision to refuse acceptance of deliveries of Gas. PG&E's acceptance of Gas that does not conform to PG&E's Gas Rule specifications or Receipt Point Exhibit shall not constitute a waiver of such specifications, any remedies of PG&E, or obligations of Producer with respect to such non-conformity.

(d) Uniform Flow. Producer shall, to the extent feasible, make deliveries of Gas at each Receipt Point at substantially uniform rates of flow during a flow day. If Producer is not complying with this requirement, then PG&E reserves the right to suspend service under this Agreement until such time that Producer has taken appropriate actions to ensure compliance with this provision.

(e) Continuous Flow. Producer shall deliver Gas to each Receipt Point continuously and without interruption of supply unless continuous flow is interrupted by PG&E for operational reasons. Producer understands that interrupted flow or a discontinuance of flow may cause Receipt Point Facilities to malfunction.

(f) Minimum Flow. Producer shall deliver Gas to each Receipt Point at an average quantity of at least 50 Mcf/d averaged over each rolling ninety (90) day period.

(g) Pressure. Producer shall deliver Gas to PG&E at each Receipt Point at a delivery pressure sufficient to enter the PG&E System (“Minimum Delivery Pressure”), but not more than the then-current MAOP of the PG&E System at the outlet of the Receipt Point less any Pressure Headroom, as determined by PG&E (“Maximum Delivery Pressure”).

(i) PG&E shall provide Producer with Notice requesting an increase in Producer’s Maximum Delivery Pressure not less than forty-five (45) days before PG&E is requesting that the increase become effective.

(ii) PG&E shall provide Producer with Notice requesting a decrease in Minimum Delivery Pressure not less than forty-five (45) days before PG&E is requesting that the decrease become effective.

(iii) All requested changes in Producer’s Maximum Delivery Pressure and Minimum Delivery Pressure requirements resulting from a Force Majeure Event, emergency situations, safety-related pressure reductions, or as a result of pipeline integrity inspections shall be exempt from the notification timing requirements specified in Sections 6(g)(i) and 6(g)(ii).

(iv) In the event Producer cannot comply with the changes to Maximum Delivery Pressure or Minimum Delivery Pressure requirements within the notification timing requirements specified in Sections 6(g)(i) and 6(g)(ii), Producer shall provide Notice to PG&E, including the reason why it cannot comply, within ten (10) days of Producer’s Receipt of PG&E’s Notice. PG&E may, in its sole discretion, extend the date for complying with the requested change in the Maximum Delivery Pressure or Minimum Delivery Pressure requirements.

(h) Pulsation. Producer shall ensure that Producer’s Delivery Facilities are installed and operated so that operation will not adversely affect the PG&E System or impair the accuracy of the measurement of Gas at the Receipt Point Facilities. Producer shall eliminate compressor-induced pulsation or vibration before Gas is delivered at the Receipt Point Facilities. PG&E shall not be required to take Gas if compressor-induced pulsation or vibration exists.

(i) Gas Sampling. Producer acknowledges that injection of Gas into the PG&E System requires a Gas quality assessment of a sample of the Gas from the Well or the Renewable Gas source and Producer shall request that PG&E take a sample. Producer may request that: (i) PG&E collect and analyze Gas samples from the Well according to existing standards and procedures; or (ii) utilize an independent, certified laboratory to collect and analyze the sample and send the results to PG&E for review. For Renewable Gas source testing, both PG&E and Producer must utilize independent, certified laboratories for constituent analysis and the results are to be shared with the other Party. PG&E has a right to observe the samples being collected. PG&E will invoice Producer for any PG&E Costs to witness, collect, and or analyze gas sampling performed at Producer’s request. Producer shall pay the invoice within thirty (30) days of receipt.

SECTION 7
METERING AND MEASURING EQUIPMENT

(a) Metering. The Receipt Point Facilities shall include PG&E's measuring equipment used in measuring deliveries from the Producer's Delivery Facilities to PG&E ("PG&E Meter"). Separate PG&E Meters are required for delivery of Gas from different California Production sources.

(b) Meter Maintenance Testing. PG&E will perform scheduled meter accuracy testing and calibration of the PG&E Meter in accordance with Good Utility Practices ("Meter Maintenance Testing").

(i) Metering, testing equipment, and other facilities needed to perform any tests required of PG&E shall be state-of-the-art, and meet industry standards as described in CPUC General Order No. 58A, as revised from time to time. The Meter Maintenance Testing and correction (if necessary) shall comply with the AGA Report 4A, Sample Contract Measurement Clause, Meter Facilities, and applicable CPUC requirements. PG&E will also inspect and calibrate the PG&E Meter to ensure conformance with manufacturer's stated accuracy in a field application, where such conformance does not conflict with Applicable Laws and Regulations.

(ii) PG&E shall preserve the Meter Maintenance Testing records for a period of three (3) years. Producer shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the PG&E Meter.

(iii) The Meter Maintenance Testing records from such measuring equipment shall remain the property of PG&E, but upon written request, PG&E shall make available to Producer copies of any such records and charts, together with calculations therefrom, for inspection and verification during normal business hours.

(iv) PG&E shall provide Notice to Producer prior to Meter Maintenance Testing. Except in the event of an emergency or operational necessity, such Notice shall be given to Producer at least two (2) Business Days prior to any such activity.

(v) If, as a result of any Meter Maintenance Testing, it is determined that there has been a combined meter and transmitter measurement error greater than two percent (2%) from NIST traceable secondary field standards, the Parties will adjust all prior periods back to the period where it can be mutually determined and agreed-upon that the errors commenced. If such an agreement cannot be reached, then PG&E shall estimate the Gas deliveries, and correct the reading to a zero error for the period during which the meter was in use. In all cases of meter error, period adjustments for meter error may not exceed three (3) years prior to the date on which the discovering Party provides Notice to the other Party.

(vi) During the Meter Maintenance Testing, PG&E shall confirm, where applicable, that the meter accuracy and condition is within the meter manufacturer's specifications for a field application and meets CPUC accuracy verification requirements. PG&E shall conduct such calibration and confirmation by using its NIST traceable secondary field standards.

(vii) Producer may provide a Notice to PG&E requesting a calibration test of the PG&E Meter (the "Producer Test"). If any Producer Test shows that the combined measurement error does not exceed two percent (2%) of NIST traceable secondary field standards, then the cost of the

Producer Test including any PG&E Costs incurred, shall be borne by Producer. PG&E Costs incurred from Producer Test will be invoiced to Producer pursuant to Section 10. In the event that any Producer Test yields a combined measurement error greater than two percent (2%) of NIST traceable secondary field standards, then the cost of the Producer Test and subsequent calibration shall be borne by PG&E.

(c) Measurement Accuracy. The accuracy of all measuring equipment used in the Receipt Point Facilities shall be verified and/or calibrated by PG&E according to Good Utility Practices and PG&E's recommended equipment maintenance schedules and using NIST traceable secondary standard equipment and transfer proving devices.

(i) Electronic transmitters and measurement equipment shall be calibrated in accordance with PG&E's applicable processes and practices, as revised from time to time. Meter measurement accuracy limits and the maintenance frequency will follow industry standard practices.

(ii) Upon Notice from the Producer, PG&E shall make available to Producer electronic measurement data that PG&E obtains related to Gas delivered to a Receipt Point.

(iii) The Parties recognize the value of implementing utilization of electronic measurement devices and shall jointly cooperate to implement the installation of such devices, and sharing the data therefrom, to provide to the extent possible, current measurement information. No particular electronic measurement or monitoring device or method of sharing of electronic data therefrom (on a real time basis or otherwise) shall be required. Each Party shall be responsible for the cost, compatibility and operation of its own measurement-related electronic systems.

SECTION 8

CHANGE IN OPERATIONS AND SUSPENSION

(a) Change in System Operations. PG&E does not guarantee receipt of Producer's Gas into the PG&E System. In addition to reasons for suspension described in other Sections of this Agreement, receipt of Gas may be reduced or suspended due to ongoing operations, changes in the way in which PG&E manages the operation of the PG&E System, or in accordance with PG&E's CPUC-approved tariffs. Reasons for potential reduction or suspension include, but are not limited to, the following:

(i) The MAOP of PG&E's System may be changed for operational or safety-related reasons, and the volumes of Producer's Gas that can be received at the Receipt Point may be impacted. Such pressure changes may be temporary or permanent.

(ii) Ongoing operations of the PG&E System may require suspension of deliveries at the Receipt Point due to station or pipeline maintenance or repair.

(iii) Changes in customer demand may impact PG&E's ability to receive Producer's Gas.

(iv) Pipelines may be abandoned or retired if, in the sole judgment of PG&E, the cost of repairing, maintaining, and/or operating the pipeline exceeds the value of the pipeline. At PG&E's sole discretion, if the cost of repair or maintenance, the basis for a decision to abandon or retire a pipeline, Producer will be given the option of purchasing the pipeline as needed to facilitate Producer operations. The terms and conditions of any purchase will be negotiated in good faith between the Parties.

(b) Suspension of Deliveries/Receipts.

(i) Either Party may suspend Gas deliveries or Gas receipts immediately at any time for any of the following reasons:

(A) there is any system or pipeline operation, or other action or inaction, that could impair the safety or reliability of either Party's facilities or systems, or those of PG&E customers, or could impair the deliverability of the Gas to be delivered through the Receipt Point, or would constitute a material default of this Agreement;

(B) there is no CPBA Attachment 1 in effect for a Receipt Point Exhibit;

(C) the Authorized Agent: (1) fails to comply with a provision of the CPBA; (2) becomes insolvent; or (3) fails to establish creditworthiness if requested by PG&E;

(D) any agreement required by PG&E in connection with the transportation of Gas on the PG&E System has not been executed, has been terminated, or has expired;

(E) it is necessary or desirable to test, maintain, modify, enlarge, or repair any part of the PG&E System, or related to its operation, such that suspension is necessary or advisable;

(F) such suspension is permitted by the Gas Rules or otherwise by the CPUC;

(G) during such time as Producer is in breach of this Agreement, and does not immediately cure such breach, and until PG&E has been fully compensated for all damages and cost incurred as a result of the breach;

(H) Producer fails to comply with all Applicable Laws and Regulations;

(I) the CPUC, or any other Governmental Authority materially changes, alters, or modifies this Agreement, such that a Party is deprived of its benefits anticipated herein.

(J) Producer fails to notify PG&E that the source of Producer's Renewable Gas for a Receipt Point has changed from the source described in the Receipt Point Exhibit and to follow the testing provisions described in Gas Rule No. 21; or

(K) Producer's Renewable Gas is sourced from a hazardous waste landfill.

(ii) The Party suspending deliveries or receipts will provide Notice to the other Party of such suspension and the cause, to the extent identifiable, as soon as commercially reasonable.

(iii) Resumption of service shall not proceed until authorized by PG&E.

SECTION 9
APPOINTMENT OF PHYSICAL OPERATOR

Producer may appoint an authorized and qualified representative to act for Producer as follows:
(i) to give and receive Notices and requests, make and witness tests, deliver quantities of Gas hereunder;
and (ii) do and receive all things as provided herein regarding the physical operation of the Producer's

Delivery Facilities (the “Physical Operator”). Producer shall provide Notice to PG&E of the appointment and change of the Physical Operator by submitting a revised Receipt Point Exhibit five (5) Business Days prior to the effective date of the change. Producer expressly agrees that PG&E may rely on all acts and Notices of the Physical Operator to the same extent as if they were performed or provided by Producer. If a Physical Operator is designated, it shall be the sole person required to be contacted by PG&E in the case of emergency. Whether or not Producer appoints a Physical Operator, for maximum protection of the PG&E System in case of operational conditions and emergencies, Producer shall provide and keep current the Operating Agent (or Pumper) contact information on each Receipt Point Exhibit for use by PG&E.

SECTION 10

INVOICING AND PAYMENT TERMS

(a) Timely Payment. All invoices will be issued pursuant to the instructions in Exhibit D and are due and payable within the time period specified in this Agreement or the date specified in the invoice, whichever is later, and will be subject to the provisions of PG&E’s Gas Rules.

(b) Failure to Make Timely Payment. If Producer fails to timely pay an invoice, PG&E will have the right to suspend performance of its obligations under this Agreement or shut-in Producer’s Gas until payment is received.

SECTION 11

ASSIGNMENT

(a) Requirements for Assignment Generally. This Agreement may be not be assigned by either Party without the written consent of the other Party. Consent to assignment will not be unreasonably withheld, conditioned or delayed.

(b) Assignment for Purposes of Financing. Producer shall have the right to assign this Agreement, without the consent of PG&E, for collateral security purposes to aid in providing financing for the Producer’s Delivery Facilities. Producer will promptly notify PG&E of any such assignment for collateral security purposes. Any assignment for collateral purposes entered into by Producer shall require that upon any exercise of remedies by the financing party, the entity substituted for Producer shall have an equal or greater credit rating as Producer and have the legal authority and operational ability to satisfy the obligations of Producer under this Agreement.

(c) Assignment to Successor. Either Party shall have the right to assign this Agreement, without the consent of the other Party, when the assignment is to a successor, representative, or assignee which shall succeed by purchase, merger, corporate reorganization/restructuring or consolidation to all or substantially all of the assets of the assigning Party.

(d) Responsibilities for Assignee and Assignor. Assignment shall not relieve the Assignor of its obligations under this Agreement for the period before the assignment becomes effective, nor shall the non-assigning Party’s obligations be enlarged, in whole or in part, by reason of the assignment. At the time the assignment becomes effective, the assignee shall become a Party to this Agreement and shall undertake all rights and responsibilities under this Agreement, including, but not limited to, the Performance Assurance requirements in Section 17.

(e) Assignment In Violation of Agreement. Any attempted assignment that violates any of the requirements of this Section 11 is void and ineffective.

SECTION 12
NOTICES

(a) Information In Notice. Where applicable, each Notice shall specify the Receipt Point Exhibit(s) to which the Notice applies.

(b) Definition and Delivery of Notice. Any notice, demand, or request required or authorized in connection with this Agreement (“Notice”) shall be deemed properly and duly given when delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If To Producer: [Contact Information To Be Supplied]
Mailing Address:

If To PG&E: [Contact Information To Be Supplied]
Mailing Address:

In addition to the Notice specified above notice may also be provided by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below, but must be immediately followed up by a written Notice delivered pursuant to the first paragraph of this subsection (b):

If to Producer: [Contact Information To Be Supplied]

Telephone Numbers:
Facsimile:
Email Address:

If to PG&E: [Contact Information To Be Supplied]

Telephone Numbers:
Facsimile:
Email Address:

(c) Changes. Either Party may change the Notice information in this Section 12 by giving Notice within five (5) Business Days prior to the effective date of the change.

SECTION 13
NO WARRANTY; REMEDIES; CONSEQUENTIAL DAMAGES

(a) WARRANTY DISCLAIMER. ALL INSTALLATION, INTERCONNECTION, MAINTENANCE AND OTHER SERVICES PERFORMED BY PG&E AND MATERIAL, EQUIPMENT AND FACILITIES, INCLUDING BUT NOT LIMITED TO RECEIPT POINT FACILITIES, MEASUREMENT EQUIPMENT, AND VOLUNTEERED PIPELINES PROVIDED BY PG&E OR MADE AVAILABLE BY PG&E FOR USE IN CONNECTION WITH THIS AGREEMENT, ARE PROVIDED “AS IS,” WITHOUT ANY WARRANTIES, EXPRESS, IMPLIED OR STATUTORY. ALL WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED BY PG&E

INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NO WARRANTIES SHALL APPLY TO ANY SERVICES, MATERIAL, EQUIPMENT OR FACILITIES PROVIDED BY PG&E OR MADE AVAILABLE BY PG&E UNDER THIS AGREEMENT.

(b) Exclusive Remedy. In lieu of all warranties express, implied, or statutory, PG&E's sole obligation and total liability, and Producer's sole and exclusive remedy, relating to or arising out of the installation or connection of equipment or Receipt Point Facilities or Volunteered Pipeline(s), or the furnishing of equipment, material, or facilities or of any services by PG&E, shall be limited, at PG&E's option to: (i) performance of the installation or connection work or other services at PG&E's expense up to a cost equal to the amount paid by Producer for such installation or connection work, or other services, excluding any amounts paid for equipment, material or facilities or other costs; or (ii) a refund by PG&E to Producer of an amount equal to the amount paid to PG&E by Producer for said installation or connection work or other services, excluding any other costs, less any amount received by Producer as a rebate or refund of such amounts from other sources; or (iii) a refund of the amount paid by Producer to PG&E for equipment, material or facilities, as applicable, less any amount received by Producer as a rebate or refund of such amounts from other sources. Except as specifically provided for herein, PG&E shall have no obligation or liability and shall be released from any and all liability for losses, costs or damages of any kind with respect to or arising out of installation or interconnection work, or other services, equipment, material or facilities installed, connected, or in any way provided by PG&E or made available by PG&E pursuant to this Agreement, whether arising in contract, tort (including negligence), strict liability, warranty, or otherwise.

(c) CONSEQUENTIAL DAMAGES. OTHER THAN AS EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFIT OR REVENUE, LOSS OF THE USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES, WHETHER BASED IN WHOLE OR IN PART IN CONTRACT, IN TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER THEORY OF LIABILITY; PROVIDED, HOWEVER, THAT DAMAGES FOR WHICH A PARTY MAY BE LIABLE TO THE OTHER PARTY UNDER ANOTHER AGREEMENT WILL NOT BE CONSIDERED TO BE SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES HEREUNDER.

SECTION 14 **INDEMNITY**

Producer shall be solely responsible for and shall release, indemnify, defend and hold harmless PG&E, and PG&E's parent and affiliates including their officers, directors, agents, contractors, and employees thereof against losses, costs and expenses (including in-house and outside attorneys' fees), claims, enforcement actions, judgments, suits or other obligations or liabilities, resulting from or arising out of or in any way connected with (a) physical injury to property or person, (b) construction work performed by Producer or Producer's contractors, (c) Producer's Gas from California Production, or (d) a violation of a local, state or federal common law, statute or representation, arising from the Producer's performance or nonperformance of its obligations under this Agreement; excepting only such loss, cost, expense, claim, enforcement action, judgment, suit, or other obligation or liability which arises in whole or in part from the sole negligence or willful misconduct of PG&E.

SECTION 15 **DISPUTE RESOLUTION**

(a) Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Section. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of this procedure.

(b) Management Negotiations.

(i) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's Authorized Representative, or such other person designated in writing as a representative of the Party (each a "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 of such request, at a mutually agreed time and place. If the matter is not resolved within fifteen (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 ("Executive(s)"), who shall have authority to settle the dispute. Within ten (10) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.

(ii) Within ten (10) Business Days of the Referral Date the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) 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 relevant information and to attempt to resolve the dispute.

(iii) 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.

(iv) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the written request to meet, pursuant to subpart (ii) above, refuses or does not meet within the thirty (30) day period specified in subpart (ii) above, either Party may initiate mediation of the controversy or claim according to the terms of the following Section 15(c).

(c) Mediation. If the dispute cannot be so resolved by negotiation as set forth in Section 15(b) above, it shall be resolved at the request of any Party through a two-step dispute resolution process administered by JAMS. As the first step the Parties agree to mediate any controversy before a mediator from the JAMS panel, pursuant to JAMS's commercial mediation rules, in San Francisco, California. Either Party may begin mediation by serving a written demand for mediation subject to the Notice provisions. 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, the mediation does not result in resolution of the dispute, then the controversy shall be settled by arbitration conducted by a retired judge or justice from the JAMS panel conducted in San Francisco, California, administered by and in accordance with JAMS's Commercial Arbitration Rules ("Arbitration"). 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.

(d) Arbitration. 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.

(i) Each of the Parties shall submit to the arbitrator, in accordance with a schedule set by the arbitrator, offers in the form of the award it considers the arbitrator should make. If the arbitrator requires the Parties to submit more than one such offer, the arbitrator shall designate a deadline by which time the Parties shall submit their last and best offer. In such proceedings the arbitrator shall be limited to awarding only one of the two "last and best" offers submitted, and shall not determine an alternative or compromise remedy.

(ii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.

(iii) The arbitrator's award shall be made within nine (9) months of the filing of the notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary. The California Superior Court of the City and County of San Francisco may enter judgment upon any award rendered by the arbitrator. The Parties are aware of the decision in *Advanced Micro Devices, Inc. v. Intel Corp.*, 9 Cal. 4th 362 (1994), and, except as modified by this Agreement, intend to limit the power of the arbitrator to that of a Superior Court judge enforcing California Law. The prevailing Party in this dispute resolution process is entitled to recover its costs and reasonable attorneys' fees.

(iv) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before him.

(v) Except as may be required by Law, neither a Party nor an arbitrator may disclose the existence, content, or results of any Arbitration hereunder without the prior written consent of both Parties.

SECTION 16
TERMINATION

(a) Termination.

(i) Termination of Agreement. The Agreement may be terminated under any of the following conditions. Termination of the Agreement shall automatically terminate all Receipt Point Exhibits.

(A) Producer may terminate this Agreement for any reason by providing Notice prior to the end of the then-current term of such Agreement. Such termination will take effect at the end of the term unless otherwise agreed to by the Parties.

(B) PG&E may terminate this Agreement at any time after the initial 15-year term by providing Notice prior to the end of the then-current term, such termination to take effect at the end of the term unless otherwise agreed by the Parties.

(C) PG&E may terminate this Agreement if any Applicable Laws and Regulations relating to PG&E's obligations under this Agreement, enacted or issued after the Effective Date, affects PG&E's performance under this Agreement in a manner which is unacceptable to PG&E, in PG&E's sole discretion.

(D) PG&E may, at its sole discretion, terminate this Agreement if Producer fails to make substantial progress on the construction of the initial Receipt Point Facilities included in this Agreement, if Producer elects at its option to construct and install such Receipt Point Facilities.

(E) PG&E may terminate this Agreement if Producer fails to meet PG&E's Performance Assurance requirements specified in Section 17.

(F) PG&E may terminate this Agreement if Producer becomes financially insolvent or has failed to make any payment(s) required under this Agreement in the timing required in the Agreement.

(G) PG&E may terminate this Agreement if all of the PG&E System assets are sold.

(H) PG&E may terminate this Agreement if PG&E determines, in its sole discretion, that its eligibility status under the Hinshaw Exemption as described in Section 1(c) may be adversely affected by its performance under this Agreement.

(I) PG&E may terminate this Agreement if the CPUC or FERC at any time asserts: (1) that Producer, or Producer's principal if Producer is an agent, is a public utility or subject to regulation by such regulatory body; or (2) that such regulatory body may prevent PG&E from complying with this Agreement.

(J) PG&E may terminate this Agreement if Producer has made a material misrepresentation concerning any of the provisions in this Agreement and the Exhibits including, but not limited to, the representations in Exhibits B or C.

(K) PG&E may terminate this Agreement if Producer fails to comply with any of the quality, operational, and Gas delivery requirements in this Agreement including, but not limited to, the Gas quality and delivery requirements in Section 6.

(L) This Agreement shall terminate immediately when the last remaining Receipt Point Exhibit has been terminated.

(M) Either Party may terminate this Agreement:

(1) in the case of a single Receipt Point Exhibit, in the event the Receipt Point Facilities are not Released to Operations within two (2) years of the Receipt Point Exhibit Effective Date.

(2) in the event that any of the conditions in Section 3(a) have not been satisfied or waived by the Parties by the time specified therein.

(ii) Termination of Receipt Point Exhibits. A Receipt Point Exhibit may be terminated under any of the following conditions:

(A) Producer may terminate any Receipt Point Exhibit for any reason by providing Notice prior to the end of the then-current term of such Receipt Point Exhibit. Such termination will take effect at the end of the term unless otherwise agreed to by the Parties.

(B) By either Party if suspension of Gas deliveries or receipts as described in Sections 6 or 7 continues for a period of six (6) months without either resolution of the underlying situation, or a mutually agreed upon written plan of resolution.

(C) If permitted by the Gas Rules or otherwise by the CPUC.

(D) If the portion of the PG&E System, to which the Producer's Delivery Facilities for the specific Receipt Point are connected, is sold, retired, abandoned, or deactivated by PG&E, or is otherwise permanently removed from service.

(E) If Producer has been delivering Gas to a Receipt Point through a Volunteered Pipeline(s) and/or Gas Gathering Pipeline Facilities, PG&E shall have the right to terminate the Receipt Point Exhibit if the Producer does not agree to pay for repairs, upgrades, modifications or replacements under Section 4(d)(iii), unless a mutually acceptable arrangement for the delivery of Producer's Gas into the PG&E System has been made prior to such termination.

(b) Post-Termination.

(i) Upon termination of a Receipt Point Exhibit, PG&E shall have the right to disconnect the Receipt Point Facilities from Producer's Delivery Facilities.

(ii) Termination of this Agreement shall not release either Party from its obligation to make payments or compensate the other Party for damages or costs, if any are due or have been incurred, or for amounts accrued or then due and owing, or for any amounts required or owed under this Agreement.

(iii) Notwithstanding termination of this Agreement, the rights and obligations under Sections 4(e), 10, 13, 14, and 15 shall survive.

SECTION 17 **PERFORMANCE ASSURANCE**

(a) Performance Assurance Requirement. Producer agrees to deliver to PG&E Performance Assurance in the form of a cash deposit or Letter of Credit to PG&E to secure its obligations under this Agreement in an amount equivalent to one million dollars (\$1,000,000.00) per Receipt Point. The Performance Assurance must be delivered to PG&E within five (5) Business Days following the Effective Date of each Receipt Point's Exhibit A.

(b) Payment and Transfer of Interest. PG&E shall pay interest on cash held as Performance Assurance, at the Interest Rate and on the Interest Payment Date. PG&E will transfer to Producer all accrued Interest Amount on the unused cash Performance Assurance using the payment instructions in Exhibit D.

(c) Return of Performance Assurance. PG&E shall return the unused portion of Performance Assurance including the payment of any Interest Amount due thereon pursuant to Section 17(b) above, to Producer promptly after the following has occurred: (i) this Agreement has terminated; and (ii) all payment obligations of the Producer arising under this Agreement, including the final Receipt Point Facilities Termination Charge, indemnification payments, or other damages are paid in full.

(d) Letter of Credit. Performance Assurance provided in the form of a Letter of Credit is subject to the following provisions:

(i) If Producer has provided a Letter of Credit pursuant to any of the applicable provisions in this Section 17, then Producer shall renew or cause the renewal of each outstanding Letter of Credit on a timely basis.

(ii) In the event the issuer of such Letter of Credit at any time fails to maintain the requirements of an Eligible LC Bank or Letter of Credit; indicates its intent not to renew such Letter of Credit; or fails to honor PG&E's properly documented request to draw on such Letter of Credit, then Producer shall cure such occurrence in an amount equal to the outstanding Letter of Credit by completing within five (5) Business Days after the date of PG&E's Notice to Producer of an occurrence listed in this subsection either:

(A) providing a substitute Letter of Credit that is issued by an Eligible LC Bank, other than the bank which is the subject of PG&E's Notice to Producer; or

(B) posting cash.

(iii) If Producer fails to cure as provided in Section 17(d)(ii) or if such Letter of Credit expires or terminates without a full draw thereon by PG&E, or fails or ceases to be in full force and effect at any time that such Letter of Credit is required pursuant to the terms of this Agreement, then Producer shall have failed to meet the requirements of this Section 17.

(e) In all cases, the reasonable costs and expenses of establishing, renewing, substituting, canceling, increasing, reducing, or otherwise administering the Letter of Credit shall be borne by Producer.

SECTION 18 **ADDITIONAL PROVISIONS**

(a) Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of California, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

(b) Interpretation. The following rules of interpretation shall apply:

(i) Unless otherwise specified herein, all references to any agreement or other document of any description shall be construed to give effect to amendments, supplements, modifications or any superseding agreement or document as then existing at the applicable time to which such construction applies.

(ii) Capitalized terms used in this Agreement, including the appendices hereto, shall have the meaning set forth in Section 2, unless otherwise specified.

(iii) Any reference in this Agreement to any natural person, Governmental Authority, corporation, partnership or other legal entity includes its permitted successors and assigns or any natural person, Governmental Authority, corporation, partnership or other legal entity succeeding to its function.

(iv) All references to dollars are to U.S. dollars.

(v) 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) Amendment. No amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties.

(d) No Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

(e) Waiver.

(i) The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

(ii) Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement.

(iii) Termination of this Agreement for any reason by Producer shall not constitute a waiver of Producer's legal rights to obtain an interconnection from PG&E.

(iv) If any waiver of this Agreement is requested, such request shall be provided in writing.

(f) Entire Agreement. This Agreement, including all Exhibits, and any incorporated tariffs or Gas Rules, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement. This Agreement and each Receipt Point Exhibit shall be binding on each Party's successors and permitted assigns.

(g) Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

(h) No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

(i) Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (i) such portion or provision shall be deemed separate and independent; (ii) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (iii) the remainder of this Agreement shall remain in full force and effect.

(j) Governmental Authority. This Agreement shall be subject to all Applicable Laws and Regulations. The Parties agree to abide by the applicable sections of PG&E's Gas Rules and tariffs, as revised from time to time. If at any time, the CPUC or any branch thereof, issues a finding or opinion, formal or informal, that this Agreement is inconsistent with CPUC rules, regulations, decisions, or policy, then this Agreement shall be amended to eliminate any inconsistency. This Agreement shall at all times be subject to such changes or modifications by the CPUC as it may from time to time direct in the exercise of its jurisdiction.

(k) Force Majeure. Neither PG&E nor Producer shall be considered in default in the performance of its obligations under this Agreement, except obligations to make payments hereunder, to the extent that the performance of any such obligation is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of the affected Party ("Force Majeure Event"). A Force Majeure Event shall include, but not be limited to, acts of God, a public enemy, or a Governmental Authority, strikes, lockouts, riots, rebellions, washouts, earthquakes, wildfires, floods, storms, extreme weather conditions, freezing of lines, or any cause or causes of whatsoever nature (whether like or unlike those herein enumerated) beyond the reasonable control of either Party. In the event either Party claims that performance of its obligations was prevented or delayed by Force Majeure, that Party shall promptly provide Notice to the other Party of the circumstances preventing or delaying performance. Such Party so claiming a cause-delayed performance shall endeavor, to the extent reasonable, to promptly remove the obstacles which preclude performance within a reasonable period of time.

(l) Execution of Documents. Each Party shall do all necessary acts and make, execute, and deliver such written instruments as shall from time to time be reasonably necessary to carry out the terms of this Agreement.

(m) Monitoring, Testing, Reporting and Recordkeeping Requirements. Each Party will comply with all federal, state and local reporting requirements and shall adhere to all monitoring, testing, reporting and recordkeeping requirements issued pursuant to but not limited to CPUC decisions, rules, and General Orders, California Statutes and Health and Safety Codes.

(n) Definition of Days. For purposes of this Agreement, the term “days” shall refer to calendar days unless otherwise noted as Business Days.

<< Signature Page Follows >>



Contract No.: _____

IN WITNESS WHEREOF, the Parties hereto have caused this California Production Interconnection and Operating Agreement to be duly executed by their authorized representatives as of the last date below.

Pacific Gas and Electric Company

[Producer Name Here]

Signature

Signature

Print Name

Print Name

Title

Title

Date

Date

EXHIBIT A
RECEIPT POINT EXHIBIT A-[x]
[METER NUMBER] – [METER NAME]

This Exhibit A is issued under and pursuant to, and incorporated by reference into, the California Production Interconnection and Operating Agreement dated *[insert latest signature date of agreement]* between Pacific Gas and Electric Company (“PG&E”) and *[insert Producer name]* (“Producer”) (the “Agreement”). Capitalized terms not defined herein shall have the meanings set forth in the Agreement. Pursuant to the terms of Sections 1(f) and 2 (at definition of Receipt Point Exhibit) of the Agreement, this Exhibit A-[x] adds (a) a Gas Well(s) to existing or new Receipt Point Facilities or (b) a Renewable Gas source through existing Receipt Point Facilities or is amended to remove a Gas Well or Renewable Gas source from existing Receipt Point Facilities.

Effective Date: This Exhibit A-[x] shall be effective as of the latest signature date below.

Gas Well [Producer to Complete]						
Name	County	APN #	Section	Range	Township	Quadrant
Estimated flow rate (Mcf/day)						
Requested Interconnect Capacity (Mcf/day)						



Contract No.: _____

Estimated heating value (Btu/scf)	
If adding a Renewable Gas source to existing Receipt Point Facilities, select source type at right	<input type="checkbox"/> Waste water treatment plant <input type="checkbox"/> Synthetic Gas <input type="checkbox"/> Dairy farm <input type="checkbox"/> Forest waste <input type="checkbox"/> Non-hazardous landfill <input type="checkbox"/> Food waste <input type="checkbox"/> Agricultural waste <input type="checkbox"/> Other _____
Renewable Gas source project name: _____ _____	Physical Address: _____ _____ _____

Receipt Point Facilities <i>[PG&E To Complete]</i>	
PG&E Receipt Point Facilities	Including, but not limited to metering, gas quality monitoring and testing equipment, piping, valving, overpressure protection, odorization, pipeline taps, power, structures, SCADA, communications, real property, and all other property, material, and equipment.
PG&E Receiving Pipeline	Line Number: Mile Point:
Release to Operations Date	

Contact Information for Appointed Physical Operator <i>[Producer to Complete]</i>	
Name: _____ Company: _____	Mailing Address: _____
Phone: _____ Mobile: _____ Fax: _____ Email: _____	Physical Address (if different): _____ _____



Contract No.: _____

Contact Information for Operating Agent (Pumper) *Producer to Complete* [Complete whether or not a Physical Operator has been appointed under this Agreement.]

Name: _____ Company: _____	Mailing Address: _____ _____
Phone: _____ Mobile: _____ Fax: _____ Email: _____	Physical Address (if different): _____ _____ _____

EXECUTED BY: [PRODUCER NAME]

Signature: _____

Print Name: _____

Title: _____

Date: _____

EXECUTED BY: PACIFIC GAS AND ELECTRIC COMPANY

Signature: _____

Print Name: _____

Title: _____

Date: _____



EXHIBIT B

PRODUCER AND APPOINTED PHYSICAL OPERATOR DECLARATION

[PRODUCER NAME] (“Producer”) and **[PHYSICAL OPERATOR NAME]**, its Appointed Physical Operator (“Physical Operator”), if applicable, hereby declare that they have title to and are fully authorized to transport all Gas that flows onto the PG&E System from the Well(s) and/or Renewable Gas source(s) referenced in the Receipt Point Exhibit(s) included in this Agreement and to appoint an Authorized Agent by executing a CPBA Attachment 1.

This declaration is effective as of the latest signature date below.

PG&E may rely on this declaration, and Producer and its Physical Operator warrant that they will indemnify and hold PG&E harmless from and against any and all claims related to their declaration of title and authority to transport Gas onto the PG&E System.

[PRODUCER NAME]:

Signature: _____

Print Name: _____

Title: _____

Date: _____

[PHYSICAL OPERATOR NAME]:

Signature: _____

Print Name: _____

Title: _____

Company: _____

Date: _____



EXHIBIT C

**CALIFORNIA BIOMETHANE PRODUCER CERTIFICATION
THAT GAS INJECTED INTO THE PG&E SYSTEM IS NOT FROM A HAZARDOUS SOURCE**

Producer hereby certifies:

1) Gas injected pursuant to the California Production Interconnection and Operating Agreement dated *[insert latest signature date of agreement]* between Pacific Gas and Electric Company (“PG&E”) and *[insert Producer name]* (“Producer”) is not collected from a Hazardous Waste Facility, as that term is defined in Section 25117.1 of the California Health and Safety Code, as may be amended from time to time.

2) that Producer is in compliance with the following Health and Safety Code Sections 25421(g)(1) and (2), as they may be amended from time to time; the actual language of the Code sections takes precedence over language written below:

“(1) A person shall not knowingly sell, supply, or transport, or knowingly cause to be sold, supplied, or transported, biogas collected from a hazardous waste landfill to a gas corporation through a common carrier pipeline.”

“(2) A gas corporation shall not knowingly purchase gas collected from a hazardous waste landfill through a common carrier pipeline.”

[PRODUCER NAME]:

Signature: _____

Print Name: _____

Title: _____

Date: _____



EXHIBIT D

INVOICING AND PAYMENT INSTRUCTIONS

(Changes to any of the following information may be made by either Party by giving five (5) Business Day's written notice prior to the effective date of the change.)

Payments to PG&E by Wire: (Please include invoice number on the wire to facilitate reconciliation of the payment)	
Business Name	Information To Be Supplied
Mailing Address	Information To Be Supplied
ABA Routing Number	Information To Be Supplied
Account Name	Information To Be Supplied
Account Number	Information To Be Supplied

Payments to PG&E by Check: (Please include invoice number on the check to facilitate reconciliation of the payment)	
Business Name	Information To Be Supplied
Mailing Address	Information To Be Supplied

Payments to Producer:	
Business Name	Information To Be Supplied
Attention	Information To Be Supplied
Mailing Address	Information To Be Supplied

Invoices to Producer:	
Business Name	Information To Be Supplied
Attention	Information To Be Supplied
Mailing Address	Information To Be Supplied



EXHIBIT E

FORM OF LETTER OF CREDIT

Issuing Bank Letterhead and Address

STANDBY LETTER OF CREDIT NO. XXXXXXXX

Date: [insert issue date]

Beneficiary: Pacific Gas and Electric Company
[Street Address]
[City, State Zip Code]

Applicant: [Applicant Name]
[Street Address]
[City, State Zip Code]

Letter of Credit 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 Pacific Gas and Electric Company (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 the letter of credit 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 No. **[Insert the letter of credit number]** (the “Draft Amount”) is owed to Pacific Gas and Electric Company (“PG&E”) by **[Insert the name of the legal entity entering into a CPIOA]** (“Producer”) or its assignee, pursuant to the California Production Interconnection and Operating Agreement (“CPIOA”) between Producer and PG&E dated **[Insert the date of the CPIOA]**, which entitles PG&E to draw the Draft Amount under Letter of Credit No. **[Insert the letter of credit number].”** or
 - B. “**[Insert the name of the legal entity entering into a CPIOA]** (“Producer”) has failed to perform one or more obligations or requirements under the California Production Interconnection and Operating Agreement (“CPIOA”) between Producer and Pacific Gas and Electric Company (“PG&E”) dated **[Insert the date of the CPIOA]**, therefore PG&E is drawing under Letter of Credit

No. **[Insert the letter of credit number]** the amount of the accompanying sight draft owed to PG&E.” or

C. “Letter of Credit No. **[Insert number]** will expire in thirty (30) days or earlier and **[Insert name of the legal entity entering into a CPIOA]**, or its assignee, has not provided replacement security acceptable to Pacific Gas and Electric Company.”

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 a written amendment hereto) for a period of one (1) year from the Expiry Date, and from any future Expiry Date, unless the Beneficiary has received a notice from the issuing bank, sent by registered mail or courier service, no later than sixty (60) calendar days prior to the then current Expiry Date, stating that the Expiry Date will not be extended for such an 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 the bank’s address for drawings]**.

All demands for payment shall be made 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]**, with originals or copies of documents to follow by overnight mail. If presentation is made by facsimile transmission, 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 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, if presented within thirty (30) days after the resumption of our business, and will effect payment accordingly.

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



Contract No.: _____

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: _____



Contract No.: _____

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 AND TITLE

Advice 3950-G
March 2, 2018

Attachment 2

1997 California Production Interconnection and Operating Agreement



**CALIFORNIA PRODUCTION
INTERCONNECTION AND OPERATING AGREEMENT**

No. _____

between

PACIFIC GAS AND ELECTRIC COMPANY

and

PRODUCER

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California Production Interconnection and Operating Agreement

This Agreement, (hereafter "Agreement") dated xxxxx, 201x, is between xxxxxx "Producer" and PACIFIC GAS AND ELECTRIC COMPANY (PG&E), individually and collectively also referred to as "Party" or "Parties":

PURPOSE:

1. Producer owns or otherwise controls, or may hereafter own or otherwise control, natural gas ("Gas") produced from the Well(s) specified in Appendix A; and
2. PG&E is willing to connect Producer's Gas Delivery Facilities to accept Producer's Gas into PG&E's Gas Plant for transportation to PG&E's customers ("Customers"); however, this Agreement is not intended to be an agreement for transportation services, and it does not entitle Producer to deliver or obligate PG&E to receive Producer's Gas for transportation. PG&E provides transportation services pursuant to applicable rules, schedules, tariffs, and agreements.
3. This Agreement establishes the terms and conditions for the installation, operation, and maintenance of certain facilities (which may include taps, tie-ins, measurement facilities, valves, associated piping, and other such equipment as may be required from time to time) to connect Producer's Gas Delivery Facilities to and accept Gas into PG&E's Gas Plant; and
4. This Agreement also establishes the terms and conditions for the delivery of Gas into PG&E's Gas Plant (including gas quality, pressure, and measurement) and other conditions intended to govern the contractual relationship of the Parties.

NOW THEREFORE, in consideration of the covenants set forth herein, the Parties agree as follows:

Definitions: The following terms when used in this Agreement shall mean:

“Article” - A numbered Article of this Agreement. An Article includes all the numbered sections of this Agreement that begins with the same number as that Article.

“British Thermal Unit” or “Btu” - The amount of energy required to raise the temperature of one pound of water one degree Fahrenheit. Of the several precise definitions of a Btu, this agreement shall use the gas industry accepted International Table Btu (Btu_{IT}) which is equal to 1,055.05585262 joules (exact) or rounded to 1,055.056 joules for most applications. (A joule is approximately equal to one watt-second.)

“CPUC” - The California Public Utilities Commission or any successor regulatory body.

“Cubic Foot” - (Also a Standard Cubic Foot of Gas) The volume of Gas which occupies one cubic foot when the Gas is at the standard reference conditions of sixty degrees Fahrenheit and fourteen and seventy-three hundredths (14.73) pounds per square inch absolute.

“Delivery Facilities” - Producer’s facilities at which Gas is transferred from Producer to PG&E’s Gas Plant.

“Facilities” - General term which includes all Measurement Facilities, Odorization Facilities, and Gas Sampling Facilities used to receive Producer’s Gas into PG&E’s Gas Plant.

“FERC” - The Federal Energy Regulatory Commission or any successor regulatory body.

“Gas” - Natural gas produced from gas wells or casing head gas produced in association with crude oil.

“Gas Plant” - The gas pipeline system, and all related facilities which are owned and operated by PG&E within the state of California.

“Sampling Facilities” - Equipment used to monitor the quality of Producer’s Gas.

“Heating Value” - The amount of heat, measured in Btu per standard cubic feet, produced by the complete combustion of a dry Cubic Foot of Gas. The Heating Value shall be the gross or higher Heating Value which is obtained when all of the products of combustion are cooled to 60 degrees Fahrenheit.

“Master Meter” - The Meter which measures volumes of Gas consolidated from two or more Meters.

“Measurement Facilities” - Equipment associated with the measurement of Gas, which may include but is not limited to the block valves, back-flow check valve, relief valves, straightening vanes, orifice tube, orifice plate, orifice fitting, flow meter, solar panel, and associated fittings, tubing and piping.

“Meter” - A measurement device used to determine the quantity of Gas that flows from Producer’s Well(s) into the PG&E Gas Plant.

“Odorization Facilities” - Equipment used to inject odorant into PG&E’s Gas Plant.

“Producer” - Person or persons (legal or natural) owning a Working Interest in, or otherwise controlling a Well and having the right to deliver or sell Gas from such Well. If more than one Producer are signatories to this Agreement, the term “Producer” shall mean the Producers signatories to this Agreement jointly and severally.

“Physical Operator” - May be designated under the terms of this agreement as Producer’s duly authorized representative for the purposes stated in Paragraph 3.2 hereof.

“PSIG” - Pounds per Square Inch Gauge gas pressure, measured with reference to the local atmospheric pressure.

“Receipt Point” - The interconnection point between Producer’s Gas Delivery Facilities and PG&E’s Gas Plant, where Gas is measured by PG&E for delivery into PG&E’s Gas Plant.

“Section” - A numbered section of this Agreement included within the Article that begins with the same number as that section.

“Specifications” - PG&E’s General Specifications for Producer Installation of Measurement Facilities and Related Equipment for Gas Gathering Interconnections, Appendix C to this Agreement, as required, and/or other specifications provided by PG&E for the installation of Facilities by Producer.

“Volunteered Line” - Pipelines, valves, and other attached appurtenances owned by PG&E, as listed on Appendix E, which are located between the Measurement Facility and Producer’s Gas Well(s).

“Well(s)” - Well(s) listed on Appendix A, attached hereto and made a part of this Agreement.

“Working Interest” - Percentage of ownership of production from a Well(s) under a gas lease.

Article 1

1. **Warranty of Title**: Producer hereby warrants that Producer has the right to nominate and deliver all Gas to be delivered to PG&E at the Receipt Point(s) and that such right is free and clear of all liens and adverse claims of any kind. Producer will hold harmless, indemnify and defend PG&E against all claims, suits, actions, debts, accounts, damages, liabilities, costs (including reasonable attorneys fees), losses, and expenses, for or arising from or out of any: (1) adverse claims of any and all persons to the Gas; (2) royalties, overriding royalties, or other payments with respect to the Gas; and (3) taxes, licenses, fees or charges, relating to the Gas or its delivery or sale, which are or may be applicable.

Article 2

2. Well Connection and Facilities

2.1. **Existing Facilities**: If there are existing Facilities for receipt of Producer's Gas into PG&E's Gas Plant and PG&E has determined that they are adequate for receipt of Gas for transportation purposes, then these Facilities may, in PG&E's sole discretion, be used for such purposes. Existing Facilities will not be used for the measurement of Gas that does not meet the quality requirements as provided in Section 4.1 of this Agreement. If Producer and PG&E determine or PG&E determines that additional Facilities, modifications or upgrades are required, then the conditions set forth in Sections 2.2, 2.3 and 2.5 below shall apply.

2.2. **New Facilities**: If new Facilities are required to connect a new Well or Wells, the following conditions shall apply:

2.2.1. **Request for Tie-In Connection Location**: Producer shall request PG&E to identify a specific tie-in connection location. At the time such request is made, Producer shall: (1) pay to PG&E a non-refundable application fee in the amount specified in Appendix F, as amended from time to time; (2) identify the exact well-site location; and (3) provide proof of mineral rights and the assignment of applicable easements, rights of way, and other necessary land rights to PG&E.

2.2.2. Connection Location(s): PG&E shall identify the tie-in connection location(s) with compatible Gas quality and available capacity for the receipt of Producer's Gas, after PG&E has: (1) received all items described in Section 2.2.1 above; (2) performed or witnessed a back pressure test; and (3) collected or received Gas sample(s). The back pressure test and collection or receipt of gas samples shall take place within thirty (30) days of the receipt of the items described in Section 2.2.1 above.

PG&E may refuse to accept Producer's Gas if the Gas quality is not compatible, PG&E does not have available system capacity, or in PG&E's reasonable judgment the delivery of Producer's Gas may have other adverse effects on PG&E's operations, Gas Plant or Facilities, or on the operations or property of Customers or other producers.

2.2.3. PG&E Installs Measurement Facilities, Odorization Facilities and/or Gas Sampling Facilities: If Producer requests PG&E to install Facilities at the Receipt Point and PG&E in its sole discretion agrees to install such Facilities at Producer's expense, the following conditions shall apply:

(a) Upon identification of the tie-in connection location(s), PG&E shall inform Producer of the cost to install the Facilities contemplated hereunder. Such costs may include, but not be limited to, engineering, PG&E's land survey and land rights acquisition, and/or equipment costs. Identification of the tie-in connection location(s) shall not obligate PG&E to maintain capacity available on its Gas Plant for Producer's Gas.

(b) Producer shall pay PG&E for PG&E's actual costs to provide and install Facilities pursuant to this Agreement, including all direct and overhead costs as allocated to such Facilities by PG&E. PG&E shall provide PG&E's estimate of these costs to Producer and Producer shall pay this estimated amount to PG&E prior to construction. After completion of the Facilities, PG&E will provide a statement to Producer showing the difference, if any, between such estimated costs and the actual costs. If the actual costs exceed the estimated costs paid by

California Production Interconnection and Operating Agreement

Producer, Producer shall submit payment to PG&E within thirty (30) calendar days of the date of PG&E's invoice. If the actual costs are less than the estimated costs paid by Producer, PG&E will refund the difference to Producer within the same time period.

All payments shall be made referencing account number UZB_____ on Producer's check, to the following address:

Mailing Address:
PACIFIC GAS & ELECTRIC COMPANY
C/O Payment Processing
Mail Code B5C
Box 770000
San Francisco, CA 94177

Street Address:
PACIFIC GAS & ELECTRIC COMPANY
C/O Payment Processing
Mail Code B5C
77 Beale Street
San Francisco, CA 94105

(c) After PG&E and Producer have reached agreement on the specific tie-in location(s) as stated in Section 2.2.3.(a) above, Producer may not change the location without PG&E's written concurrence. Producer shall pay to PG&E any additional costs associated with a change in location.

2.2.4. Producer Installs Measurement Facilities, Odorization Facilities and/or Gas Sampling Facilities: If Producer elects to install Facilities, the following shall apply:

(a) Producer may furnish and/or install Facilities in accordance with specifications, plans, standards and procedures provided by PG&E and subject to PG&E's inspection for compliance with PG&E's specifications, plans, standards and procedures. Producer shall use qualified licensed contractors for such work. Producer shall ensure that the Facilities meet all of the applicable requirements of all governmental authorities having jurisdiction.

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(b) Prior to construction, Producer shall pay PG&E for PG&E's estimated cost of labor, material and overhead to provide engineering review, identification of the required tie-in connection location(s), Facilities, and inspections and tap installation. After PG&E has performed these activities, Producer shall pay to PG&E the difference, if any, between the estimated cost and the actual cost of these activities and any other actual costs to PG&E associated therewith. PG&E shall provide a statement to Producer, and Producer shall pay PG&E for such actual costs as provided in Section 2.2.3(b).

(c) After Producer has completed the installation of the Facilities, Producer shall request in writing that PG&E connect the Facilities to PG&E's Gas Plant. At the time of this connection request, Producer shall provide: (1) an assignment to PG&E of all applicable easements, rights of way, and other necessary land rights; (2) engineering specifications; (3) an "as-built" drawing with survey location of the Facilities and pipeline(s); and (4) Producer's warranty that the Facilities were constructed in conformance with CPUC General Order No. 112-E, or any successor regulations, and the Specifications.

2.2.5. Contributions in Aid of Construction:

(a) If PG&E determines that an amount with respect to Producer's Contributions in Aid of Construction (CIAC) is includable in PG&E's gross income, PG&E will calculate the CIAC gross up amount based on the methodology approved by the CPUC from time to time for that purpose; and Producer agrees to pay this CIAC gross up amount to PG&E, within thirty (30) days from PG&E's demand for payment, plus interest; the interest will be computed at the "CPUC Rate" from the due date (without extensions) of the federal tax return for the taxable year in which such amount is includable until the date Producer pays to PG&E the total amount described herein; the "CPUC Rate" is interest at the average three-month commercial paper rate as published in the Federal Reserve Bulletin, or such other rate as the CPUC may establish from time to time to replace the rate in paragraph 18 of its conclusions of law in Decision 87-09-026.

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(b) The CIAC gross up amounts, if demanded, shall be paid in addition to Producer's reimbursements to PG&E, or Producer's expenditures, for the costs of facilities and their installation as provided in this Agreement.

(c) The payment of the CIAC gross up amount shall be made by Producer, pursuant to Section 2.2.5(a), when PG&E reasonably determines that an amount with respect to Producer's contribution is includable in PG&E's gross income based upon IRS ruling, regulation, court decision (including tax court), or other pertinent tax authority, or when an IRS revenue agent issues a notice of proposed adjustment or other notice indicating that such an amount is so includable.

2.2.6. Facility Inspection and Connection:

(a) PG&E will make reasonable efforts to inspect the Facilities during construction and as soon as practicable after construction. However, due to possible emergency situations or manpower constraints, PG&E's inspection within thirty (30) days after Producer's notice of completion shall constitute compliance with the provisions of this Section 2.2.6(a).

(b) PG&E will connect Facilities to PG&E's Gas Plant after PG&E has inspected the Facilities and has verified that the Facilities meet PG&E's applicable standards and the Specifications.

(c) All connections to and from the PG&E system shall be performed solely by PG&E or PG&E's contractor. For tap installations, Producer shall pay PG&E's actual cost of materials, equipment and labor (which labor charge shall include wages, benefits, and payroll taxes).

2.2.7. Failure to Request Connection: If Producer fails to request connection to PG&E's Gas Plant of the Facilities installed by Producer within one-hundred and twenty (120) days following the date of PG&E's identification of a specific tie-in connection location (pursuant to Section 2.2.2 above), then Producer shall request the following before requesting connection of the Facilities to PG&E's Gas Plant: (1) verification and a written statement from PG&E that capacity remains available at the identified tie-in connection location for the receipt of Producer's Gas; and (2)

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that Producer's gas is still compatible with PG&E's gas plant. If, at the time Producer requests such verification, capacity is no longer available at that tie-in connection location and Producer still desires to connect the Facilities to PG&E's Gas Plant, then Producer shall request a new tie-in connection location pursuant to Section 2.2.1 above.

2.2.8. Failure to Connect: If Producer's Well is not connected to PG&E's Gas Plant within six (6) months from the date of Producer's request for a tie-in connection location, then PG&E shall render to Producer an itemized invoice for all unpaid costs of the work undertaken to identify a specific tie-in connection location in excess of the non-refundable application fee paid to PG&E pursuant to Section 2.2.1 hereof. If such failure to connect is not caused by PG&E, Producer agrees to reimburse PG&E for the actual cost of such work.

2.2.9. Payments: All amounts invoiced by PG&E, pursuant to this Article 2, shall be due and paid within thirty (30) calendar days following the date of PG&E's invoice, except as otherwise stated herein.

2.3. Ownership of Facilities: PG&E shall have sole ownership, custody and control of all Facilities, regardless of which Party installed the Facilities. Upon completion of construction, installation, inspection, and PG&E's finding that the Facilities conform to PG&E's specifications, title to the Facilities shall immediately transfer into the name of PG&E, whether or not the Parties have executed any documentation formalizing such transfer.

PG&E may at any time while this agreement is in effect transfer ownership of Facilities to Producer. In that event, Producer agrees to accept the ownership of such Facilities and the obligation to maintain and operate such Facilities at Producer's expense. PG&E shall have the right, at any time to access Facilities to do any of the following: (1) inspect Facilities to verify the proper maintenance and operation thereof to the extent PG&E deems it necessary; and (2) test and calibrate the Measurement

Facilities to verify the accuracy of instruments as provided in Article 5. If Producer does not grant access to the Facilities as provided herein, PG&E shall have the right to refuse to accept Producer's Gas until such access is granted in accordance with this Agreement.

2.4. No Dedication of Facilities: Nothing in this Agreement shall be construed as a dedication by either PG&E or Producer of its respective facilities to the other Party.

2.5. Repairs, Upgrades, Modifications and Replacements: If PG&E determines that Facilities, or the gas gathering pipeline(s) used to transport Producer's Gas to PG&E's transmission system, are in need of repairs, upgrades, modifications or replacements, PG&E shall notify Producer accordingly. If Producer requests PG&E to make the necessary repairs, upgrades, modifications or replacements, and PG&E agrees to do so, Producer shall pay PG&E for all (or a prorated portion if more than one Producer is served by the pipeline(s) and/or Facilities) of PG&E's actual costs of such work in accordance with the same provisions as applicable to Facilities under Section 2.2.3(b) above. If Producer fails to request that PG&E make the repairs, upgrades, modifications or replacements at Producer's expense, or if not all producers served by the pipeline(s) and/or Facilities request PG&E to perform such work at their expense, PG&E shall have the right to refuse to accept Producer's Gas. However, if Producer wishes to build its own pipeline, Producer may enter into a new CPIOA for a new connection and delivery of Gas at an appropriate Receipt Point.

If Producer takes ownership of Facilities, PG&E will not perform repairs, upgrades, modifications or replacements of such transferred Facilities.

2.6. Specific Equipment:

2.6.1. Pressure Regulations: Producer shall install (upstream of the Measurement Facilities), test, and maintain in good working condition the necessary pressure regulation equipment to protect PG&E's Gas Plant from exposure to pressures in excess of the specified maximum pressure. Such Facilities and the installation and maintenance thereof shall conform with CPUC General Order No. 112-E, or any successor regulations.

2.6.2. Odorization and/or Gas Sampling: If under the laws, rules or regulations of any local government or regulatory body having jurisdiction, or in PG&E's sole judgment as a public utility, it is required that all or any of Producer's Gas be odorized or that Producer's gas be monitored for quality, then Sections 2.2, 2.3, 2.4, and 2.5 above shall apply as they relate to such Odorization Facilities. Producer agrees to obtain a grant of easement at a suitable location and to grant PG&E a non-exclusive license to exercise the rights conveyed to Producer under said grant of easement for the purpose of installing, operating and maintaining said Odorization Facilities or Gas Sampling Facilities.

2.7. Future Well Additions

2.7.1. New Well Connection and Well Recompletions: PG&E may or may not accept Gas from a reworked, recompleted, or new well, at the same interconnection point and/or through the meters identified in Appendix A. PG&E will determine the tie-in location, and may refuse to accept such Gas, based upon the same criteria as set forth in Section 2.2.2.

2.7.2. Acceptance of New Gas: If PG&E refuses to accept new Gas at the existing Receipt Point, the Producer may request a new tie-in connection location for the Additional Well(s) by executing a separate CPIOA.

2.8 Certain Costs Payable By Producer: Charges payable by Producer pursuant to Sections 2.2.1, 2.2.3, 2.2.4, 2.2.6, 2.2.8, 2.5, 3.5.3 and 5.3 shall be based on the costs stated in Appendix F, which is subject to Section 7.7. Appendix F will be amended from time to time when PG&E reviews and recalculates its actual costs to keep the charges current.

Article 3

3. Operations and Maintenance

3.1. Appointment of Producer's Nominations Agent: As a condition of interconnection of Producer's Gas Delivery Facilities with PG&E's Gas Plant, under this Agreement, Producer shall appoint one authorized representative as Producer's sole agent with exclusive authority to place nominations for Producer on PG&E's system, for transportation of Producer's Gas to be delivered at the Receipt Point(s). That agent shall also be referred to as "Producer's Nominations Agent"; and the appointment shall be made pursuant to Appendix B "Appointment of Producer's Nominations Agent." The executed Appointment of Producer's Nominations Agent shall be returned to PG&E, addressed as follows:

PACIFIC GAS AND ELECTRIC COMPANY
Gas System Operations Department
Scheduling and Accounting Director
6121 Bollinger Canyon Road
Building Z1, 5th Floor
San Ramon, CA 94583

Producer may change its Producer's Nominations Agent, by providing a new Appointment of Producer's Nominations Agent to PG&E pursuant to PG&E's applicable procedures. If Producer and PG&E enter into a separate agreement regarding nominations, balancing and other issues relating to the transportation of the Gas delivered under this Agreement, with respect to the Well(s), it shall govern with respect to the procedures for the appointment and/or change of Producer's Nominations Agent.

Producer acknowledges and agrees that Producer's failure to appoint an agent with exclusive authority to make nominations for Producer may cause Producer, PG&E, or third parties to incur damages or liabilities; therefore, Producer agrees that if Producer fails to comply with this Section 3.1, Producer will hold PG&E harmless and will indemnify PG&E from and against any and all damages and liabilities that may be incurred by PG&E, Producer or third parties as a result of or in connection with the nominations of Producer's Gas made by anyone.

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3.2. Appointment of Physical Operator: Producer may appoint an authorized representative to serve as Physical Operator for the Well(s). Except as set forth in Section 3.1 above, the Physical Operator shall be duly authorized to act for Producer as follows: to give and receive notices and requests, make and witness tests, deliver quantities of Gas hereunder; and do and receive all things as provided herein regarding the physical operation of the Well(s). Producer shall notify PG&E in writing of the appointment and change of the Physical Operator. Producer expressly agrees that PG&E may rely on any and all acts and notices of the Physical Operator to the same extent as if they were performed or provided by Producer.

Producer hereby appoints as Physical Operator:

Physical Operator's Address

Telephone:	_____	Telephone:	_____
Telecopier:	_____	Attention:	_____

3.3. Maintenance of Facilities: Maintenance of Facilities owned or controlled by PG&E will, in PG&E's sole discretion, be provided by PG&E at PG&E's expense, subject to Section 2.3 above. Producer acknowledges that PG&E intends to submit to the CPUC for approval an operating and maintenance fee (O&M Fee) to be charged to Producer, based on PG&E's actual costs to operate and maintain facilities, pipelines and equipment, for the receipt of Gas, as determined from time to time by PG&E pursuant to Appendix D. Such O&M Fee may include, without limitation, meter reading, gas sampling and analysis, gas odorization, equipment maintenance and calibration, direct and indirect expenses, and administrative and general office allocated costs. Producer agrees to start paying the O&M Fee when it is approved by the CPUC.

3.3.1. After the approval of the O&M Fee by the CPUC, PG&E will mail to Producer a statement (on or before the 15th day of each month), setting forth the applicable O&M Fee for the previous month. Producer shall pay the O&M Fee to PG&E on or before the twenty-fifth (25th) calendar day of the month or the tenth (10th) calendar day following receipt of PG&E's statement, whichever is later. Any late payments by Producer to PG&E shall accrue interest at the rate prescribed for pipeline refunds as provided in Section 154.67(c)(2) of the Federal Energy Regulatory Commission's Regulations under the Natural Gas Act (or any successor thereto).

3.4. Rights and Obligations

3.4.1. Operations: PG&E shall retain the full and exclusive right to operate its Gas Plant in a manner which, in PG&E's sole judgment, is consistent with safe and proper operating conditions, obligations of PG&E to others, laws, and regulations of governmental authorities having jurisdiction, without incurring any liability to Producer.

3.4.2. Tampering: Producer shall not alter, or in any manner disturb, manipulate, or tamper with any Facilities owned or controlled by PG&E.

3.4.3. Gas Pressures: Producer shall deliver Gas at the Receipt Point(s) at the Gas well pressure required by PG&E, which may be up to, but not to exceed the maximum allowable operating pressure (MAOP) in PG&E's Gas Plant downstream of the Receipt Point. PG&E shall have the right to upgrade the MAOP of PG&E's Gas Plant, and in such event Producer shall increase the pressure of its Gas if and to the extent required by PG&E, upon ninety (90) days' written notice to Producer.

3.4.4. Refusal of Gas: PG&E shall have the right, without incurring any liability to Producer, to refuse acceptance of Gas at the Receipt Point(s) when:

(a) Producer is operating Gas Delivery Facilities in a manner which in PG&E's reasonable judgment has or may have an adverse effect on PG&E's operations, Gas Plant or Facilities, or on PG&E's customer's operations or property; or

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(b) Producer's handling or failure to properly collect or dispose of liquids of Producer's Gas Well(s) affects PG&E's operations, Gas Plant, or real property (leased or owned) or any other property of PG&E; or

(c) It is necessary or desirable to test, maintain, modify, enlarge, or repair any facility or property that is part of PG&E's Gas Plant, or related to its operation.

PG&E shall give reasonable notice to Producer prior to the date on which shut-in of Well(s) is required, except for emergency repair which may require an immediate shut-in.

In addition to the rights stated above in this Section 3.4.4., PG&E shall have the right to retire and/or remove all or any portion of PG&E's Facilities at the Receipt Point and to terminate this Agreement effective upon notice to Producer if:

(i) Producer has not delivered Gas, which meets the specifications set forth in this Agreement, through the Measurement Facilities at an average quantity of at least 50 Mcf per day for a period of ninety (90) consecutive days; PG&E may extend the shut-in date if the Producer provides to PG&E in writing reasons acceptable to PG&E as to why production should not be shut-in; or

(ii) Producer has not remedied, within thirty (30) days of PG&E's notice of refusal to accept the Gas, the conditions stated in Paragraphs (a) and/or (b) above, as applicable.

3.5. Volunteered Lines: This Section 3.5 shall apply only if Producer has been delivering Gas through a Volunteered Line. If Producer has been delivering Gas through PG&E's pipeline, specified in Appendix E, PG&E shall have the right to terminate this Agreement for cause at any time with thirty (30) days notice, unless a mutually acceptable arrangement for the delivery of Producer's Gas into PG&E's system has been made prior to such termination.

3.5.1. Control & Possession of Gas: Producer shall be deemed to be in control and possession of Gas produced into the Volunteered Line(s) from the gas well to the upstream fitting where Gas is delivered to PG&E. PG&E shall be deemed in control and possession of the Gas at the downstream fitting of Producer's Gas Delivery Facilities.

3.5.2. Operation of Lines: Notwithstanding the above, if PG&E in its sole discretion desires to operate the Volunteered Line(s) or any portion thereof at a higher pressure, or to have the direction of flow changed, Producer shall shut-in the Well(s) connected thereto during any such work on the Volunteered Line(s), upon thirty (30) days prior written notice to Producer.

3.5.3. Repair and Replacement: If PG&E determines that the Volunteered Line(s) require repair or replacement, PG&E shall provide Producer with a written description of such work and a statement detailing the costs to perform that work, including materials, direct, indirect, and overhead costs. If Producer desires PG&E to proceed with such work, Producer shall, within fifteen (15) business days from the date of PG&E's notice, pay PG&E the amount set forth therein. If Producer does not pay PG&E within fifteen (15) business days of PG&E's notice, PG&E shall have the right to refuse to accept Producer's Gas and to remove or retire all or any portion of the Volunteered Line(s).

3.6. Volume Report: PG&E shall provide Producer, once a month, a report containing the volume of Gas received by PG&E at the Receipt Point(s) for each day of the previous calendar month. If a future separate agreement between Producer and PG&E regarding nominations, balancing, and other issues relating to transportation of the Gas delivered under this Agreement, contains a provision that addresses the subject matter of this Section 3.6, the provision of such other agreement shall supersede this Section 3.6.

Article 4

4. Gas Quality

4.1. Gas Quality Requirements: Producer represents, warrants and guarantees that the Gas delivered to PG&E for transportation under this Agreement shall meet the following requirements:

4.1.1. Rule 21: Gas shall be merchantable pipeline quality Gas and shall conform to the quality specifications as prescribed in Rule 21(C) of PG&E's CPUC approved Tariff Schedule (Rule 21), as amended from time to time; and

4.1.2. Unnatural Substances: Gas shall not contain any substances that are not naturally contained in natural gas, excepting only those substances which PG&E specifies as additives for operating or Gas compatibility reasons; and

4.1.3. Heating Value: Gas shall have a Heating Value within the Operation BTU level required by PG&E for its pipeline system at the Receipt Point. PG&E may refuse to accept all or any portion of Gas of which the Btu content has significantly changed since the back pressure test and gas sample collections referred to herein.

4.1.4. Indemnity: If the Gas delivered to PG&E under this Agreement fails to meet the requirements of this Article, Producer shall indemnify and hold PG&E harmless against and from all losses, costs, damages, claims, suits, and liabilities arising out of or in connection with such failure.

4.2. Gas Quality Testing: Tests to determine the quality of the Gas delivered to PG&E may be performed by PG&E at any time. If Gas delivered by Producer fails to fully conform to the Gas quality specifications as stated herein, then PG&E may refuse to accept the Gas upon notice to Producer of any such failure. Producer shall revise any outstanding nominations for the affected Receipt Points to reflect no deliveries. Producer shall not resume deliveries of Gas until PG&E is satisfied that the problems

have been corrected and that the Gas conforms to the applicable quality specifications. PG&E's acceptance of Gas that does not conform to the specifications stated herein shall not constitute a waiver of the Gas quality specifications stated in this Agreement or any remedies of PG&E or obligations of Producer with respect to such a nonconformity.

4.3. Refusal of Gas: PG&E shall have the right, without incurring any liability to Producer, to refuse acceptance of Gas at the Receipt Point(s) when the Gas does not meet the temperature, delivery pressure, or quality specifications described in this Agreement.

Article 5

5. Measurement and Tests

5.1. Measurement and Computation: The volume of Gas delivered under this Agreement shall be measured by orifice meter(s), and computations made, as prescribed in the American National Standards Institute/American Petroleum Institute 2530 (ANSI/API 2530), also published as A.G.A. Report No. 3 as revised from time to time.

5.2. Custody, Maintenance and Records: Except as otherwise set forth in Section 2.3, during the term of this Agreement, all Measurement Facilities shall be in the sole custody and control of PG&E. The reading, calibration, and adjustment of Measurement Facilities and changing of charts, if required, shall be performed by PG&E or its agent at intervals determined by PG&E. The records from Measurement Equipment shall remain the property of PG&E, but Producer shall have access to PG&E's Meters relating to this Agreement and shall be allowed to inspect all charts or other records of measurement pertaining to the Gas delivered into PG&E's Gas Plant under this Agreement, at any reasonable time, for the purpose of verifying their accuracy. PG&E shall preserve, for a period of at least three (3) years, all test data, charts, and/or other records of Gas measurements. Transfer of Gas custody shall occur at the meter.

5.3. Meter Accuracy Verification: Producer may request at any time, but not exceeding two (2) times in any calendar year, that the accuracy of PG&E's Measurement Equipment be verified by testing. Producer may witness requested tests. Producer may not alter or in any manner disturb, manipulate, or tamper with any equipment or Facilities owned or controlled by PG&E. Within a reasonable time of such a request, PG&E will give at least two (2) working days prior notice to Producer of the time and date of the test. If upon such requested verification the measurement equipment is determined to be registering correctly, as specified in PG&E's Tariff Rule 17, or in any amendment thereto, the cost of such requested verification shall be charged to and paid by Producer, and no recalculation of quantities delivered shall be made.

If an inaccuracy of greater than specified in Rule 17 is discovered, PG&E will bear the cost of such test, and volume adjustments will be made pursuant to Section 5.5 of this Agreement.

5.4. Manufacturer's Specifications: Flow measurement and volume computations will be made by PG&E within the accuracy prescribed by the manufacturer of the measurement and computing equipment.

5.4.1. Gas Temperature: Flowing gas temperature shall be continuously measured or recorded. If a temperature chart recorder is used, the arithmetical average temperature recorded during each day shall be used for volume computations.

5.4.2. Sampling: Relative density (G), carbon dioxide (CO₂), nitrogen (N₂) and Heating Value, shall be determined, from time to time as deemed to be required by PG&E, from samples taken by PG&E at the Measurement Facilities. Determination of Heating Value and relative density by compositional analysis shall comply with the methods specified in the American Society for Testing and Materials ASTM D 3588, as revised from time to time. The physical properties of the constituent gases used to calculate Heating Value and relative density shall be taken from the Gas

Processors Association GPA 2145, as revised from time to time. Chromatography, calorimeters, densitometers, or other means acceptable in the industry may be used to determine Heating Value or relative density of the Gas.

5.4.3. Atmospheric Pressure: The average atmospheric (barometric) pressure shall be assumed to be 14.73 psia at sea level. Corrections for higher elevations shall be determined by PG&E by using an industry acceptable equation or by taking actual measurements at the point of measurement.

5.4.4. Gas Compressibility: Gas Compressibility shall be calculated at the flowing pressure and temperature under which Gas is metered in accordance with the recommendations contained in A.G.A. Report No. 8, "Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gasses", as amended from time to time. If a chart recorder is used, the average flowing pressure and temperature for the day may be used to calculate an average compressibility for that day.

5.4.5. Other Tests: Tests for other quality parameters of the Gas delivered hereunder shall be made from time to time by PG&E using approved standard methods acceptable in the industry.

5.4.6. Service Fees: The Parties may execute a Service Fee Agreement if operational services, that are different from or in addition to the normal service provided by PG&E, are requested by Producer and provided by PG&E in PG&E's sole discretion.

5.5. Inaccuracies: If an inaccuracy is discovered at any time, or if a Meter is out of service, the following action will be taken for volume correction or determination:

5.5.1. Incorrect Constant: When the inaccuracy is a result of using an incorrect constant value in the volume calculation, the quantity of metered gas shall be recalculated. If the duration of the error cannot be determined, the adjustment shall be made based on one-half of the time since the last Meter and instrument inspection, or three months, whichever is the shorter period of time. Examples of using incorrect constant values include, but are not limited to, basing calculations on

the incorrect orifice plate size, orifice tube size, differential pressure range, or static pressure range.

5.5.2 Incorrect Calibration: When the inaccuracy is a result of errors in the calibration or operation of flow computers, transducers, recorders, or measurement devices for relative density or Heating Value, that result in an error greater than that specified in PG&E's Tariff Rule 17, as revised from time to time (at a reading corresponding to the average rate of flow for the period since the preceding test) the quantity of Gas shall be recalculated. Recalculations, due to differential pressure calibration errors, shall be limited to inaccuracies greater than that specified in Tariff Rule 17, of the transducers' or recorders' full scale reading. If the percentage of error is not ascertainable by calibration, test, or mathematical calculation, the correction shall be made by PG&E by estimating the quantity or quality of Gas delivered based upon deliveries under similar conditions during a period when the equipment was deemed to be registering accurately. Where the duration of the inaccuracy in measurement is not known or agreed upon, the period of inaccuracy shall be deemed to be one-half of the time elapsed since the date of the last test or three (3) months, whichever is the shorter period of time. Basis for calculation specified in this section may be modified by a PG&E Rule or applicable standard.

5.5.3 Pulsation Induced Errors: When the inaccuracy is caused by compressor induced pulsations and the measurement error is greater than one percent (1%), the quantity of metered gas shall be recalculated based on the percent error determined by a Square Root Error Indicator developed by the Southern Gas Association's Pipeline Compressor Research Committee. If the duration of the error cannot be determined, the adjustment shall be made based on one-half of the time since the last pulsation check, or three months, whichever is the shorter period of time.

Article 6

6. Compression: In the event that Producer owns, or at some future time installs compressor plants upstream of the Measurements Facilities, in order to deliver gas to PG&E's Gas Plant, the following shall apply:

6.1. Operation: Producer shall install and operate its compressor so that its operation will not adversely affect PG&E's Gas, Gas Plant, or customers, or impair the accuracy of the measurement of the Gas at the Meter. Producer shall eliminate compressor induced pulsation or vibration before Gas is passed through PG&E's Meter. PG&E shall not be required to take Gas if compressor induced pulsation and/or vibration exists.

Article 7

7. General Conditions

7.1. Term: This Agreement shall be effective from the date of execution by PG&E and shall, subject to the termination rights contained herein, continue in full force and effect for a period of one (1) year from that date (the "Initial One Year Period") and thereafter until it is terminated as provided in this Agreement.

7.2. Termination:

(a) Termination for Convenience: Either Party may terminate this Agreement after the Initial One Year Period upon thirty (30) days written notice.

(b) Termination for Cause: Either Party may terminate this Agreement during or after the Initial One Year Period, immediately upon notice: (i) if the other Party is in breach of this Agreement; or (ii) if the portion of PG&E's gathering system to which Producer's Delivery Facilities are connected is sold by PG&E; or (iii) if the CPUC or the FERC at any time asserts (1) that Producer is a public utility or subject to regulation by such a regulatory body, or (2) that such a regulatory body may prevent

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PG&E from complying with this Agreement; or (iv) if any state or federal legislation, decision or rule of any governmental authority, enacted or issued after the effective date of this Agreement, affects either Party or this Agreement in a manner that is unacceptable to either Party.

(c) Additional Termination Rights: PG&E may also, during or after the Initial One Year Period, terminate this Agreement as provided in this Section 7.2(c) or in other Articles of this Agreement.

Producer acknowledges that PG&E is a public utility regulated by the CPUC, that PG&E's Gas transportation services are exempt from the jurisdiction of the FERC pursuant to Section 1(c) of the Natural Gas Act (15 U.S.C. § 717(c)) commonly referred to as the "Hinshaw Amendment," and that PG&E has received a "blanket certificate" from the FERC pursuant to 18 CFR §284.224. Producer agrees that if at any time the CPUC, the FERC, a court, or PG&E, determines that PG&E's status as aforesaid is or may be affected in any respect as a result of this Agreement or the transportation of Gas delivered into PG&E's Gas Plant pursuant to this Agreement, PG&E may, in its sole discretion, refuse to perform such transportation services and/or refuse to accept Producer's Gas under this Agreement, and/or terminate this Agreement upon ten (10) days written notice.

If Producer breaches a term or condition of this Agreement, or fails to comply with all applicable laws, rules, regulations, orders, ordinances, and codes, including any existing or future applicable tariffs or schedules, and Producer does not immediately correct such breach or failure, then in addition to all remedies provided by law or by this Agreement, PG&E shall have the right, without notice, to: (1) refuse to accept Producer's Gas into PG&E's Gas Plant and suspend its performance under this Agreement until the breach or failure has been corrected and PG&E has been fully compensated for all damages and costs incurred, and/or (2) terminate this Agreement, prior to or following such a suspension.

(d) Certain Rights and Obligations: Termination of this Agreement shall not release either Party from its obligation to make payments or compensate the other Party for damages or costs, if any are due or have been incurred.

Upon termination of this Agreement, PG&E shall have the right to disconnect from PG&E's Gas Plant the Facilities used to receive Producer's gas.

7.3. Survival: The following Sections shall survive the termination of this Agreement: 4.1.4, 7.2, 7.4, 7.5, 7.6, 7.7, 7.9, 7.10, 7.11, and 7.18. All other provisions of this Agreement, which by their nature or content are intended to survive termination of this Agreement, shall also survive.

7.4. WARRANTY DISCLAIMER: ALL INSTALLATION, CONNECTION, MAINTENANCE AND OTHER SERVICES PERFORMED BY PG&E AND MATERIAL, EQUIPMENT AND FACILITIES INCLUDING BUT NOT LIMITED TO MEASUREMENT EQUIPMENT AND VOLUNTEERED LINES PROVIDED BY PG&E OR MADE AVAILABLE BY PG&E FOR USE, IN CONNECTION WITH THIS AGREEMENT, ARE PROVIDED "AS IS," WITHOUT ANY WARRANTIES, EXPRESS, IMPLIED OR STATUTORY. ALL WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED BY PG&E INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NO WARRANTIES SHALL APPLY TO ANY SERVICES, MATERIAL, EQUIPMENT OR FACILITIES PROVIDED BY PG&E OR MADE AVAILABLE BY PG&E UNDER THIS AGREEMENT.

7.5. Exclusive Remedy: In lieu of all warranties express, implied, or statutory, PG&E's sole obligation and total liability, and Producer's sole and exclusive remedy, relating to or arising out of the installation or connection of equipment or Facilities or the furnishing of equipment, material, or Facilities or of any services by PG&E, shall be limited, at PG&E's option, to (1) reperformance of the installation or connection work or other services at PG&E's expense up to a cost equal to the amount paid by Producer for such installation or connection work, or other services, excluding any amounts paid for equipment, material or Facilities or other costs, or (2) a refund by PG&E to Producer of an amount equal to the amount paid to PG&E by Producer for said installation or connection work or other services, excluding any other costs, or (3) a refund of the amount paid by Producer to PG&E for equipment, material or Facilities, as applicable.

Except as specifically stated above in this Paragraph 7.5, PG&E shall have no obligation or liability and shall be released from any and all liability for losses, costs or damages of

any kind with respect to or arising out of installation or connection work, or other services, equipment, material or Facilities installed, connected, or in any way provided by PG&E or made available by PG&E pursuant to this Agreement, whether arising in contract, tort (including negligence), strict liability, warranty, or otherwise.

7.6. CONSEQUENTIAL DAMAGES: IN NO EVENT, SHALL EITHER PRODUCER OR PG&E BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION LOST PROFITS OR REVENUES, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, WARRANTY, OR OTHERWISE, AND WHETHER OR NOT SUCH DAMAGES ARE FORESEEABLE.

7.7. Governmental Authority: This Agreement shall at all times be subject to all applicable present and future rules, tariffs and schedules of PG&E, and to all valid legislation with respect to the subject matter hereof, either state or federal, and to all valid present and future decisions, rules, regulations, orders and ordinances of all duly constituted governmental authorities having jurisdiction; this Agreement shall at all times be subject to any and all amendments to such rules, tariffs, and schedules of PG&E, legislation, and decisions, rules, regulations, orders and/or ordinances of governmental authorities.

If at any time the CPUC or any branch thereof issues a finding or opinion, formal or informal, that this Agreement is inconsistent with CPUC rules, regulations, decisions, or policy, then this Agreement shall be amended to eliminate any inconsistency. This Agreement shall at all times be subject to such changes or modifications by the CPUC as it may from time to time direct in the exercise of its jurisdiction.

PG&E will file for CPUC approval of all or part of this Agreement, and this Agreement shall be subject to such approval.

7.8. Compliance with Laws: Producer shall comply with all applicable federal, state and local laws, rules, regulations, ordinances and codes and shall obtain all applicable licenses and permits for the conduct of its business and the performance of this Agreement.

7.9. Environmental Indemnification: Producer shall indemnify, defend, and hold PG&E harmless against and from all claims, suits, liabilities, damages, costs (including attorney's fees), expenses, fines and penalties, and all applicable judicial, administrative, and regulatory decrees, directives, judgments, and orders resulting from, or arising out of or in connection with any environmental contamination or any violation of environmental or other laws, regulations, rules, ordinances, codes, orders, directives and similar items of all appropriate governmental authorities relating to Producer's Property used by PG&E for the installation and operation of Facilities pursuant to this Agreement, to the extent that such claims, suits, liabilities, damages, costs, expenses, fines or penalties arise out of or result from or in connection with: (1) causes or events occurring prior to PG&E's use of the Property, or (2) acts or omissions of Producer, its parent, agents, employees, contractors or successors, occurring at any time. For purposes of this paragraph, "Property" shall mean any property, real or personal, in or to which Producer owns or hold any rights including easements, licenses, rights-of-way or any other contractual or real property rights.

7.10. Arbitration

7.10.1. Disputes: Any disputes arising out of or related to the interpretation or performance of the provisions of this Agreement, which cannot be settled by the Parties within a reasonable time, may be submitted by either Party to binding arbitration.

7.10.2. Appointment of Panel: All disputes to be arbitrated shall be submitted to and decided by a panel of three arbitrators: one to be appointed by Producer, one by PG&E, and the third one to be chosen by the two arbitrators appointed by the Parties. If either Party shall fail or refuse to appoint an arbitrator within thirty (30)

California Production Interconnection and Operating Agreement

days, after written notice has been given to it by the other party naming the latter's arbitrator, the Party giving such notice shall have the right to request the Presiding Judge of the Superior Court of the State of California in and for the City and County of San Francisco to appoint an arbitrator for the other party so in default.

If the two arbitrators thus chosen shall be unable to agree upon a third arbitrator within thirty (30) days, such arbitrator shall be appointed, upon application of either party, by the Presiding Judge of the Superior Court of the State of California in and for the City and County of San Francisco. Except as otherwise specifically provided in this Section 7.10, any arbitration shall be subject to the provisions of Title 9 of Part 3 of the Code of Civil Procedure of the State of California.

7.10.3. Venue for Arbitration and Costs: Venue for arbitration hereunder shall be the City and County of San Francisco unless another location is unanimously selected by the arbitrators. The cost of the arbitrator appointed by Producer shall be paid for by Producer; the cost of the arbitrator appointed by PG&E shall be paid for by PG&E; and the cost of the third arbitrator and any attendant costs shall be borne equally by Producer and PG&E. Each Party shall bear its own attorney's fees and other expenses in connection with such arbitration.

7.10.4. Binding Decision: The decision of a majority of the arbitrators, after a hearing at which the Parties shall have an opportunity to be heard and to introduce evidence, shall be binding upon the Parties hereto and judgment thereon may be entered in any court of competent jurisdiction.

7.10.5. Jurisdiction, Choice of Litigation Location: Any suit or action brought between the Parties relating to this Agreement shall be litigated only in a California State Court of competent jurisdiction or, if jurisdiction over the action cannot be obtained in a California State Court, in a Federal Court of competent jurisdiction situated in the State of California.

7.11. Governing Law: This Agreement shall be governed and interpreted in accordance with the laws of the State of California, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

7.12. Easements and Rights of Way: Producer shall grant and assign to PG&E, insofar as Producer has the right to do so, and without any charge to PG&E, all necessary easements and rights-of-way for the installation, operation, maintenance, replacement, and/or removal of pipelines and Facilities necessary or convenient to the receipt and the measurement of Gas covered by this Agreement.

7.13. Force Majeure: Neither PG&E nor Producer shall be considered in default in the performance of its obligations under this Agreement, except obligations to make payments hereunder, to the extent that the performance of any such obligation is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of the affected Party. Causes beyond the reasonable control of a Party shall include, but not be limited to, acts of God, a public enemy, or a governmental authority, strikes, lockouts, riots, rebellions, injunctions, breakage of or accident to wells, machinery, equipment, or lines of pipe, washouts, earthquakes, floods, storms, extreme weather conditions, freezing of lines, or any cause or causes of whatsoever nature (whether like or unlike those herein enumerated) beyond the reasonable control of either Party. In the event either Party claims that performance of its obligations was prevented or delayed by any cause beyond its reasonable control, that Party shall promptly notify the other Party of the circumstances preventing or delaying performance. Such Party so claiming a cause-delayed performance shall endeavor, to the extent reasonable, to remove the obstacles which preclude performance.

7.14. Waivers: No waiver, expressed or implied, by either Party, of any default by the other Party in the performance of its obligations hereunder shall be deemed or construed to be a waiver of any other or subsequent default whether of like or different nature. A failure of either Party to declare the other Party in default, regardless of how long such failure continues, shall not constitute a waiver by such Party of any of its rights hereunder.

California Production Interconnection and Operating Agreement

7.15. Amendments and Modifications: Except as otherwise specifically set forth in this Agreement, this Agreement may be amended or modified only by an instrument in writing executed by all Parties hereto.

7.16. Enforceability: In the event that one or more of the provisions contained in this Agreement, shall for any reason be invalid, illegal or unenforceable, in any respect, this shall not affect any other provision contained in this Agreement.

7.17. Ambiguities: Any ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but shall be construed in a manner which most accurately reflects the intent of the Parties at the time of its execution.

7.18. Headings: The headings of this Agreement are for convenience only and shall not vary the meaning of the text.

7.19. Notices: Except as otherwise provided herein, any notice, request, demand, or statement ("Notice") regarding this Agreement, including notices of Arbitration, shall be in writing and deemed given when deposited in the United States mail, postage prepaid, directed to the address of the Parties as follows:

Producer Address

Telephone: () _____

Attention: _____

Telecopier: () _____

Telephone: (925) 244-3439
Facsimile: (925) 244-3544
Attn.: Product Management

Pacific Gas and Electric Company
6121 Bollinger Canyon Road
4th Floor
San Ramon, CA 94583
Tel: (925) 244-3527
Attn: Product Management

California Production Interconnection and Operating Agreement

Notices may also be given by facsimile or other electronic transmittal, provided that such facsimile or electronically conveyed Notice is confirmed in writing and delivered as aforesaid within three (3) days of the facsimile or other electronic Notice. Routine communications may be exclusively communicated by facsimile or other electronic means.

Either Party may from time to time change its address for Notices upon a thirty (30) day prior Notice, given pursuant to this Article 7.19.

7.20. Assignments: The rights and obligations of the Parties hereunder shall bind and benefit the Parties' successors and assigns; provided, however, that neither Party may assign its rights or delegate its obligations hereunder, without first obtaining the written consent of the other Party, except for an assignment of the entire interest in this agreement of the assigning Party (an assignment of all rights coupled with a delegation of all of the obligations of such Party under this Agreement) to a corporate parent or affiliate of the assigning Party or to an entity succeeding to all or substantially all of the business, properties or assets of the assigning Party related to or directly used in the performance of this Agreement. An assignment pursuant to the aforesaid exception shall become effective on the date of notice thereof to the other Party. For purposes of this Paragraph 7.20, "affiliate" shall mean any corporation, partnership, or other legal entity, which controls, is controlled by, or is under common control with the Party making the assignment, and fifty percent (50%) or more of the equity shall constitute "control." Assignment of this Agreement shall not release Producer from any of its obligations under this Agreement, unless such release is agreed to in writing by PG&E and by the assignee.

7.21. Appendices: All of the following appendices and exhibits attached hereto are incorporated herein by reference:

Appendix A; Appendix B; Appendix D; Appendix F

California Production Interconnection and Operating Agreement

7.22. Separate Agreement: Producer acknowledges and agrees that terms and conditions governing nominations of Producer's Gas for transportation, balancing of Gas accounts, and other provisions relating to the transportation of Producer's Gas on PG&E's system, shall be governed by a separate California Production Balancing Agreement (CPBA); therefore, Producer agrees to appoint an Authorized Agent, as defined in the CPBA, and to execute a standard "Appointment of Authorized Agent" (Attachment 1 to the CPBA) for that purpose, as soon as CPUC approval of the CPBA becomes effective .

IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized representatives of the Parties hereto.

Pacific Gas and Electric Company

xxxxxxxxxxxxxxxxxxxxxxxxxxxx

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

CPIOA referenced appendices

Appendix A –Lists Producer owned wells and the appointed Physical Operator

Appendix B – Producer appoints its Nomination's Agent

Appendix C – PG&E General Specifications (as applicable)

Appendix D – Operations and Maintenance Fee

Appendix E – Volunteered Lines (as applicable)

Appendix F – Application Fee

Appendix G – Surviving Provisions (as applicable)



APPENDIX A – 1
Meter # – Meter Name

CALIFORNIA PRODUCTION
INTERCONNECTION AND OPERATING AGREEMENT
NUMBER _____

APPOINTMENT OF PRODUCER’S PHYSICAL OPERATOR

Producer hereby designates, appoints and authorizes as Physical Operator for the above-referenced meter:

Name:	
Address:	
City, State:	Zip Code:
Contact:	Telephone No.:
Cell or Emergency No.:	Telecopier:

In addition, the Operating Agent for the well(s) behind the meter is/are:

Name:	
Address:	
City, State:	Zip Code:
Contact:	Telephone No.:
Cell or Emergency No.:	Telecopier:
Applicable Well(s) Behind Above-Referenced Meter:	



APPENDIX B - 1

California Production Interconnection and Operating Agreement _____
Date – Meter # – Meter Name

APPOINTMENT OF PRODUCER’S NOMINATION AGENT

The undersigned Producer hereby designates, appoints and authorizes:

Name: _____
Address: _____
City, State: _____ Zip Code _____
Contact: _____ Phone No.: _____
Alternate No.: _____ Telecopier: _____

as the Producer’s sole agent with exclusive authority to nominate gas deliveries to PG&E, from Producer’s well(s) specified on the reverse side hereof, on behalf of the Producer. Said agent shall hereafter be referred to as the “Producer’s Nominations Agent.”

PG&E may rely on, and the Producer shall be bound by, all nominations made by the Producer’s Nominations Agent. The Producer shall indemnify PG&E and hold PG&E harmless from all losses, damages, claims, and liabilities resulting from PG&E’s reliance upon nominations, actions, or omissions of the Producer’s Nominations Agent.

By signing this document, the Producer shall not be released from any of its obligations under the California Production Interconnection and Operating Agreement.

Producer represents that the person executing this document is duly authorized to do so.

Producer: _____ (Name of Producer)
By: _____
Title: _____
Signature: _____
Date: _____



APPENDIX B - 1

California Production Interconnection and Operating Agreement _____
Date – Meter # – Meter Name

APPOINTMENT OF PRODUCER’S NOMINATION AGENT

Well(s) that are subject to the Appointment of Producer’s Nominations Agent on the reverse side hereof:

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____
- 9. _____
- 10. _____
- 11. _____
- 12. _____



APPENDIX D

OPERATION AND MAINTENANCE FEE

As set forth in Article 3 of the Agreement, PG&E will calculate the Operation and Maintenance fee based on PG&E's good faith estimate of PG&E's ongoing costs to operate, maintain, and modify PG&E's facilities, pipelines, and equipment necessary to accept Producer's Gas. Such Operation and Maintenance Fee shall include, but is not limited to, meter reading and calibration, gas sampling and analysis, pipeline maintenance, operation and protection, odorization, other pipeline and metering equipment operation, maintenance and calibrations direct and indirect expenses, and administrative and general office allocated costs.

Producer agrees to pay the Operating and Maintenance Fee as follows:

- a) Commencing in the month of first deliveries hereunder, Producer shall pay the amount stated for each of the Receipt Point(s) in Appendix D. If any of the Receipt Point(s) is shared with others, the applicable fee will be a pro rata portion of the total Operation and Maintenance Fee applicable to the Gas received by PG&E at such Receipt Point(s).
- b) The monthly Operation and Maintenance Fee may be redetermined by PG&E from time to time. PG&E shall in good faith establish the monthly Operation and Maintenance Fee which shall reasonably approximate the operation and maintenance costs incurred by PG&E to accept Producer's Gas deliveries into PG&E's Gas Plant. Such redetermination may, at PG&E's option, be calculated based on PG&E's estimated average expenses for gas received under comparable conditions and/or adjusted to reflect increased or decreased costs of operation and maintenance as described above.



*Pacific Gas and
Electric Company*

- c) The redetermined monthly Operation and Maintenance Fee shall become the fee Producer shall pay PG&E, effective on the first Day of the Month following PG&E's written notice to Producer and shall remain in effect until PG&E determines, in its sole discretion, that redetermination of the monthly Operation and Maintenance Fee is again warranted.



Appendix F
Sheet 1

PRODUCER APPLICATION FEE ANALYSIS

Position	Time Hrs.	Rate/Hr.	Amount
Gas Well Team Leader	1.00	\$106.09	106.09
Gas Producer Representative	2.00	\$106.09	212.18
Gas Engineer/Planner	4.00	\$106.09	424.36
Gas Reservoir Engineering	12.00	\$ 81.01	972.12
Gas Estimating	4.00	\$ 58.11	232.44
Gas Systems Operations	0.50	\$ 73.23	36.615
Field Operations	1.00	\$66.30	66.3
Legal	0.50	\$127.31	63.655
Gas Quality Review	0.50	\$81.38	40.69
		Total	\$2,154.45

APPENDIX F
Sheet 2

WELL CONNECTION HOURLY RATES SCHEDULE

Position	Rate/Hr.
Gas Well Team Leader	\$106.09
Gas Producer Representative	\$106.09
Gas Engineer/Planner	\$106.09
Gas Reservoir Engineering	\$81.01
Gas Estimating	\$58.11
Gas Systems Operations	\$73.23
Field Operations	\$66.30
Legal	\$127.31
System Standard Management (Gas Quality, Mea	\$81.38
Station Engineering	\$81.01
Transmission & System Planning	\$81.60
Pipeline Corrosion	\$91.21
Environmental Services	\$74.95
Acquisition & Litigation Services (Land)	\$78.00
GC Construction Services	\$68.79
Capital Investment Support Mapping	\$49.42
CES (Engineering, Planning, Marketing)	\$90.13
Contract (Liquid Removal, Equipment Rental)	\$250.00

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

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