

Execution Version

POWER PURCHASE AGREEMENT

BETWEEN

IBERDROLA RENEWABLES, LLC

AND

CITY OF RIVERSIDE

DATED JULY __, 2015

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS AND INTREPRETATION	
Section 1.1 Definition	1
Section 1.2 Interpretation.....	10
ARTICLE II EFFECTIVE DATE, TERM, AND EARLY TERMINATION	
Section 2.1 Effective Date	11
Section 2.2 Agreement Term and Delivery Term.....	11
Section 2.3 Survivability.....	12
Section 2.4 Early Termination	12
ARTICLE III PURCHASE AND SALE OF PRODUCTS	
Section 3.1 Product	12
Section 3.2 PCC-1 Product	12
Section 3.3 PCC-2 Product	12
Section 3.4 Minimum PCC-2 Contract Volume	13
ARTICLE IV CONTRACT PRICE	
Section 4.1 Contract Price.....	13
ARTICLE V DELIVERY TERM SECURITY	
Section 5.1 Seller's Delivery Term Security	13
ARTICLE VI TRANSMISSION AND SCHEDULING	
Section 6.1 General	15
Section 6.2 Scheduling and Accounting of Energy and RECs	15
Section 6.3 Transmission Curtailment.....	16
Section 6.4 Buyer's Curtailment.....	17
Section 6.5 Non-Excused Curtailment.....	17
Section 6.6 Termination for Excessive Non-Excused Curtailment	18
Section 6.7 Title; Risk of Loss.....	18
ARTICLE VII ENVIRONMENTAL ATTRIBUTES; EPS AND RPS COMPLIANCE	
Section 7.1 Transfer of Environmental Attributes	18
Section 7.2 Reporting of Ownership of Environmental Attributes.....	19
Section 7.3 Environmental Attributes	19
Section 7.4 Use of Accounting System to Transfer Environmental Attributes.....	19
Section 7.5 Further Assurances.....	20
Section 7.6 Regulatory Compliance	20
Section 7.7 Compliance Reporting	21
Section 7.8 RPS Verification Penalty	21

TABLE OF CONTENTS
(continued)

	<u>Page</u>
ARTICLE VIII BILLING; PAYMENT; AUDITS, TAX	
Section 8.1 Billing and Payment.....	21
Section 8.2 Quantity, Invoices and Payment	21
Section 8.3 Disputed Invoices.....	23
Section 8.4 Right of Setoff.....	23
Section 8.5 Records and Audits	23
Section 8.6 Taxes	23
Section 8.7 Taxpayer Identification Number (TIN)	24
ARTICLE IX REPRESENTATIONS AND WARRANTIES	
Section 9.1 Representations and Warranties of Buyer.....	24
Section 9.2 Representations and Warranties of Seller	25
ARTICLE X DEFAULT; TERMINATION AND REMEDIES;	
Section 10.1 Default.....	26
Section 10.2 Default Remedy	28
Section 10.3 Termination for Default	29
ARTICLE XI MISCELLANEOUS	
Section 11.1 Authorized Representative.....	30
Section 11.2 Notices	31
Section 11.3 Dispute Resolution.....	31
Section 11.4 Further Assurances.....	31
Section 11.5 Force Majeure	32
Section 11.6 Assignment of Agreement	33
Section 11.7 Ambiguity	33
Section 11.8 Attorney Fees & Costs	34
Section 11.9 Voluntary Execution	34
Section 11.10 Entire Agreement; Amendments.....	34
Section 11.11 Governing Law	34
Section 11.12 Venue	34
Section 11.13 Execution in Counterparts.....	34
Section 11.14 Effect of Section Headings	35
Section 11.15 Non-Waiver.....	35
Section 11.16 Relationship of the Parties	35
Section 11.17 Third Party Beneficiaries	35
Section 11.18 Indemnification; Limit of Liability; Damage or Destruction; Condemnation	35
Section 11.19 Severability	36
Section 11.20 Confidentiality	36
Section 11.21 Mobile-Sierra	37
Section 11.21 Waiver of Immunities	38

Appendices

APPENDIX A – ELIGIBLE RENEWABLE ENERGY RESOURCES

APPENDIX B – HEAVY LOAD SCHEDULE

APPENDIX C - BUYER AND SELLER BILLING, NOTIFICATION AND SCHEDULING
CONTACT INFORMATION

APPENDIX D – [RESERVED]

APPENDIX E - FORM OF LETTER OF CREDIT

APPENDIX F – ANNUAL CONTRACT VOLUME

POWER PURCHASE AGREEMENT

PARTIES

THIS POWER PURCHASE AGREEMENT (this "*Agreement*"), dated this ____ day of _____, 2015, is being entered into by and between CITY OF RIVERSIDE, a California charter city and municipal corporation hereinafter designated as "City" or "*Buyer*", and Iberdrola Renewables, LLC, a limited liability company organized and existing under the laws of the State of Oregon, hereinafter designated as "*Seller*." Each of Buyer and Seller is referred to individually in this Agreement as a "*Party*" and together they are referred to as the "*Parties*."

RECITALS

WHEREAS, Buyer desires to increase the amount of energy that Buyer provides to its retail customers from eligible renewable energy resources in compliance with the California Renewable Energy Resources Act; and

WHEREAS, Seller is a wholly owned, indirect subsidiary of Iberdrola S.A. ; and

WHEREAS, Seller or Seller's Affiliate owns, operates, or purchases power from certain *ERERs* listed in Appendix A as updated from time to time; and

WHEREAS, Seller is able to source energy in WECC and schedule such energy into a California Balancing Authority; and

WHEREAS, Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, certain energy and environmental attributes; and

WHEREAS, the Parties desire to set forth the terms and conditions pursuant to which such sales and purchases shall be made.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein, and the mutual covenants and agreements herein set forth, the Parties agree as follows:

Article I

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. The following terms in this Agreement and in the appendices hereto shall have the following meanings when used with initial capitalized letters:

"**AC**" means alternating current.

"**Affiliate**" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with, such Person or is a director or officer of such Person or of any such other Person. A Person shall be deemed to be "controlled by" another Person if such other Person holds or beneficially owns, directly or indirectly, fifty

percent (50%) or more of the equity interests in the Person specified, or fifty percent (50%) or more of any class of voting securities of the Person specified.

“Agreement” has the meaning set forth in the preamble of this Agreement.

“Agreement Term” has the meaning set forth in Section 2.2.

“Annual Contract Volume” means, for each Contract Year, the total number of MWh set forth in the last column of the table in Appendix F.

“Authorized Auditors” means representatives of Buyer or Buyer’s Authorized Representatives who are authorized to conduct audits on behalf of Buyer.

“Authorized Representative” means, with respect to each Party, the Person designated as such Party’s authorized representative pursuant to Section 11.1.

“Bankruptcy” means any case, action or proceeding under any bankruptcy, reorganization, debt arrangement, insolvency or receivership law or any dissolution or liquidation proceeding commenced by or against a Person and, if such case, action or proceeding is not commenced by such Person, such case or proceeding shall be consented to or acquiesced in by such Person or shall result in an order for relief or shall remain undismissed for 60 days.

“Blended REC Premium” has the meaning set forth in Section 4.1(b).

“BPA” means the Bonneville Power Administration.

“BPA Tariff” means the BPA (Transmission Service) Open Access Transmission Tariff, effective May 28, 2014, as such tariff is amended supplemented or replaced (in whole or in part) from time to time.

“Brown Act” has the meaning set forth in Section 11.20(d).

“Business Day” means any day that is not a Saturday, a Sunday, or a day on which commercial banks are authorized or required to be closed in Los Angeles, California or New York, New York.

“Buyer” has the meaning set forth in the preamble of this Agreement.

“Buyer’s Compliance Obligations” has the meaning set forth in Section 7.6(b).

“Buyer’s Curtailment” has the meaning set forth in Section 6.4.

“Buyer’s Excused Curtailment” has the meaning set forth in Section 6.5(b).

“Buyer’s Non-Excused Curtailment” has the meaning set forth in Section 6.5(b).

“Buyer’s Sink” shall be MLAP_RVSD.

“CAISO” means the California Independent System Operator.

“CAISO Tariff” means the CAISO FERC Electric Tariff, Fifth Replacement Volume, including the rules, protocols, procedures and standards attached thereto, as the same may be amended, supplemented or replaced (in whole or in part) from time to time, and approved by FERC.

“CAMD” means the Clean Air Markets Division of the EPA and any other state, regional or federal or intergovernmental entity or Person that is given authorization or jurisdiction or both over a program involving the registration, validation, certification or transferability of Environmental Attributes.

“CEC” means California’s State Energy Resources Conservation and Development Commission, also known as the California Energy Commission, and any successor agency thereto.

“CEC Certified” or **“CEC Certification”** means certification by the CEC of a facility to be considered an eligible renewable energy resource in accordance with Public Utilities Code Section 399.12(e) and the seventh edition of the CEC RPS Eligibility Guidebook, as amended from time to time, and any successor statute.

“CEC Performance Standard” means, at any time, the applicable greenhouse gas emissions performance standard in effect at such time established by the CEC or Governmental Authority for baseload electric generation facilities that are owned or operated (or both) by local publicly-owned electric utilities, or for which a local publicly-owned electric utility has entered into a contractual agreement, whether directly or through a joint powers agency for the purchase of power from such facilities.

“Change in Law” means a change in any federal, state, local or other law (including any environmental laws, RPS Law or EPS Law), resolution, standard, code, rule, ordinance, directive, regulation, order, judgment, decree, ruling, determination, permitting conditions, certification conditions, authorization, approval of a Governmental Authority or WREGIS, including the adoption of any new law, resolution, standard, code, rule, ordinance, directive, regulation, order, judgment, decree, ruling, determination, permit, certificate, authorization, or approval.

“Compliance Costs” has the meaning set forth in Section 7.6(d)

“Compliance Reporting Data” means the data Seller provides to Buyer for the Products, including e-Tag information, meter data, and other documentation necessary for Buyer’s RPS or EPS compliance reporting.

“Confidential Information” has the meaning set forth in Section 11.20(a).

“Contract Price” has the meaning set forth in Section 4.1.

“Contract Year” means (a) the twelve (12) month period beginning on January 1 of the calendar year immediately following the Effective Date, and (b) each succeeding period of twelve (12) consecutive months following the initial Contract Year described in the preceding clause (a).

“**Costs**” has the meaning set forth in Section 10.3(f).

“**CPRA**” has the meaning set forth in Section 11.20(d).

“**Deemed Generated Energy**” has the meaning set forth in Section 6.3(d).

“**Default**” has the meaning set forth in Section 10.1.

“**Defaulting Party**” has the meaning set forth in Section 10.1.

“**Delivery Start Date**” shall mean June 1, 2016.

“**Delivery Term**” has the meaning set forth in Section 2.2(b).

“**Delivery Term Security**” has the meaning set forth in Section 5.1(a).

“**Dispute**” has the meaning set forth in Section 11.3.

“**Dispute Notice**” has the meaning set forth in Section 11.3.

“**Downgrade Event**” shall mean any event that results in a Person failing to meet the credit requirements of a Qualified Performance Bond Issuer or Qualified Issuer, or the commencement of involuntary or voluntary bankruptcy, insolvency, reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar proceeding (whether under any present or future statute, law, or regulation) with respect to such Person.

“**Early Termination Date**” has the meaning set forth in Section 10.3(a).

“**Effective Date**” has the meaning set forth in Section 2.1.

“**Eligible Renewable Energy Resources**” or “**ERERs**” means for both PCC-1 Product and PCC-2 Product, on the first day of each Contract Year, the three CEC Certified renewable generating facilities listed in Appendix A. During each Contract Year, Seller may designate up to five (5) additional CEC Certified renewable generating facilities as ERERs as the source(s) of RECs for PCC-1 Product and PCC-2 Product at any time by providing Buyer a five-day notice, provided, such additional facilities must (1) meet the then-current CEC rules for CEC Certification, (2) have the first point of interconnection to the WECC transmission grid, and (3) have evidence of CEC certification and WREGIS registration. In addition, for PCC-2 Product, such additional facilities must be located outside the metered boundaries of a California balancing authority area. Any designation of such additional facilities as ERERs shall be deemed part of Appendix A for the applicable Contract Year without an amendment of this Agreement. For the purpose of this definition, the designation of such additional facilities shall become null and void as of last day of the Contract Year such designation is made.

“**Energy**” means electrical energy measured as AC.

“**Environmental Attributes**” means Renewable Energy Credits, and any and all other current or future credits, benefits, emissions reductions, offsets or allowances included by

WREGIS in its definition of a WREGIS certificate, howsoever entitled, named, registered, created, measured, allocated or validated (A) that are at any time recognized or deemed of value (or both) by Buyer, applicable law, or any voluntary or mandatory program of any Governmental Authority or other Person, and (B) that are attributable to (i) generation of Project Energy during the Agreement Term delivered by Seller to Buyer during the Agreement Term, and (ii) the emissions or other environmental characteristics of such Project Energy or its displacement of conventional or other types of energy generation. Environmental Attributes include any of the aforementioned arising out of legislation or regulation concerned with oxides of nitrogen, sulfur, carbon, or any other greenhouse gas or chemical compound, particulate matter, soot, or mercury, or implementing the United Nations Framework Convention on Climate Change (the “UNFCCC”), the Kyoto Protocol to the UNFCCC, California’s greenhouse gas legislation (including California Assembly Bill 32 (Global Warming Solutions Act of 2006) and any regulations implemented pursuant to that Act, including any compliance instruments accepted under the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms regulations of the California Air Resources Board or any successor regulations thereto), or any similar international, federal, state or local program or crediting “early action” with a view thereto, or laws or regulations involving or administered by the CAMD, and all Environmental Attribute Reporting Rights, including all evidences (if any) thereof such as renewable energy certificates of any kind. Environmental Attributes exclude (a) investment tax credits, any local, state or federal production tax credits, depreciation deductions or other tax credits providing a tax benefit to Seller or any other Person based on ownership or a security interest in the EREs, including any investment or production tax credit expected to be available to Seller with respect to the EREs, (b) any other depreciation deductions and benefits, and other tax benefits arising from ownership or operation of the EREs, and (c) cash grants or other financial incentives from any local, state or federal government available to Seller with respect to the EREs.

“**Environmental Attribute Reporting Rights**” means all rights to report ownership of the Environmental Attributes to any Person under Section 1605(b) of the Energy Policy Act of 1992, or any successor statute or any other current or future international, federal, state or local law, regulation or bill, or otherwise.

“**EPA**” means the Environmental Protection Agency and any successor agency.

“**EPS Compliant**” when used with respect to any facility at any time, means that the facility satisfies both the PUC Performance Standard and the CEC Performance Standard (in each case, to the extent applicable) in effect at the time; *provided*, if it is impossible for the facility to satisfy the applicable requirements of both the PUC Performance Standard and the CEC Performance Standard in effect at any time, the facility shall be deemed EPS Compliant if it satisfies both the applicable requirements of the CEC Performance Standard in effect at the time, and those portions of the applicable requirements of the PUC Performance Standard in effect at the time that it is possible for the facility to satisfy while at the same time satisfying the applicable requirements of the CEC Performance Standard in effect at the time.

“**EPS Law**” means Sections 8340 and 8341 of the California Public Utilities Code as amended from time to time or any successor statute.

“e-Tag” or “e-Tagging” shall have the meaning set forth in the NERC Reliability Standards.

“FERC” means the Federal Energy Regulatory Commission.

“Force Majeure” has the meaning set forth in Section 11.5(b)

“Force Majeure Notice” has the meaning set forth in Section 11.5(a)

“Gains” has the meaning set forth in Section 10.3(f)

“Governmental Authority” means any federal, state, regional, city or local government, any intergovernmental association or political subdivision thereof, or other governmental, regulatory or administrative agency, court, commission, administration, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority, or any Person acting as a delegate or agent of any Governmental Authority. The term “Governmental Authority” shall not include Buyer.

“Heavy Load Hours” means Mondays through Saturdays hours ending (HE) 0700-2200 Pacific Time excluding any day designated as a holiday by NERC.

“Heavy Load Schedule” means the schedule to deliver Project Energy or Incremental Energy in the amounts as specified in Appendix B during the Heavy Load Hours.

“Imported PCC-2 Product” means the PCC-2 Product delivered into a California balancing authority by Seller on behalf of Buyer instead of the POD.

“Incremental Energy” has the meaning set forth in Section 3.3.

“Interest Rate” has the meaning set forth in Section 8.3.

“Lien” means any mortgage, deed of trust, lien, security interest, retention of title or lease for security purposes, pledge, charge, encumbrance, equity, attachment, claim, easement, right of way, covenant, condition or restriction, leasehold interest, purchase right or other right of any kind, including an option, of any other Person in or with respect to any real or personal property.

“Losses” has the meaning set forth in Section 10.3(f)

“MW” means megawatt (AC).

“MWh” means megawatt-hour (AC).

“NERC” means the North American Electric Reliability Corporation.

“NERC Reliability Standards” means regulations and standards promulgated by NERC as may be amended from time to time.

“Non-Defaulting Party” has the meaning set forth in Section 10.3(a).

“Notifying Party” has the meaning set forth in Section 11.3.

“Pacific Prevailing Time” means the local time in Los Angeles, California.

“Party” or **“Parties”** has the meaning set forth in the preamble of this Agreement.

“PCC-1 RECs” mean any RECs associated with PCC-1 Product.

“PCC-2 RECs” mean any RECs associated with PCC-2 Product, provided, such RECs are sourced from EREs.

“PCC-2 REC Shortfall” has the meaning set forth in Section 7.1(b).

“Person” means any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust, unincorporated organization, government or other political subdivision, or other entity.

“Point of Delivery” or **“POD”** means the point where the title for Scheduled Energy is transferred from Seller to Buyer. For the purpose of this Agreement, Point of Delivery shall mean CAISO scheduling point SYLMARDC_2_N501, commonly known as NOB.

“Portfolio Content Category 1 Product” or **“PCC-1 Product”** has the meaning set forth in Section 3.2.

“Portfolio Content Category 2 Product” or **“PCC-2 Product”** has the meaning set forth in Section 3.3.

“Present Value Rate” means, at any date, the sum of 0.50% plus the yield reported on page “USD” of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally-recognized trading screen reporting on-line intraday trading in United States government securities) at 11:00 a.m. (New York City, New York time) for the United States government securities having a maturity that most nearly matches the Remaining Term at that date.

“Product” has the meaning set forth in Section 3.1.

“Project Energy” has the meaning set forth in Section 3.2.

“Prudent Utility Practices” means those practices, methods, and acts, that are commonly used by a significant portion of the wind electric generation industry that, in the exercise of reasonable judgment, in light of the facts known at the time, would have been expected to accomplish results consistent with Requirements of Law, reliability, safety, environmental protection and standards of economy and expedition, including any applicable practices, methods, acts, guidelines, standards and criteria of the CAISO, FERC, NERC, or WECC, each as may be amended from time to time, and all applicable Requirements of Law. Prudent Utility Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to acceptable practices, methods or acts generally accepted in the region and industry.

“Public Utilities Code” means the Public Utilities Code of the State of California, as may be amended from time to time.

“PUC” means the California Public Utilities Commission and any successor thereto.

“PUC Performance Standard” means, at any time, the greenhouse gas emission performance standard in effect at such time for baseload electric generation facilities owned or operated (or both) by load-serving entities that are not local publicly-owned electric utilities, as established by the PUC or other Governmental Authority under the EPS Law.

“Qualified Performance Bond Issuer” means a Person (a) acceptable to Buyer or (b) that is licensed in California and is rated “A” or higher by A.M. Best Company, Inc.

“Qualified Issuer” means a Person that (a) acceptable to Buyer or (b) that maintains a United States domestic branch, and has a current long-term credit rating (corporate or long-term senior unsecured debt) of (1) “A3” or higher by Moody’s Investors Service, Inc. and “A-” or higher by S&P, if such Person is rated by both Moody’s and S&P or (2) (b) “A3” or higher by Moody’s, or “A-” or higher by S&P if such Person is rated by either S&P or Moody’s.

“Recipient Party” has the meaning set forth in Section 11.3.

“Remaining Term” means, at any date, the remaining portion of the Agreement Term at that date without regard to any early termination of this Agreement.

“Renewable Energy Credit” or “REC” means a certificate of proof associated with the generation of electricity from an ERER, which certificate is issued through the accounting system established by the CEC pursuant to the RPS Law (WREGIS), evidencing that one (1) MWh of Energy was generated and delivered from such ERER. Such certificate is a tradable environmental commodity (also known as a “green tag”) for which the owner of the Renewable Energy Credit can prove that it has purchased renewable Energy and Environmental Attributes.

“Requirements” means, collectively, any applicable standards, Prudent Utility Practices, all applicable Requirements of Law, and all other requirements of this Agreement.

“Requirement of Law” means federal, state, local, or, as applicable, tribal laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any federal, state, local or other Governmental Authority (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements).

“RPS Compliant” means, when used with respect to any facility at any time, that all Energy generated by such facility at all times shall, together with all of the associated Environmental Attributes, qualify as an ERER.

“RPS Law” means the California Renewable Energy Resources Act, including the California Renewables Portfolio Standard Program, Article 16 of Chapter 2.3, Division 1 of the Public Utilities Code, California Public Resources Code §25740 through §25751, any related regulations or guidebooks promulgated by the CEC or, as applicable, the PUC, and as all of the

foregoing may be promulgated, implemented, or amended from time to time, and any successor laws or regulations.

“RPS Verification Penalty” means costs assessed to Seller in accordance with Section 7.8.

“Schedule” or **“Scheduling”** means the actions of Seller and Buyer, their Authorized Representatives, and their Transmission Providers (if applicable), of notifying, requesting and confirming to the CAISO and BPA the amounts of Scheduled Energy expected to be delivered at the Point of Delivery on any given date during the Agreement Term, all in the manner contemplated by the CAISO Tariff and the BPA Tariff.

“Scheduled Energy” means the Energy delivered by Seller, including Project Energy and Incremental Energy, to the Point of Delivery.

“Seller” has the meaning set forth in the preamble of this Agreement.

“Seller’s Compliance Obligations” has the meaning set forth in Section 7.6(b).

“Seller’s Excused Curtailment” has the meaning set forth in Section 6.5(a).

Seller’s Non-Excused Curtailment” has the meaning set forth in Section 6.5(a).

“Successor Entity” has the meaning set forth in Section 10.1(e)

“System Emergency” has the meaning set forth in the CAISO Tariff or BPA Tariff.

“Tax” or **“Taxes”** means each federal, state, county, local and other (a) net income, gross income, gross receipts, sales, use, ad valorem, business or occupation, transfer, franchise, profits, withholding, payroll, employment, excise, property or leasehold tax, and (b) customs, duty or other fee, assessment or charge of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amount with respect thereto.

“Termination Notice” has the meaning set forth in Section 10.3(a).

“Termination Payment” means a payment in an amount equal to the Non-Defaulting Party’s (a) Losses, plus (b) Costs, minus (c) Gains; *provided, however*, that if such amount is a negative number, the Termination Payment shall be equal to zero.

“Transmission Curtailment” means a period of time during the Delivery Term during which the Scheduled Energy is required to be curtailed or reduced (in whole or part) as a result of an order, direction, alert, request, or notice from the Transmission Provider, the CAISO or any reliability entity with jurisdiction over the scheduling and delivery of the Product, including WECC, due to (a) a System Emergency, (b) system improvements, curtailments, or scheduled and unscheduled repairs or maintenance upstream, at or downstream from the Point of Delivery, (c) an event of Force Majeure upstream, at or downstream from the Point of Delivery, (d) over-generation or any other reason, as may from time to time be identified by the CAISO, Transmission Provider or a reliability entity with jurisdiction over the scheduling and delivery of

the Product (except as related to a Buyer's Curtailment).

"Transmission Providers" mean the Persons operating the Transmission Systems providing Transmission Services to or from the Point of Delivery.

"Transmission Services" means the transmission and other services required to transmit Scheduled Energy to or from the Point of Delivery.

"Transmission System" means the facilities utilized to provide Transmission Services.

"Unexcused Cause" has the meaning set forth in Section 11.5(b).

"WECC" means the Western Electricity Coordinating Council.

"WREGIS" means Western Renewable Energy Generation Information System.

"WREGIS Certificates" has the meaning set forth in Section 7.4.

"WREGIS Operating Rules" means the rules describing the operations of the Western Renewable Energy Generation Information System, as published by WREGIS.

Other terms defined herein have the meanings so given when used in this Agreement with initial-capitalized letters.

Section 1.2 Interpretation. In this Agreement, unless a clear contrary intention appears:

- (a) time is of the essence;
- (b) the singular number includes the plural number and vice versa;
- (c) reference to any Person includes such Person's successors and assigns but, in case of a Party hereto, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (d) reference to any gender includes the other;
- (e) reference to any agreement (including this Agreement), document, instrument, tariff or Requirement means such agreement, document, instrument, or tariff, or Requirement, as amended, modified, replaced or superseded and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, regardless of whether the reference to the agreement, document, instrument, tariff, or Requirement expressly refers to amendments, modifications, replacements or successors;
- (f) reference to any Article, Section, or Appendix means such Article of this Agreement, Section of this Agreement, or such Appendix to this Agreement, as the case may be, and references in any Article or Section or definition to any clause means such clause of such Article or Section or definition;

(g) “hereunder”, “hereof”, “hereto” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or Section or other provision hereof or thereof;

(h) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term, regardless of whether words such as “without limitation” are expressly included in the applicable provision;

(i) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding,” and “through” means “through and including”;

(j) reference to time shall always refer to Pacific Prevailing Time; and reference to any “day” or “month” shall mean a calendar day or calendar month, as applicable, unless otherwise indicated;

(k) the term “or” is not exclusive; and

(l) the terms “shall” and “will” shall have the same meaning and be of equal force and effect.

Article II

EFFECTIVE DATE, TERM, AND EARLY TERMINATION

Section 2.1 Effective Date. This Agreement shall become effective as of the date that both Parties have executed and delivered this Agreement (the “*Effective Date*”).

Section 2.2 Agreement Term and Delivery Term.

(a) **Agreement Term.** The term of this Agreement (the “*Agreement Term*”) shall commence on the Effective Date and shall end on the last day of the Delivery Term or upon the expiration or earlier termination of this Agreement in accordance with the terms hereof.

(b) **Delivery Term.** Unless terminated in accordance with Section 2.4, this Agreement shall have a delivery term (the “*Delivery Term*”) commencing at 0600 hours on the first day of June, 2016, and ending at 2200 hours on the last day of October, 2026.

Section 2.3 Survivability. Applicable provisions of this Agreement shall continue in effect after termination, including early termination, to the extent necessary to enforce or complete the duties, obligations or responsibilities of the Parties arising prior to termination and, as applicable, to provide for (a) final billings and adjustments related to the period prior to termination, (b) repayment of any money due and owing to either Party pursuant to this Agreement, (c) the indemnifications specified in this Agreement, (d) limitations of liability, (e) the resolution of disputes between the Parties, (f) the transfers of RECs that Buyer is entitled to, and (g) compliance reporting and verification with the applicable Governmental Authority, including CEC.

Section 2.4 Early Termination.

(a) **Early Termination by Mutual Agreement.** This Agreement may be terminated by mutual written agreement of the Parties.

(b) **Early Termination for Default.** Upon the occurrence of a Default, the Non-Defaulting Party may terminate this Agreement as set forth in Section 10.3.

(c) **Early Termination for Failure to Provide Delivery Term Security.** Buyer may, in its sole discretion and without penalty to Buyer, terminate this Agreement, effective upon notice to Seller, if Seller fails to deliver Delivery Term Security as set forth in Section 5.1.

(d) **Early Termination for Force Majeure.** This Agreement may be terminated pursuant to Section 11.5.

Any termination of this Agreement under this Section 2.4 shall be without prejudice to the rights and remedies of either Party for Defaults occurring prior to such termination.

Article III

PURCHASE AND SALE OF PRODUCTS

Section 3.1 Product. Seller shall sell and deliver, and Buyer shall receive and purchase a blended *Portfolio Content Category 1 ("PCC-1")* and *Portfolio Content Category 2 ("PCC-2") Product*, or together as the *Product*. Seller shall deliver the Scheduled Energy to the POD in accordance with the specified Heavy Load Schedule in Appendix B.

Section 3.2 PCC-1 Product. PCC-1 Product is constituted of *Project Energy* from ERERs bundled with the associated *PCC-1 RECs*, delivered on an hourly basis, without substituting energy from another source, to the POD. "Project Energy" is Energy from the ERERs procured on a bundled basis with the associated RECs by Seller. Both Buyer and Seller acknowledge the PCC-1 Product is designed and intended to comply with Section 3203(a) of the California Energy Commission's *Enforcement Procedures for the Renewable Portfolio Standard for Local Publicly Owned Electric Utilities* dated August 2013, as amended from time to time.

Section 3.3 PCC-2 Product. PCC-2 Product is constituted of *Incremental Energy* delivered by Seller to Buyer at the POD and *PCC-2 RECs*. "Incremental Energy" is Energy sourced in the WECC but outside the metered boundaries of a California balancing authority area.

scheduled to the POD pursuant to the WECC scheduling protocols and business practices and Energy that is not in Buyer's energy portfolio as of the Effective Date. Both Buyer and Seller acknowledge the PCC-2 Product is designed and intended to comply with Section 3203(b) of the California Energy Commission's *Enforcement Procedures for the Renewable Portfolio Standard for Local Publicly Owned Electric Utilities* dated August 2013, as amended from time to time.

Section 3.4 Minimum PCC-2 Contract Volume. Seller warrants that at least 70% of the *Annual Contract Volume* will be PCC-2 Product. Should Seller deliver more than 30% of the Annual Contract Volume as PCC-1 Product, then Buyer will pay for such PCC-1 Product above 30% of the Annual Contract Volume at the REC Premium for a PCC-2 REC in accordance with Section 4.1(a). The Annual Contract Volume shall be adjusted in accordance with Section 6.5.

Article IV CONTRACT PRICE

Section 4.1 Contract Price. The Parties acknowledge and agree that Seller is selling to Buyer, and Buyer is purchasing from Seller the Product based on the Contract Price specified in Section 4.1 (a).

- (a) Contract Price = Energy Price + REC Premium

Where:

Energy Price shall be \$48.15 for every MWh of *Scheduled Energy* delivered to the POD, and

"REC Premium" shall be:

\$16.00 for each PCC-1 REC, and

\$7.00 for each PCC-2 REC

Both Energy Price and REC Premium shall be fixed for the Term of this Agreement.

- (b) *Blended REC Premium* shall be \$9.70, as calculated by the following formula:

$$\text{Blended REC Premium} = 0.3 * [\text{REC Premium for PCC-1 REC}] + 0.7 * [\text{REC Premium for PCC-2 REC}]$$

Article V DELIVERY TERM SECURITY

Section 5.1 Seller's Delivery Term Security.

- (a) As security for the Seller's performance hereunder, Seller shall have furnished to Buyer acceptable performance assurance in the amount of \$30.00 per MWh

multiplied by the Annual Contract Volume for Contract Year 1 or (\$3,036,000), the “**Delivery Term Security**”. The Delivery Term Security shall be in the form of cash or a letter of credit (“LOC”) issued by Qualified Issuers in the forms attached hereto as Appendix E, as applicable. With Buyer’s acceptance, Seller may provide up to \$1,000,000 of the Delivery Term Security in performance bond from a Qualified Performance Bond Issuer in lieu of LOC or cash. The full amount of Delivery Term Security shall be due Thirty (30) calendar days prior to the **Delivery Start Date**. Seller shall maintain the Delivery Term Security until the end of the Term or until Buyer is required to return the Delivery Term Security to Seller as set forth in Section 5.1(c).

(b) Buyer may draw on the Delivery Term Security upon Seller’s failure to make any payment due to Buyer hereunder in the amount of such unpaid amount; *provided*, that, any such amount shall have been invoiced to Seller, shall be past due, and shall not be the subject of a good faith dispute between the Parties.

(c) Buyer shall return the unused portion of Delivery Term Security, if any, to Seller promptly as follows (i) following the expiration or termination of the Agreement Term, and (ii) upon all of the obligations of Seller arising under this Agreement have been paid (whether directly or indirectly such as through set-off or netting) or performed in full.

(d) Seller shall notify Buyer of the occurrence of a Downgrade Event of Qualified Issuer or Qualified Performance Bond Issuer within five Business Days after obtaining knowledge of the occurrence of such event. If at any time there shall occur a Downgrade Event, then Seller shall replace the Delivery Term Security from the Person that has suffered the Downgrade Event within ten (10) Business Days.

(e) If any Delivery Term Security is in the form of a LOC, then Seller shall provide, or cause to be provided, a replacement LOC (from a Qualified Issuer) or cash in the required amount set forth in this Section 5.1 within ten (10) Business Days after the earlier of the date that Seller becomes aware, or Buyer notifies Seller of the occurrence of any one of the following events:

(i) the failure of the issuer of the LOC to renew such LOC thirty (30) Business Days prior to the expiration of such LOC;

(ii) the failure of the issuer of the LOC to immediately honor Buyer’s properly documented request to draw on such LOC; or

(iii) the issuer of the LOC becomes Bankrupt.

(f) Seller shall, from time to time as requested by Buyer, execute, acknowledge, record, register, deliver and file all such notices, statements, instruments and other documents as may be necessary or advisable to render fully valid and enforceable under all Requirements of Law the Delivery Term Security and the rights of Buyer with respect to such Delivery Term Security.

(g) Notwithstanding the other provisions of this Agreement, the Delivery Term Security: (i) constitutes security for, but is not a limitation of, Seller’s obligations under

this Agreement, and (ii) shall not be Buyer's exclusive remedy against Seller for Seller's failure to perform in accordance with this Agreement.

Article VI TRANSMISSION AND SCHEDULING

Section 6.1 General.

(a) Seller shall deliver Scheduled Energy to the Point of Delivery. The Scheduled Energy shall consist of Project Energy or Incremental Energy, as determined on an after-the-fact basis and shall be delivered during Heavy Load Hours based on the Heavy Load Schedule in Appendix B.

(b) Seller shall be responsible to arrange for, and shall bear all risks associated with, delivery of all Scheduled Energy to the Point of Delivery, including Seller shall arrange and pay for any Transmission Services required to deliver Scheduled Energy to the Point of Delivery, including interconnection costs, charges related to control area services, inadvertent energy flows, transmission losses, the transmission of Scheduled Energy, and scheduling associated with the transmission of energy from its source to the Point of Delivery.

(c) Buyer shall be responsible to arrange for, and shall bear all risks associated with, acceptance and transmission of Scheduled Energy from the Point of Delivery, including Buyer shall arrange and be responsible for Transmission Services from the Point of Delivery, and shall arrange for transmission services to deliver Scheduled Energy to Buyer's electric system, including charges related to control area services, inadvertent energy flows, transmission losses, and the transmission of Scheduled Energy.

Section 6.2 Scheduling and Accounting of Energy and RECs. The Authorized Representatives of Buyer and Seller may, following the Effective Date, mutually develop Scheduling and accounting procedures in addition to those set forth in this Section 6.2 for Energy and RECs, by written agreement of both Authorized Representatives, in order to comply with all applicable requirements, including those of the Transmission Provider, CAISO, NERC, WECC, CEC, WREGIS and any balancing authority involved in the Scheduling and accounting of Product under this Agreement. The Authorized Representatives shall promptly cooperate with respect to any reasonably necessary and appropriate modifications to such Scheduling and accounting procedures.

(a) Seller agrees to perform all necessary *e-Tagging* throughout the Term, in accordance with standard WECC procedures, for scheduling Scheduled Energy to **Buyer's Sink**, and buyer shall be listed on the e-Tag as the PSE importing the Scheduled Energy to the CAISO at the CAISO interface. Seller will further ensure that all e-Tags contain ERERs' CEC RPS IDs in the miscellaneous field of the e-Tags on the Buyer's line of the e-Tag. For PCC-1 and PCC-2 Product, the e-Tags shall identify the ERERs where the electricity is generated as the "source."

(b) All Scheduling shall be performed in accordance with the applicable BPA, CAISO, NERC and WECC operating policies, criteria, and any other applicable guidelines.

Seller, at its own cost, shall also install metering, telemetry and control equipment, as applicable, so as to be able to provide Scheduled Energy to the Point of Delivery and respond to reliability coordinator's dispatch orders.

(c) In order to allow Buyer to make schedule changes in conformity with the CAISO Scheduling deadline, Seller shall notify Buyer or Buyer's Authorized Representative via email, telephone, or other mutually acceptable method, of any changes due to a change in availability or an outage no later than one-hundred five (105) minutes prior to the start of such Scheduling hour, or such other limit as specified in the CAISO Tariff. Seller shall notify Buyer or Buyer's Authorized Representative of other unanticipated changes in availability by email or telephone as promptly as reasonably possible so that an outage report can be completed with the CAISO. Any notice delivered under this Section 6.2(c) shall include the reason for the outage and an estimated duration of the outage. Once the outage has ended, Seller shall notify Buyer that the outage has ended, the cause of the outage, and the actions taken to resolve the outage in order for the CAISO forced outage report to be updated accordingly.

(d) Seller shall have the ability to make real-time changes to the "source" on the e-Tag no later than T-20 only in the event that the original "source" on the e-Tag is unable, as reasonably expected, to provide the amount of energy on the e-Tag or if Seller is taking measures to manage Seller's control error in conformance with reliability or regional bulk power system operational considerations. Seller shall notify Buyer or Buyer's Authorized Representative of such change by telephone as promptly as reasonably possible. For the avoidance of doubt, Seller shall reimburse Buyer for any costs, charges or fees that CAISO may assess to Buyer due to the real-time e-Tag changes made by Seller.

Section 6.3 Transmission Curtailment.

(a) Both Parties shall be excused from performance (i) during any 100% transmission outage that prevents the delivery of Scheduled Energy to or from the POD or (ii) during a real-time Transmission Curtailment. During a partial derate, Seller shall use a pro-rata share of Seller's non-curtailed transmission capacity to deliver Scheduled Energy to Buyer.

(b) Seller shall reduce deliveries of Scheduled Energy to the Point of Delivery during a ***Transmission Curtailment*** as directed by the CAISO, any Transmission Provider or any balancing authority or reliability entity.

(c) Buyer shall not be obligated to pay Seller for the amount of reduced Scheduled Energy during a Transmission Curtailment unless, and only to the extent that, such curtailment results from a failure by Buyer to perform its obligations hereunder as the recipient of the Scheduled Energy at the POD, in which cases Buyer shall pay Seller for all ***Deemed Generated Energy*** during such period pursuant to Section 6.3(e).

(d) "Deemed Generated Energy" means the amount of Scheduled Energy, expressed in MWh that could have been delivered to the POD but was not delivered due to (1) Buyer's Non-Excused Curtailment or (2) Buyer's Curtailment. The amount of Deemed Generated Energy shall be determined based on the amount in MW specified in the Heavy Load

Schedule in Appendix B multiplied by the applicable number of hours, less the amount of actual Scheduled Energy delivered to the POD, if any.

(e) Buyer shall pay Seller an amount equal to (i) the sum of the Energy Price and Blended REC Premium multiplied by (ii) the amount of Deemed Generated Energy determined pursuant to Section 6.3(d). Buyer shall not be obligated to pay Seller for any Scheduled Energy that is not or cannot be delivered to the Point of Delivery due to Force Majeure.

Section 6.4 Buyer's Curtailment. Buyer shall have the right, but not the obligation to curtail scheduled deliveries on a day-ahead basis, provided that the aggregate duration of all such curtailment shall not exceed one hundred (100) hours in any given Contract Year. Buyer shall provide notice to Seller of Buyer's request for curtailment on a day-ahead basis prior to 5:00 am Pacific Time of the preschedule day before the requested curtailment is expected to take place ("Buyer's Curtailment"). Such curtailment shall be in full (partial curtailment is not allowed) and for all Heavy Load Hours on the applicable day. Seller shall respond to Buyer's Curtailment notices in accordance with Prudent Utility Practices. Buyer shall pay Seller the Energy Price for the Deemed Generated Energy and pay Seller the Blended REC Premium for the corresponding quantity of RECs.

Section 6.5 Non-Excused Curtailment.

(a) Seller warrants the delivery of Product in the quantity of the Annual Contract Volume to the POD each year in accordance with Appendix F, excluding hours during which Seller is unable to schedule or deliver energy to POD due to Force Majeure, Transmission Curtailment, Buyer's Curtailment, Buyer's Non-Excused Curtailment, or periods during which the schedule is curtailed or interrupted for whatever reason on the Buyer's side of the POD, including but not limited to system emergencies, Force Majeure, reliability, congestion or over-generation ("*Seller's Excused Curtailment*"). Any curtailment or non-delivery by Seller in a Contract Year that is not a Seller's Excused Curtailment will be considered "**Seller's Non-Excused Curtailment**". For any Seller's Non-Excused Curtailment, Buyer shall invoice Seller and Seller shall pay Buyer in the applicable billing month for energy not delivered due to Seller's Non-Excused Curtailment in an amount determined by multiplying the MWhs of Seller's Non-Excused Curtailment by the sum of a) the positive difference, if any, obtained by subtracting the Energy Price from the Replacement Energy Price, and b) the Blended REC Premium. The Replacement Energy Price shall be the price at which Buyer purchases replacement energy or, in the absence of such a purchase, at an index price mutually agreed to by the Parties, including CAISO real time imbalance energy price.

(b) Buyer agrees to take delivery of Product in the quantity of the Annual Contract Volume from the POD each year in accordance with Appendix F, excluding hours during which Buyer is unable to receive energy to POD due to Force Majeure, Transmission Curtailment with the exception specified in Section 6.3(c), Buyer's Curtailment, Seller's Excused Curtailment, Seller's Non-Excused Curtailment or periods during which schedule is curtailed or interrupted on Seller's side of the POD, including but not limited to system emergencies, Force Majeure, reliability ("*Buyer's Excused Curtailment*"). Any curtailment or failure to take delivery by Buyer in a Contract Year that is not part of Buyer's Excused

Curtailment will be considered as **“Buyer’s Non-Excused Curtailment”**. For any Buyer’s Non-Excused Curtailment, Seller shall invoice Buyer and Buyer shall pay Seller in the applicable billing month for energy not delivered due to Buyer’s Non-Excused Curtailment in an amount by multiplying the MWhs of Buyer’s Non-Excused Curtailment by the sum of a) the positive difference, if any, obtained by subtracting the Resale Energy Price from the Energy Price, and b) the Blended REC Premium. The Resale Energy Price shall be the price at which Seller resells the curtailed energy or, in the absence of such a sale, an index price mutually agreed to by the Parties, including CAISO real time imbalance energy price.

Section 6.6 Termination for Excessive Non-Excused Curtailment. Buyer, at its sole discretion, may terminate this Agreement if Seller’s Non-Excused Curtailment exceeds four hundred (400) hours in any given Contract Year, or eight hundred (800) hours cumulatively over the term of this Agreement.

Section 6.7 Title; Risk of Loss. As between the Parties, Seller shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of all Scheduled Energy to the Point of Delivery, and Buyer shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of all Scheduled Energy at and from the Point of Delivery. Seller shall deliver all Scheduled Energy, and RECs to Buyer free and clear of all Liens created by any Person other than Buyer. Title to and risk of loss as to all Scheduled Energy shall pass from Seller to Buyer at the Point of Delivery. Title to and risk of loss to all PCC-1 RECs and PCC2-RECs shall pass to Buyer pursuant to Section 7.1.

Article VII

ENVIRONMENTAL ATTRIBUTES; EPS AND RPS COMPLIANCE

Section 7.1 Transfer of Environmental Attributes. Seller shall transfer to Buyer, and Buyer shall receive from Seller, all right, title, and interest in and to all Environmental Attributes associated with the Scheduled Energy, whether now existing or acquired by Seller or that hereafter come into existence or are acquired by Seller during the term of this Agreement. Seller shall not assign, transfer, convey, encumber, sell or otherwise dispose of all or any portion of such Environmental Attributes to any Person other than Buyer or attempt to do any of the foregoing with respect to any of the Environmental Attributes. The consideration for the transfer of Environmental Attributes is contained within the applicable Contract Price for the Product as set forth in this Agreement.

(a) PCC-1 RECs: Pursuant to Section 7.4, Seller shall transfer all PCC-1 RECs to Buyer on or before 15 days after the creation of WREGIS Certificates from applicable months are created in WREGIS, in the quantity equivalent to the PCC-1 Product delivered to Buyer during such month. To the extent Buyer is unable to match PCC-1 RECs to e-Tags associated with Project Energy in WREGIS due to e-Tags not meeting the requirements of Section 6.2 or other issues on the e-Tag caused by Seller that are outside of Buyer’s control, then Buyer shall be relieved from paying Seller the PCC-1 REC Premium specified in Section 4.1 (a) for such PCC-1 RECs that Buyer is unable to match and Buyer shall transfer such PCC-1 RECs back to Seller via WREGIS.

(b) PCC-2 RECs: Pursuant to Section 7.4, Seller shall transfer PCC-2 RECs to Buyer on or before November 15th of each Contract Year in the quantity equivalent to one half of the PCC-2 Product delivered to Buyer for that Contract Year; Seller shall transfer the remaining one half of PCC-2 RECs of that Contract Year to Buyer on or before March 15th of the following Contract Year. To the extent Buyer is unable to match PCC-2 RECs to e-Tags associated with Incremental Energy in WREGIS or Buyer identifies e-Tags associated with Incremental Energy that do not meet the requirements of Section 6.2 or other issues on the e-Tag caused by Seller that are outside of Buyer's control, Seller shall have the ability to cure according to the following sequence of events. Upon identifying such problem, either through monthly settlement process or during Buyer's matching of PCC-2 RECs in WREGIS to the applicable e-Tags, Buyer shall promptly notify Seller of such problem and the quantity of such RECs ("**PCC-2 REC Shortfall**"). Seller shall, upon receipt of such Notice from Buyer, cure the PCC-2 REC Shortfall with the **Imported PCC-2 Product** in the two calendar months immediately following such Notice unless Parties mutually agree to a different time frame to deliver the Imported PCC-2 Product. To the extent Seller is unable to deliver the Imported PCC-2 Product within the specified time frame, Buyer shall be relieved from paying Seller the PCC-2 REC Premium specified in Section 4.1 (a) for the amount of PCC-2 REC Shortfall less Imported PCC-2 Product, if any, and Seller shall compensate Buyer for each PCC-2 REC Shortfall (less Imported PCC-2 Product, if any), the positive difference if any, of (1) the then prevailing market price for REC for the comparable PCC-2 Product as proposed by Seller and mutually agreed upon by the Parties, and (2) PCC-2 REC Premium specified in Section 4.1 (a). Buyer shall transfer such PCC-2 RECs back to Seller via WREGIS.

(c) In the event that the PCC-2 REC Shortfall exceeds 40,000 in quantity for any Contract Year, or 80,000 in quantity cumulatively over the term of this Agreement, Buyer may terminate this Agreement at its sole discretion. Any termination pursuant to this Section 7.1(c) shall be "no-fault" and neither Party shall have any liability or obligation to the other Party arising out of such termination. Notwithstanding the foregoing, upon any such termination, the Parties shall discharge their payment obligations for any and all amounts hereunder that may be owing, including any outstanding payments due in the ordinary course that occurred prior to the termination. Buyer shall return to Seller the Delivery Term Security less any amounts drawn by Buyer in accordance with this Agreement. The exercise by Buyer of its right to terminate the Agreement shall not render Buyer liable for any losses or damages incurred by Seller whatsoever.

(d) Seller's failure to transfer RECs to Buyer in accordance with this Agreement shall constitute a Performance Default under Section 10.1(a).

Section 7.2 Reporting of Ownership of Environmental Attributes. Throughout the Agreement Term, Seller shall not report to any Person that the Environmental Attributes granted hereunder to Buyer belong to any Person other than Buyer, and Buyer may report under any program that such Environmental Attributes purchased hereunder belong to it.

Section 7.3 Environmental Attributes. Upon Buyer's reasonable request, and subject to Section 7.6, Seller shall take all commercially reasonable actions and execute all documents or instruments reasonably necessary under RPS Law.

Section 7.4 Use of Accounting System to Transfer Environmental Attributes. In furtherance and not in limitation of Section 7.3, Seller shall register at its sole expense, or cause to be registered without expense to Buyer, the ERERs in WREGIS or any successor system to evidence the transfer of any Renewable Energy Credits under RPS Law ("**WREGIS Certificates**") associated with Scheduled Energy in accordance with WREGIS reporting protocols and satisfying the requirements of the RPS according to CEC regulations. Seller shall be responsible for the WREGIS expenses associated with facility registration, maintaining its account, WREGIS Certificate issuance fees, and transferring WREGIS Certificates to Buyer or any other designees, and Buyer shall be responsible for the WREGIS expenses associated with maintaining its account, or the accounts of its designees, if any, and subsequent transferring or retiring of WREGIS Certificates.

Section 7.5 Further Assurances. In the event of the promulgation of a scheme involving Environmental Attributes administered by CAMD, upon notification by CAMD that any transfers contemplated by this Agreement shall not be recorded, the Parties shall promptly cooperate in taking all reasonable actions necessary so that such transfer can be recorded. Each Party shall promptly give the other Party copies of all documents it submits to CAMD to effectuate any transfers.

Section 7.6 Regulatory Compliance.

(a) Seller shall cause the ERERs to be RPS Compliant and EPS Compliant throughout the term of this Agreement, and Seller assumes any risk of having to bring the ERERs back into RPS or EPS compliance, as appropriate, should the ERERs fall out of compliance with RPS or EPS after Effective Date and throughout the term of this Agreement.

(b) Seller is responsible for compliance obligations and other obligations associated with the ERERs, including but not limited to costs and expenses incurred by Seller which shall be paid directly to the third parties in connection with or related to Greenhouse Gas Emissions Reporting, WREGIS, and CEC certification and verification ("**Seller's Compliance Obligations**"). Buyer is responsible for costs and expenses incurred by Buyer which shall be paid directly to third parties in connection with or related to Greenhouse Gas Emissions Reporting, WREGIS and CEC certification and verification ("**Buyer's Compliance Obligations**").

(c) If after the Effective Date and during the Agreement Term, the ERERs, partially or in their entirety, fall out of compliance with RPS or EPS or are not RPS or EPS compliant for any reason, including any Change in Law, then Buyer and Seller agree to the following sequence of actions, (i) Seller will take commercially reasonable actions to bring the ERERs back into full compliance with RPS Law and EPS Law and will also continue to satisfy Seller's Compliance Obligations. In the event that the ERERs are still not in compliance with RPS Law and EPS Law despite the actions of Seller under (i), then (ii) for all Product resulting from such non-compliant ERERs, Buyer will pay Seller the Energy Price without the applicable REC Premium until the ERERs are brought back into compliance with RPS Law and EPS Law, however (iii) if RPS Law or EPS Law cease to be in effect or it becomes impossible for Seller to bring the ERERs back into compliance with RPS Law and EPS Law, Buyer shall remain

obligated to purchase Energy at the Energy Price pursuant to the Heavy Load Schedule in Appendix B without the REC Premium throughout the remaining Agreement Term.

(d) Seller acknowledges that it will be required to expend a maximum of \$500,000 in **Compliance Costs** throughout the Agreement Term as a showing of its commercially reasonable efforts to bring the EREs into compliance with the RPS Law or EPS Law as obligated by this Section 7.6.

Section 7.7 Compliance Reporting. Under certain RPS compliance reporting requirements administered by the California Energy Commission and certain Greenhouse Gas compliance reporting requirements administered by the California Air Resources Board, Buyer is required to submit supporting documentation on the scheduling arrangements for the Product under this Agreement. Seller agrees to provide Buyer **Compliance Reporting Data**, including all data relating to the Scheduled Energy delivered to Buyer at the POD, including the source of the Energy and the quantity. Seller shall also provide to Buyer metered data from the EREs and the hourly calculation demonstrating that the delivered energy for PCC-1 Product was actually generated from the EREs and was delivered without inclusion of any substitute energy. At the Buyer's request, Seller shall provide any additional documentation required by Buyer to ascertain status of PCC-1 and PCC-2 Products in order to make compliance showings with CEC or CARB.

Section 7.8 RPS Verification Penalty. Buyer shall utilize the Compliance Reporting Data provided by Seller to make annual and compliance period RPS and GHG filings pursuant to certain RPS and GHG regulations. The CEC has the authority to verify all of Buyer's RPS compliance filings, and such verification is likely to take place with significant time lapse after the date the compliance filing has been made. The Parties shall work together during the settlement process each month to validate all e-Tags for RPS compliance. In the event that the California Energy Commission disqualifies any PCC-1 or PCC-2 RECs previously reported as a part of CEC's verification process, due to (i) errors made by Seller, or (ii) unsupported information on the e-Tag or any of the supporting documentation, which causes Buyer to be out of compliance with CEC RPS regulations as a result, then Seller shall compensate Buyer for each disqualified REC that cannot be corrected (regardless of the portfolio content category) at the then prevailing CEC enforcement penalty rate in dollars per MWh. The current CEC enforcement penalty rate is deemed to be \$50 per REC as may be changed from time to time. If however such disqualified PCC-1 and PCC-2 RECs do not cause Buyer to be out of compliance with CEC RPS regulations, then Seller shall nevertheless compensate Buyer for each disqualified PCC-1 or PCC-2 RECs at \$20 per REC.

Article VIII BILLING; PAYMENT; AUDITS; TAX

Section 8.1 Billing and Payment. Billing and payment in accordance with this Agreement shall be as set forth in this Article VIII.

Section 8.2 Quantity, Invoices and Payment.

(a) **Quantity.** For each month during the Agreement Term, commencing with the first month in which Scheduled Energy is delivered by Seller to and received by Buyer, under

this Agreement, Seller shall calculate the amount of Scheduled Energy so delivered at the POD during such month for which Buyer is required to pay Seller pursuant to Agreement.

(b) **Invoices.** The Parties shall prepare invoices pursuant to this Agreement in accordance with this Section 8.2(b) as follows:

(1) Not later than the tenth day of each month, commencing with the month following the month in which Scheduled Energy is first delivered by Seller and received by Buyer under this Agreement, Seller shall deliver to Buyer an invoice showing the amount of Scheduled Energy, Deemed Generated Energy and energy associated with Buyer's Curtailment, if any, for which Buyer is required to pay Seller pursuant to this Agreement during the preceding month and Seller's computation of the amount due Seller in respect thereof. Buyer shall pay Scheduled Energy at the Energy Price, Deemed Generated Energy and energy associated with Buyer's Curtailment in accordance with Sections 6.3(e) and 6.4 respectively;

(2) Upon the delivery of RECs to Buyer's WREGIS account, Seller shall separately invoice the Buyer for the RECs at the applicable REC Premiums in accordance with Section 4.1(a);

(3) If applicable, not later than the tenth day of each month Buyer shall deliver to Seller an invoice showing the amount of Seller's Non-Excused Curtailment and the amount owed by Seller to Buyer in accordance with Section 6.5(a);

(4) If applicable, Buyer shall invoice Seller for RPS Verification Penalty in accordance with Section 7.8;

(5) Buyer shall not be required to make invoice payments if the invoice is received more than 12 months after the billing period. Each invoice shall show the title of the Agreement and, if applicable, the Agreement number and the name, address and identifying information of Seller.

Invoices shall be sent to the address set forth in Appendix C or such other addresses as Parties designate.

(c) **Payment.** Subject to Section 8.3, invoices shall be paid by the tenth day after receipt or if such tenth day is not a Business Day, by the next succeeding Business Day. Payments of invoices shall be made by wire transfer of immediately available funds to an account specified by the invoicing Party or by any other means agreed to by the Parties from time to time.

Section 8.3 Disputed Invoices. In the event any portion of any invoice is in dispute, the undisputed amount shall be paid when due. The Party disputing a payment shall promptly notify the other Party of the basis for the Dispute, setting forth the details of such Dispute in reasonable specificity. Disputes shall be discussed by the Authorized Representatives, who shall use reasonable efforts to amicably and promptly resolve the Disputes, and any failure to agree shall be subject to resolution in accordance with Section 11.3. Upon resolution of any Dispute, if

all or part of the disputed amount is later determined to have been due, then the Party owing such payment or refund shall pay within ten days after receipt of notice of such determination the amount determined to be due plus interest thereon at the Interest Rate from the due date until the date of payment. For purposes of this Section 8.3, “**Interest Rate**” shall mean the lesser of (i) 200 basis points above the per annum prime rate reported daily in *The Wall Street Journal*, or (ii) the maximum rate permitted by applicable Requirements of Law.

Section 8.4 Right of Setoff. In addition to any right now or hereafter granted under applicable law and not by way of limitation of any such rights, either Party shall have the right at any time or from time to time upon notice to the other Party to set off against any amount owed by it under this Agreement or otherwise payable by the other Party to it under this Agreement or otherwise, including any costs payable by the other Party hereunder (but specifically excluding any amounts due because of breach of this Agreement or arising as liquidated damages hereunder), if and to the extent paid in the first instance by the Party seeking set-off.

Section 8.5 Records and Audits. Seller shall maintain or shall cause to be maintained all records pertaining to the provision of the Products pursuant to this Agreement (including all billings, e-tags, metering, and RECs), and in particular all records to properly reflect all amounts billed to Buyer pursuant to this Agreement. Upon ten days’ prior written notice from Buyer to Seller, Buyer and the Authorized Auditors may discuss such records with Seller’s officers and independent public accountants, all at such times and as often as may be reasonably requested. All such records shall be retained, and shall be subject to examination and audit by the Authorized Auditors (redacted as may be appropriate with respect to confidential or proprietary information), for a period of not less than four years following final payment made by Buyer hereunder or the expiration or termination date of this Agreement, whichever is later. Seller shall make said records (redacted as may be appropriate with respect to confidential or proprietary information) or to the extent accepted by the Authorized Auditors, photographs, micro-photographs, or other authentic reproductions thereof, available to the Authorized Auditors at the Seller’s offices located at all reasonable times and without charge. The Authorized Auditors may reproduce, photocopy, download, transcribe, and the like any such records (redacted as may be appropriate with respect to confidential or proprietary information). To the extent any records entitled to be audited by Buyer are maintained by Seller in electronic format, then, at the request of Buyer, Seller shall provide the same in electronic format. Subject to Section 8.3, if the Authorized Auditor’s examination or audit indicates Seller has been overpaid under a previous payment application, the identified overpayment amount shall be paid by Seller to Buyer within ten days of notice to Seller of the identified overpayment. Notwithstanding the foregoing, if the audit reveals that Buyer’s overpayment to Seller is more than the greater of \$100,000.00 or five percent (5.0%) of the billings reviewed, Seller shall pay all expenses and costs incurred by the Authorized Auditors arising out of or related to the examination or audit. Such examination or audit expenses and costs shall be paid by Seller to Buyer within ten days of notice to the Seller of such costs and expenses.

Section 8.6 Taxes. Seller shall pay all Taxes assessed on the Product (or the sale or use thereof) arising up to and at the Point of Delivery, and Buyer shall pay all Taxes assessed on the Product (or the sale or use thereof) arising from the Point of Delivery. In the event Seller is required by any Requirement of Law to remit or pay Taxes which are Buyer’s responsibility hereunder, Buyer shall promptly reimburse Seller for such Taxes. If Buyer is required by law or

regulation to remit or pay Taxes which are Seller's responsibility hereunder, Buyer may deduct such amounts from payments to Seller with respect to payments under this Agreement; *provided* that if Buyer elects not to deduct such amounts from Seller's payments, Seller shall promptly reimburse Buyer for such amounts upon request. Nothing shall obligate or cause a Party to pay or be liable to pay any Taxes for which it is exempt under applicable Laws. If either Party is exempt at any time from any Taxes, such Party shall bear the risk that such exemption shall be lost or the benefit of such exemption is reduced.

Section 8.7 Taxpayer Identification Number (TIN). Seller shall at all times during the Agreement Term have a TIN and provide appropriate evidence thereof to Buyer. No payment will be made under this Agreement without a valid TIN.

Article IX REPRESENTATIONS AND WARRANTIES;

Section 9.1 Representations and Warranties of Buyer. Buyer makes the following representations and warranties to Seller as of the Effective Date:

(a) Buyer is a validly existing California charter city and has the legal power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement to which Buyer is a party and carry out the transactions contemplated hereby and thereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

(b) The execution, delivery and performance by Buyer of this Agreement to which Buyer is a party have been duly authorized by all necessary action, and do not and will not require any consent or approval of Buyer's regulatory/governing bodies, other than that which has been obtained.

(c) This Agreement to which the Buyer is a party constitute the legal, valid and binding obligation of Buyer enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(d) The execution and delivery of this Agreement to which Buyer is a party, the consummation of the transactions contemplated hereby and thereby and the performance of and compliance with the provisions of this Agreement, do not and will not conflict with or constitute a breach of or a default under, any of the terms, conditions or provisions of any Requirement of Law, or any organizational documents, agreement, deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to *which Buyer* is a party or by which it or any of its property is bound, or result in a breach of or a default under any of the foregoing or result in or require the creation or imposition of any Lien upon any of the properties or assets of Buyer, except, in each case described in this clause (d), which would not, in the aggregate, have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

(e) There is no pending (service of process against Buyer having been made), or to the knowledge of Buyer, action or proceeding overtly threatened in writing against Buyer before any Governmental Authority that questions the legality, validity or enforceability of this Agreement.

(f) Buyer is not in violation of any Requirement of Law, which violations, individually or in the aggregate, would reasonably be expected to result in a material adverse effect on the business, assets, operations, condition (financial or otherwise) or prospects of Buyer, or the ability of Buyer to perform any of its obligations under this Agreement to which it is a party.

Section 9.2 Representations and Warranties of Seller. Seller makes the following representations and warranties to Buyer as of the Effective Date:

(a) Seller or Seller's Affiliate owns and operates the ERERs in Appendix A.

(b) Seller is a limited liability company duly formed or organized, validly existing and in good standing under the laws of its respective state of incorporation or organization, is qualified to do business in the State of California, and has the legal power and authority to own and lease its properties, to carry on its business as now being conducted and to enter into this Agreement to which it may be party and carry out the transactions contemplated hereby and thereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

(c) Seller has taken all limited liability company actions required to authorize the execution, delivery and performance of this Agreement to which Seller is a Party.

(d) The execution, delivery and performance by Seller of this Agreement have been duly authorized by all necessary action, and do not and will not require any consent or approval other than those which have already been obtained.

(e) The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and thereby and the fulfillment of and compliance with the provisions of this Agreement, do not and will not conflict with or constitute a breach of or a default under, any of the terms, conditions or provisions of any Requirement of Law, or any organizational documents, agreement, deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to which Seller is a party or by which it or any of its property is bound, or result in a breach of or a default under any of the foregoing or result in or require the creation or imposition of any Lien upon any of the properties or assets of Seller (except as contemplated hereby).

(f) This Agreement constitutes the legal, valid and binding obligation of Seller, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(g) There is no pending, or to the knowledge of Seller, threatened action or proceeding affecting Seller before any Governmental Authority, which purports to affect the legality, validity or enforceability of this Agreement.

(h) Seller is not in violation of any Requirement of Law, which violations, individually or in the aggregate, would reasonably be expected to result in a material adverse effect on the business, assets, operations, condition (financial or otherwise) or prospects of Seller, or the ability of Seller to perform any of its obligations under this Agreement to which it is a party.

(i) Seller has not entered into this Agreement with the actual intent to hinder, delay or defraud any creditor. Seller has received reasonably equivalent value in exchange for its respective obligations under this Agreement. No petition in bankruptcy has been filed against Seller, and neither Seller nor any of its constituent Persons have ever made an assignment for the benefit of creditors or taken advantage of any insolvency act for its benefit as a debtor.

(j) All Tax returns and reports Seller required to be filed by it have been timely filed, and all Taxes shown on such Tax returns to be due and payable and all assessments, fees and other governmental charges upon Seller and upon its properties, assets, income, business and franchises that are due and payable have been paid when due and payable. Seller has no actual knowledge of any proposed or additional Taxes that would, if implemented or imposed, have a material adverse effect on Seller or the Product.

(k) Seller owns or possesses, or will own or possess in a timely manner, all patents, rights to patents, trademarks, copyrights and licenses necessary for the performance by Seller of this Agreement, and the transactions contemplated thereby, without any conflict with the rights of others.

(l) Seller has not assigned, transferred, conveyed, encumbered, sold or otherwise disposed of any Project Energy, Incremental Energy, or Environmental Attributes, except as provided herein.

(m) The ERERs are CEC Certified, and such certification identification numbers are specified in Appendix A.

Article X DEFAULT; TERMINATION AND REMEDIES

Section 10.1 Default. Each of the following events or circumstances shall constitute a “*Default*” by the Party in this Agreement (the “*Defaulting Party*”):

(a) *Payment or Performance Default.* Failure by the Party (“Defaulting Party”) to make any payment when and as due under this Agreement that is not cured within ten (10) Business Days after receipt of notice thereof from the Party that is not the Defaulting Party (the “*Non-Defaulting Party*”), or to timely perform any of its other material duties or obligations

under this Agreement that is not cured within thirty (30) days after receipt of notice thereof from the Non-Defaulting Party setting forth, in reasonable detail, the nature of such default and its impact on Non-Defaulting Party; *provided, however*, that, in the case of any such performance default that is not reasonably capable of being cured within the 30 Day cure period, Defaulting Party shall have up to an additional 60 days if it commences to cure the default within such initial 30 day cure period and it diligently and continuously pursues such cure.

(b) *Breach of Representation and Warranty.* Inaccuracy in any material respect as of the Effective Date of any representation, warranty, certification or other statement made by Defaulting Party, in this Agreement that has a material adverse effect on Non-Defaulting Party (i) if capable of being cured, is not cured within thirty (30) days after receipt of notice thereof from Non-Defaulting Party; or (ii) such inaccuracy is not capable of being remedied, but Non-Defaulting Party's damages resulting from such inaccuracy can be reasonably ascertained, then if payment of such damages is not made within ten (10) Business Days after a notice of such damages is provided by Non-Defaulting Party to Defaulting Party.

(c) *Bankruptcy.* If either Buyer or Seller has (i) filed or otherwise commenced a voluntary case under any bankruptcy law, applied for or consented to the appointment of, or the taking of possession by, a receiver, trustee, assignee, custodian or liquidator of all or a substantial part of its assets, (ii) failed, or admitted in writing its inability generally, to pay its debts as such debts become due, (iii) made a general assignment for the benefit of creditors, which excludes collateral assignment to lenders, (iv) been adjudicated bankrupt or has filed a petition or an answer seeking an arrangement with creditors, (v) taken advantage of any insolvency law or shall have submitted an answer admitting the material allegations of a petition in bankruptcy or insolvency proceeding, (vi) become subject to an order, judgment or decree for relief, entered in an involuntary case, without the application, approval or consent of such Party by any court of competent jurisdiction appointing a receiver, trustee, assignee, custodian or liquidator, for a substantial part of any of its assets and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) consecutive Days, (vii) failed to remove or stay an involuntary petition in bankruptcy filed against it within 60 Days of the filing thereof, or (viii) become subject to an order for relief under the provisions of the United States Bankruptcy Act, 11 U.S.C. § 301;

(d) *Delivery Term Security Failure.* The failure of Seller to maintain the Delivery Term Security in compliance with Section 5.1, if such failure is not cured within five (5) Business Days after receipt of notice thereof from Buyer.

(e) *Fundamental Change.* Seller consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another Person and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee Person (the "**Successor Entity**") fails to assume all the obligations of Seller under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to Buyer.

(f) Compliance Reporting Default. The failure of Seller to provide the required Compliance Reporting Data in a timely manner, if such failure is not cured within fifteen (15) Business Days after receipt of notice thereof from Buyer, provided Seller shall have up to an additional fifteen (15) calendar days if it commences to cure the default within such initial 15 Business Days cure period and it diligently and continuously pursues such cure.

Section 10.2 Default Remedy.

(a) If Buyer is in Default for nonpayment, Seller may (in its sole discretion) continue to deliver Scheduled Energy pursuant to this Agreement; *provided* that nothing in this Section 10.2(a) shall be deemed to waive or otherwise affect Seller's rights and remedies set forth in Section 10.2. Seller's continued service to Buyer shall not act to relieve Buyer of any of its duties or obligations under this Agreement.

(b) If Seller is in Default for nonpayment, Buyer may (in its sole discretion) continue to receive Scheduled Energy pursuant to this Agreement; *provided* that nothing in this Section 10.2(a) shall be deemed to waive or otherwise affect Buyer's rights and remedies set forth in Section 10.2. Buyer's continued service to Buyer shall not act to relieve Buyer of any of its duties or obligations under this Agreement.

(c) Notwithstanding any other provision herein, if any Default has occurred and is continuing, the affected Party may, whether or not the dispute resolution procedure set forth in Section 11.3 has been invoked or completed, bring an action in any court of competent jurisdiction as set forth in Section 11.12 seeking injunctive relief in accordance with applicable rules of civil procedure.

(d) Except as expressly limited by this Agreement, if a Default has occurred and is continuing and the Buyer is the Defaulting Party Seller may, after the passing of the applicable notice and cure period, without further notice exercise any rights and remedies provided herein or otherwise available at law or in equity, including the right to terminate this Agreement pursuant to Section 10.3. No failure of Seller to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Seller of any other right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power.

(e) Except as expressly limited by this Agreement, if a Default has occurred and is continuing and the Seller is the Defaulting Party, Buyer may, after the passing of the applicable notice and cure period, without further notice exercise any rights and remedies provided for herein, or otherwise available at law or equity, including (i) application of all amounts available under the Delivery Term Security against any amounts then payable by Seller to Buyer under this Agreement, and (ii) termination of this Agreement pursuant to Section 10.3. No failure of Buyer to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Buyer of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power

Section 10.3 Termination for Default.

(a) Except as provided in Section 10.3(e), if Default occurs, the Non-Defaulting Party may, after the passing of the applicable notice and cure period for so long as the Default is continuing and without limiting any other rights or remedies available to the Non-Defaulting Party under this Agreement, by notice ("**Termination Notice**") to the Defaulting Party (i) establish a date (which shall be no earlier than the date of such notice and no later than twenty (20) days after the date of such notice) ("**Early Termination Date**") on which this Agreement shall terminate, and (ii) withhold any payments due in respect of this Agreement.

(b) If an Early Termination Date has been designated, the Non-Defaulting Party shall calculate in a commercially reasonable manner its Gains, Losses and Costs resulting from the termination of this Agreement. The Gains, Losses and Costs relating to the Project Energy, Incremental Energy and Environmental Attributes that would have been required to be delivered under this Agreement had it not been terminated shall be determined by comparing the amounts Non-Defaulting Party would have been paid or paid therefor under this Agreement to the equivalent quantities and relevant market prices, which shall be determined by calculating the average amount quoted by no fewer than three bona fide third party offers. If such quotes are in the form of bid ask prices, the price to be used shall be the mid-point between the bid ask prices. Such quotes shall be for like amounts of the same Product for the same Point of Delivery and for the Remaining Term, if any, or in such other commercially reasonable manner as may be required. The Non-Defaulting Party shall not be required to enter into any such replacement agreement in order to determine its Gains, Losses and Costs or the Termination Payment. To ascertain the market prices of a replacement contract, the Non Defaulting Party may consider, among other valuations, quotations from dealers in energy contracts, end-users of the relevant product, other market information, and bona fide third party offers.

(c) For purposes of the Non-Defaulting Party's determination of its Gains, Losses and Costs and the Termination Payment, it shall be assumed, regardless of the facts, that Seller would have sold, and Buyer would have purchased, during the Remaining Term in accordance to the Heavy Load Schedule in Appendix B, (i) PCC-1 Product in an amount equal to 30% of the Annual Contract Volume, and (ii) PCC-2 Product in an amount equal to 70% of the Annual Contract Volume.

(d) The Non-Defaulting Party shall notify the Defaulting Party of the Termination Payment, which notice shall include a written statement explaining in reasonable detail the calculation of such amount. If Termination Payment is owed to the Non-Defaulting Party, then the Defaulting Party shall, within ten (10) Business Days after receipt of such notice, pay the Termination Payment to the Non-Defaulting Party, together with interest accrued at the Interest Rate from the Early Termination Date until paid. If Termination Payment is owed to the Defaulting Party, then the Termination Payment shall be deemed to be zero and the Non Defaulting Party shall have no liability to make Termination Payment to the Defaulting Party.

(e) If the Defaulting Party disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, the calculation issue shall be submitted to informal non-binding dispute resolution as provided in Section 11.3. Following resolution of the dispute, the Defaulting Party shall pay the full amount of the Termination

Payment owed to Non Defaulting Party (if any) determined by such resolution as and when required, but no later than thirty (30) days following the date of such resolution, together with all interest, at the Interest Rate, that accrued from the Early Termination Date until the date the Termination Payment is paid.

(f) For purposes of this Agreement:

(i) “**Gains**” means, with respect to a Party, an amount equal to the present value of the economic benefit (exclusive of Costs), if any, resulting from the termination of its obligations under this Agreement, determined in a commercially reasonable manner;

(ii) “**Losses**” means, with respect to a Party, an amount equal to the present value of the economic loss (exclusive of Costs), if any, resulting from the termination of its obligations under this Agreement, determined in a commercially reasonable manner;

(iii) “**Costs**” means, with respect to a Party, brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace this Agreement, excluding attorneys’ fees, if any, incurred in connection with enforcing its rights under this Agreement. Each Party shall use reasonable efforts to mitigate or eliminate its Costs.

(iv) In no event shall a Party’s Gains, Losses or Costs include any penalties or similar charges imposed by the Non-Defaulting Party.

(v) The Present Value Rate shall be used as the discount rate in all present value calculations required to determine Gains, Losses and Costs.

(g) At the time for payment of any amount due under this Section, each Party shall pay to the other Party all additional amounts, if any, payable by it under this Agreement (including any amounts withheld pursuant to Section 10.3(a)(ii) above. The Termination Payment shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages. The Parties agree that (i) the actual damages that the non-Defaulting Party would incur would be difficult or impossible to predict with certainty, (b) the Termination Payment described herein is a reasonable and appropriate approximation of such damages, and (iii) the Termination Payment described herein is the exclusive remedy of the non-Defaulting Party for damages in connection with the termination of the Agreement.

Article XI MISCELLANEOUS

Section 11.1 Authorized Representative. Each Party shall designate an authorized representative who shall be authorized to act on its behalf with respect to those matters contained herein (each an “**Authorized Representative**”), which shall be the functions and responsibilities of such Authorized Representatives. Each Party may also designate an alternate who may act for the Authorized Representative. Within thirty (30) days after execution of this Agreement, each Party

shall notify the other Party of the identity of its Authorized Representative, and alternate if designated, and shall promptly notify the other Party of any subsequent changes in such designation. The Authorized Representatives shall have no authority to alter, modify, or delete any of the provisions of this Agreement.

Section 11.2 Notices. With the exception of billing invoices pursuant to Section 8.2(b) hereof, all notices, requests, demands, consents, waivers and other communications which are required under this Agreement shall be (a) in writing (regardless of whether the applicable provision expressly requires a writing), (b) deemed properly sent if delivered in person, facsimile transmission, reliable overnight courier, or sent by registered or certified mail, postage prepaid to the persons specified in Appendix C, and (c) deemed delivered, given and received on the date of delivery, in the case of facsimile transmission, or on the date of receipt in the case of registered or certified mail. In addition to the foregoing, the Parties may agree in writing at any time to deliver notices, requests, demands, consents, waivers and other communications through alternate methods, such as electronic mail. A Party may change any address for notice hereunder by notice of such change to the other Party. Notwithstanding the foregoing, in no event can service of process be made by any means other than delivery in person.

Section 11.3 Dispute Resolution.

(a) In the event of any claim, controversy or dispute between the Parties arising out of or relating to or in connection with this Agreement (including any dispute concerning the validity of this Agreement or the scope and interpretation of this Section 11.3 (a “*Dispute*”), either Party (the “*Notifying Party*”) may deliver to the other Party (the “*Recipient Party*”) notice of the Dispute with a detailed description of the underlying circumstances of such Dispute (a “*Dispute Notice*”). An attempt to resolve the Dispute shall first be made by a meeting between senior management of both Parties that shall occur and be completed within thirty (30) days of the date of the Dispute Notice. The Parties may, by mutual agreement, extend the time for such meeting to occur or be completed. The meeting shall be held in the County of Riverside, California, unless otherwise agreed between the Parties, and be attended in person by senior officers of each Party having a title of senior vice president (or its equivalent) or higher and duly authorized to settle the Dispute. If the Dispute is not resolved by senior management of the Parties, pursuant to the procedures set forth in this Section 11.3 or Section 8.3, as applicable, by the expiration of periods of time set forth in such Sections, then either Party may pursue any legal remedy available to it in accordance with the provisions of this Agreement.

(b) As stated in Section 11.11, this Agreement shall be governed by, interpreted and enforced in accordance with laws of the State of California, without regard to the conflict of laws principles thereof. In addition to the Dispute Resolution process set forth in this Section 11.3, but subject to Section 11.20 the Parties to this Agreement must comply with California law governing claims against public entities and presentment of such claims.

Section 11.4 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take all further action not inconsistent with the provisions of this Agreement that may be reasonably necessary to effectuate the purposes and intent of this Agreement.

Section 11.5 Force Majeure.

(a) A Party shall not be considered to be in default in the performance of any of its obligations under this Agreement when and to the extent such Party's performance is prevented by a Force Majeure that, despite the exercise of due diligence, such Party is unable to prevent or mitigate, *provided* the Party has given a written detailed description of the full particulars of the Force Majeure to the other Party reasonably promptly after becoming aware thereof (and in any event within fourteen (14) days after the initial occurrence of the claimed Force Majeure) (the "***Force Majeure Notice***"), which notice shall include information with respect to the nature, cause and date and time of commencement of such event, and the anticipated scope and duration of the delay. The Party providing such notice shall be excused from fulfilling its obligations under this Agreement until such time as the Force Majeure has ceased to prevent performance or other remedial action is taken, at which time the Party shall promptly notify the other Party of the resumption of its obligations under this Agreement. If Seller is unable to deliver, or Buyer is unable to receive, Scheduled Energy at the Point of Delivery due to a Force Majeure, Buyer shall have no obligation to pay Seller for the Scheduled Energy not delivered or received by reason thereof. In no event shall Buyer be obligated to compensate Seller or any other Person for any losses, expenses or liabilities that Seller or such other Person may sustain as a consequence of any Force Majeure.

(b) The term "***Force Majeure***" means an event or circumstance that (i) prevents one Party from performing any of its obligations under this Agreement, (ii) could not reasonably be anticipated as of the date of this Agreement, (iii) is not within the reasonable control of, or the result of negligence, willful misconduct, breach of contract, intentional act or omission or wrongdoing on the part of the affected Party (or any subcontractor or Affiliate of that Party, or any Person under the control of that Party or any of its subcontractors or Affiliates, or any Person for whose acts such subcontractor or Affiliate is responsible), and (iv) by the exercise of due diligence the affected Party is unable to overcome or avoid or cause to be avoided or overcome; *provided*, nothing herein shall be construed so as to require either Party to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or labor dispute in which it may be involved. Force Majeure shall include but not be limited to any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, or any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities. Any Party rendered unable to fulfill any of its obligations by reason of a Force Majeure shall exercise due diligence to remove such inability with reasonable dispatch within a reasonable time period and mitigate the effects of the Force Majeure. The relief from performance shall be of no greater scope and of no longer duration than is required by the Force Majeure. Without limiting the generality of the foregoing, a Force Majeure does not include any of the following (each an "***Unexcused Cause***"): (1) any change in any requirement to meet an RPS Law or any change (whether voluntary or mandatory) in any RPS Law that may affect the value of the Product purchased hereunder; (2) any increase of any kind in any cost; (3) economic hardship of any kind; (4) Seller's ability to sell any Project Energy or Incremental Energy at a price in excess of those provided in this Agreement and Buyer's inability economically to use or resell the Product purchased hereunder; (5) failure of third parties to provide goods or services essential to a Party's performance, except to the extent caused by a separate Force Majeure event; (7) equipment failure of any kind, except to the extent caused by a separate Force Majeure event; or (8) any changes in the financial condition of the

Buyer, the lender or any subcontractor or supplier affecting the affected Party's ability to perform its obligations under this Agreement.

(c) Seller or Buyer may terminate the Agreement if a Force Majeure event occurs that would preclude Seller's ability to deliver or Buyer's ability to receive 100,000 MWh of the Product in the 12 months following the Force Majeure event.

(d) Any termination of this Agreement under Section 11.5(c) shall be "no-fault" and neither Party shall have any liability or obligation to the other Party arising out of such termination. Notwithstanding the foregoing, upon any such termination, the Parties shall discharge their payment obligations for any and all amounts hereunder that may be owing, including any outstanding payments due in the ordinary course that occurred prior to the termination. Buyer shall return to Seller the Delivery Term Security less any amounts drawn by Buyer in accordance with this Agreement. The exercise by either party of its right to terminate the Agreement shall not render the other party liable for any losses or damages incurred whatsoever.

Section 11.6 Assignment of Agreement and Credit Event Upon Merger

(a) Except as set forth in this Section 11.6, neither Party shall assign any of its rights, or delegate any of its obligations, under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed. Any purported assignment or delegation in violation of this provision shall be null and void and of no force or effect. In the event of a change in control of Seller, Seller's responsibilities under this PPA remain in full effect.

(b) If an event set forth in Section 10.1(e) occurs, and Seller's Successor Entity has a long term unsubordinated debt rating that is lower than the rating of Seller immediately prior to such consolidation, amalgamation, merger, transfer or assignment, Buyer may, at its sole discretion, terminate this Agreement, and such termination shall be "no-fault" and neither Party shall have any liability or obligation to the other Party arising out of such termination. Notwithstanding the foregoing, upon any such termination, the Parties shall discharge their payment obligations for any and all amounts hereunder that may be owing, including any outstanding payments due in the ordinary course that occurred prior to the termination. Buyer shall return to Seller the Delivery Term Security less any amounts drawn by Buyer in accordance with this Agreement. The exercise by Buyer of its right to terminate the Agreement under this Section shall not render Buyer liable for any losses or damages incurred by Seller whatsoever.

(c) Except as provided in this Section 11.6, this Agreement shall not grant any rights enforceable by any Person not a party to this Agreement.

Section 11.7 Ambiguity. The Parties acknowledge that this Agreement was jointly prepared by them, by and through their respective legal counsel, and any uncertainty or ambiguity existing herein shall not be interpreted against either Party on the basis that the Party drafted the language, but otherwise shall be interpreted according to the application of the rules on interpretation of contracts.

Section 11.8 Attorney Fees & Costs. Both Parties agree that in any action to enforce the terms of this Agreement that each Party shall be responsible for its own attorney fees and costs. Each of the Parties to this Agreement was represented by its respective legal counsel during the negotiation and execution of this Agreement.

Section 11.9 Voluntary Execution. Both Parties acknowledge that they have read and fully understand the content and effect of this Agreement that the provisions of this Agreement have been reviewed and approved by their respective counsel. The Parties further acknowledge that they have executed this Agreement voluntarily, subject only to the advice of their own counsel, and do not rely on any promise, inducement, representation or warranty that is not expressly stated herein.

Section 11.10 Entire Agreement; Amendments. This Agreement (including all Appendices and Exhibits) contains the entire understanding concerning the subject matter herein and supersedes and replaces any prior negotiations, discussions or agreements between the Parties, or any of them, concerning that subject matter, whether written or oral, except as expressly provided for herein. This is a fully integrated document. Each Party acknowledges that no other party, representative or agent, has made any promise, representation or warranty, express or implied, that is not expressly contained in this Agreement that induced the other Party to sign this document. This Agreement may be amended or modified only by an instrument in writing signed by each Party.

Section 11.11 Governing Law. This Agreement was made and entered into in the County of Riverside and shall be governed by, interpreted and enforced in accordance with the laws of the State of California, without regard to conflict of law principles.

Section 11.12 Venue. All litigation arising out of, or relating to this Agreement, shall be brought in the US District Court for the Central District of California, Eastern Division if venue can be established and, if not, in the Superior Court of Riverside County, California. The Parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of forum non conveniens. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

Section 11.13 Execution in Counterparts. This Agreement may be executed in counterparts and upon execution by each signatory, each executed counterpart shall have the same force and effect as an original instrument and as if all signatories had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signature thereon, and may be attached to another counterpart of this Agreement identical in form hereto by having attached to it one or more signature pages.

Section 11.14 Effect of Section Headings. Section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

Section 11.15 Non-Waiver. The failure of either Party to this Agreement to enforce or insist upon compliance with or strict performance of any of the terms or conditions hereof, or to take advantage of any of its rights hereunder, shall not constitute a waiver or relinquishment of any such terms, conditions or rights, but the same shall be and remain at all times in full force and effect. Notwithstanding anything expressed or implied herein to the contrary, nothing contained herein shall preclude either Party from pursuing any available remedies for breaches not rising to the level of a Default, including recovery of damages caused by the breach of this Agreement and specific performance or any other remedy given under this Agreement or now or hereafter existing in law or equity or otherwise. Each Party acknowledges that money damages may not be an adequate remedy for violations of this Agreement and that the other Party may, in its sole discretion, seek and obtain from a court of competent jurisdiction specific performance or injunctive or such other relief as such court may deem just and proper to enforce this Agreement or to prevent any violation hereof. Each Party hereby waives any objection to specific performance or injunctive relief. The rights granted herein are cumulative, except as expressly stated herein.

Section 11.16 Relationship of the Parties. This Agreement shall not be interpreted to create an association, joint venture or partnership between the Parties hereto or to impose any partnership obligation or liability upon either such 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 an agent or representative of, the other Party.

Section 11.17 Third Party Beneficiaries. This Agreement shall not be construed to create rights in, or to grant remedies to, any third party as a beneficiary of this Agreement or any duty, obligation or undertaking established herein.

Section 11.18 Indemnification; Limit of Liability; Damage or Destruction; Condemnation .

(a) **Indemnification.** Seller undertakes and agrees to indemnify and hold harmless Buyer, its City Council, and all of the councilmembers, officers and employees of each, and, at the option of Buyer, defend with counsel reasonably acceptable to Buyer, Buyer and all of its City Council, councilmembers, officers, agents, employees, advisors, assigns and successors in interest from and against any and all third-party suits and causes of action, claims, charges, damages, demands, judgments, civil fines and penalties, or losses of any kind or nature whatsoever, for death, bodily injury or personal injury to any person, including Seller's employees and agents, or damage or destruction to any property of either Party or third persons, in any manner arising by reason of any breach of this Agreement by Seller, or by any failure of a representation of Seller to be true in all material respects or by the negligent acts, errors, omissions or willful misconduct incident to the performance of this Agreement on the part of Seller, or any of Seller's officers, agents, employees, or subcontractors of any tier, except to the extent caused by the gross negligence or willful misconduct of Buyer, its City Council, councilmembers, officers, agents, or employees.

(b) **Limitation of Liability.** Except to the extent included in the liquidated damages, indemnification obligations related to third party claims or other specific charges expressly provided for herein, neither Party hereunder shall be liable for special, incidental, exemplary, indirect, punitive or consequential damages arising out of a Party's performance or non-performance under this Agreement, whether based on or claimed under contract, tort (including such Party's own negligence) or any other theory at law or in equity.

Section 11.19 Severability. In the event any of the terms, covenants or conditions of this Agreement, or the application of any such terms, covenants or conditions, shall be held invalid, illegal or unenforceable by any court having jurisdiction, all other terms, covenants and conditions of this Agreement and their application not adversely affected thereby shall remain in force and effect, *provided* that the remaining valid and enforceable provisions materially retain the essence of the Parties' original bargain.

Section 11.20 Confidentiality.

(a) Each Party agrees, and shall use reasonable efforts to cause its parent, subsidiary and Affiliates, and its and their respective directors, officers, employees and representatives, to keep confidential, except as required by law, all documents, data, drawings, studies, projections, plans and other written information that relate to economic benefits to, or amounts payable by, either Party under this Agreement, documents that are clearly marked "Confidential" at the time a Party shares such information with the other Party or, if orally disclosed, anything clearly identified as "Confidential" at the time a Party shares such information with the other Party ("**Confidential Information**"). The provisions of this Section 11.20 shall survive and shall continue to be binding upon the Parties for period of one (1) year following the date of termination of this Agreement. Notwithstanding the foregoing, information shall not be considered Confidential Information if such information (i) is disclosed with the prior written consent of the originating Party, (ii) was in the public domain prior to disclosure or is or becomes publicly known or available other than through the action of the receiving Party in violation of this Agreement, (iii) was lawfully in a Party's possession or acquired by a Party outside of this Agreement, which acquisition was not known by the receiving Party to be in breach of any confidentiality obligation, or (iv) is developed independently by a Party based solely on information that is not considered confidential under this Agreement.

(b) Either Party may, without violating this Section 11.20, disclose matters that are made confidential by this Agreement:

(i) to its counsel, accountants, auditors, advisors, other professional consultants, credit rating agencies, actual or prospective co-owners, investors, lenders, underwriters, contractors, suppliers, and others involved in construction, operation, and financing transactions and arrangements for a Party or its subsidiaries, affiliates, or parent;

(ii) to governmental officials and parties involved in any proceeding in which either Party is seeking a permit, certificate, or other regulatory approval or order necessary or appropriate to carry out this Agreement; and

(iii) to governmental officials or the public as required by any law, regulation, order, rule, ruling or other Requirement of Law, including oral questions, discovery requests, subpoenas, civil investigations or similar processes and laws or regulations requiring disclosure of financial information, information material to financial matters, and filing of financial reports.

(c) If a Party is requested or required, pursuant to any applicable Law, regulation, order, rule, order, ruling or other Requirement of Law, discovery request, subpoena, civil investigation or similar process to disclose any of the Confidential Information, such Party shall provide prompt written notice to the other Party of such request or requirement so that at such other Party's expense, such other Party can seek a protective order or other appropriate remedy concerning such disclosure.

(d) Notwithstanding the foregoing or any other provision of this Agreement, Seller acknowledges that Buyer, as a California public agency, is subject to disclosure as required by the California Public Records Act, Cal. Govt. Code §§ 6250 et. seq. ("**CPRA**") and the [Ralph M. Brown Act, Cal. Govt. Code §§ 54950 et. seq. ("**Brown Act**").] Confidential Information of Seller provided to Buyer pursuant to this Agreement shall become the property of Buyer and Seller acknowledges that Buyer shall not be in breach of this Agreement or have any liability whatsoever under this Agreement or otherwise for any claims or causes of action whatsoever resulting from or arising out of Buyer's copying or releasing to a third party any of the Confidential Information of Seller pursuant to the CPRA or Brown Act. Notwithstanding the foregoing or any other provision of this Agreement, Buyer may record, register, deliver and file all such notices, statements, instruments and other documents as may be necessary or advisable to render fully valid and enforceable under all applicable Law the Delivery Term Security contemplated by this Agreement, and the rights of Buyer with respect to such Delivery Term Security.

(e) If Buyer receives a CPRA request for Confidential Information of Seller, and Buyer determines that such Confidential Information is subject to disclosure under the CPRA, then Buyer shall notify Seller of the request and its intent to disclose the documents. Buyer, as required by the CPRA, shall release such documents unless Seller timely obtains a court order prohibiting such release. If Seller, at its sole expense, chooses to seek a court order prohibiting the release of Confidential Information pursuant to a CPRA request, then Seller undertakes and agrees to defend, indemnify and hold harmless Buyer from and against all suits, claims, and causes of action brought against Buyer for Buyer's refusal to disclose Confidential Information of Seller to any person making a request pursuant to CPRA. Seller's indemnity obligations shall include, but are not limited to, all actual costs incurred by Buyer, and specifically including costs of experts and consultants, as well as all damages or liability of any nature whatsoever arising out of any such suits, claims, and causes of action brought against Buyer, through and including any appellate proceedings. Seller's obligations to Buyer under this indemnification provision shall be due and payable on a monthly, ongoing basis within 30 days after each submission to Seller of Buyer's invoices for all fees and costs incurred by Buyer, as well as all damages or liability of any nature.

Section 11.21 Mobile-Sierra. Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party in seeking, to prospectively or retroactively

revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of this Agreement proposed by a Party, a non-Party or the FERC acting sua sponte shall be the “public interest” application of the “just and reasonable” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 US 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 US 348 (1956).

Section 11.22 Waiver of Immunities

Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (a) suit, (b) jurisdiction of any California court, (c) relief by way of injunction, order for specific performance or for recovery of property, (d) attachment of its assets (whether before or after judgment) and (e) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of California and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any proceedings.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Each Party was represented by legal counsel during the negotiation and execution of this Agreement and the Parties have executed this Agreement as of the dates set forth below, effective as of the Effective Date.

CITY OF RIVERSIDE

Date: _____

By: _____

Attest: _____

APPROVED AS TO FORM

Susan Ulloa

DEPUTY CITY ATTORNEY

IBERDROLA RENEWABLES, LLC

Date: July 10, 2015

By: [Signature]

Its: Frank Burkhardtmeier
Authorized Representative

Attest: [Signature]

LEGAL
COUNSEL

By [Signature]
Name: Scott Jacobson
Title: Authorized Representative

**APPENDIX A
TO POWER PURCHASE AGREEMENT,
DATED AS OF _____, 2015
BETWEEN
CITY OF RIVERSIDE
AND IBERDROLA RENEWABLES, LLC**

Eligible Renewable Energy Resources ("ERERs")

	ERER 1	ERER 2	ERER 3
Facility Name:	Leaning Juniper II	Juniper Canyon	Klondike III
Location (county & state):	Gilliam County, OR	Kilckitat County, WA	Sherman County, OR
Technology Type:	Wind	Wind	Wind
CEC RPS ID#:	#61200A	#61202A	#60602A
Nameplate Capacity:	201.3 MW	151.2 MW	223 MW
Expected Annual Generation (MWh):	456,000	349,000	760,000
Interconnection Point:	BPA Jones Canyon Substation	BPA Rock Creek Substation	BPA Schoolhouse Substation
Type of ownership agreement:	Owned by Seller Affiliate	Owned by Seller Affiliate	Owned by Seller Affiliate

**APPENDIX B
TO POWER PURCHASE AGREEMENT,
DATED AS OF __, 2015
BETWEEN
CITY OF RIVERSIDE
AND IBERDROLA RENEWABLES, LLC**

HEAVY LOAD SCHEDULE

Month	June	July	August	September	October
MW per hour	25	60	75	60	25

**APPENDIX C
TO POWER PURCHASE AGREEMENT,
DATED AS OF __, 2015
BETWEEN
CITY OF RIVERSIDE
AND IBERDROLA RENEWABLES, LLC**

**BUYER AND SELLER BILLING, NOTIFICATION AND SCHEDULING CONTACT
INFORMATION**

1. **Authorized Representative.** The initial Authorized Representatives of Buyer and Seller pursuant to Section 11.1 are as follows:

1.1 Buyer's Authorized Representative:

Public Utilities General Manager
Riverside Public Utilities
3750 University Avenue, 3rd Floor
Riverside, CA 92501
Phone: 951-826-5504
Facsimile: 951-826-2450

1.2 Seller's Authorized Representative

Contracts Administration
Iberdrola Renewables
1125 NW Couch Street #700
Portland, OR 97214
Phone: (503) 796-7034
email: contracts.admin@iberdrolaren.com

2. **Billings and Payments.** Billings and payments shall be transmitted to the following addresses:

2.1 If Billing to Buyer:

Power Settlements
Riverside Public Utilities
3435 Fourteenth Street
Riverside, CA 92501
Phone: 951-826-8515/8516
Facsimile: 951-715-3563

2.2 If Payment to Buyer:

Power Settlements
Riverside Public Utilities
3435 Fourteenth Street
Riverside, CA 92501
Phone: 951-826-8515/8516
Facsimile: 951-715-3563

2.3 If Billing to Seller:

Settlements
Iberdrola Renewables
1125 NW Couch Street #700
Portland, OR 97214
Phone: 503.796. 6917
Facsimile: 503.796.6908
E-mail: IBR_PWR_Settlements@iberdrolaren.com

2.4 If Payment to Seller:

Settlements
Iberdrola Renewables
1125 NW Couch Street #700
Portland, OR 97214
Phone: 503.796. 6917
Facsimile: 503.796.6908
E-mail: IBR_PWR_Settlements@iberdrolaren.com

3. **General Notices.** Unless otherwise specified by Buyer all notices (other than scheduling notices) required under the Agreement shall be sent by facsimile transmission, reliable overnight courier, and registered or certified mail, postage prepaid, to the address specified below.

If to Buyer:

Public Utilities Assistant General Manager, Resources
Riverside Public Utilities
3435 Fourteenth Street

Riverside, CA 92501
Phone: 951-826-5914
Facsimile: 951-715-3563

If to Seller:

Contracts Administration
Iberdrola Renewables
1125 NW Couch Street #700
Portland, OR 97214
Phone: (503) 796-7034
email: contracts.admin@iberdrolaren.com

4. **Notices for Scheduling.** Unless otherwise specified by Buyer all notices related to scheduling shall be sent to the following address:

If to Buyer:

Real Time Desk
Telephone: 951-715-3519
951-715-3520 (backup)
E-mail: rvsd-scheduler@riversideca.gov

Day Ahead Desk
Telephone: 951-715-3542
951-715-3408 (backup)

If to Seller:

Day-Ahead Desk:
Phone: (503) 796-7139
Backup: (503) 796-7013
E-mail: juan.catagena@iberdrolaren.com

Real-Time Desk:
Phone: (503) 796-7013
Back-up: (503) 796-7044
E-mail: ibrrealtime@iberdrolaren.com

**APPENDIX D
TO POWER PURCHASE AGREEMENT,
DATED AS OF ___, 2015
BETWEEN
CITY OF RIVERSIDE
AND IBERDROLA RENEWABLES, LLC**

[RESERVED]

APPENDIX E
TO POWER PURCHASE AGREEMENT,
DATED AS OF __, 2015
BETWEEN
CITY OF RIVERSIDE
AND IBERDROLA RENEWABLES, LLC

FORM OF LETTER OF CREDIT

[ISSUING BANK] IRREVOCABLE STANDBY LETTER OF CREDIT

DATE OF ISSUANCE:

[Date of issuance]

[BENEFICIARY] ("Beneficiary")

[Address]

Attention: [Contact Person]

Re: [ISSUING BANK] Irrevocable Standby Letter of Credit No. _____

Sirs/Mesdames:

We hereby establish in favor of Beneficiary (sometimes alternatively referred to herein as "you") this Irrevocable Standby Letter of Credit No. _____ (the "Letter of Credit") for the account of [Iberdrola Renewables, LLC] [--- Address ---] and [_____, (--- Address ---)] ("Account Parties"), effective immediately and expiring on the date determined as specified in numbered paragraphs 5 and 6 below.

We have been informed that this Letter of Credit is issued pursuant to the terms of that certain [describe the underlying agreement which requires this LC].

1. **Stated Amount.** The maximum amount available for drawing by you under this Letter of Credit shall be [written dollar amount] United States Dollars (US\$[dollar amount]) (such maximum amount referred to as the "Stated Amount").

2. **Drawings.** A drawing hereunder may be made by you on any Business Day on or prior to the date this Letter of Credit expires by delivering to [ISSUING BANK], at any time during its business hours on such Business Day, at [bank address] (or at such other address as may be designated by written notice delivered to you as contemplated by numbered paragraph 9 hereof), a copy of this Letter of Credit together with (i) a Draw Certificate executed by an authorized person substantially in the form of Attachment A hereto (the "Draw Certificate"), appropriately completed and signed by your authorized officer (signing as such) and (ii) your draft substantially in the form of Attachment B hereto (the "Draft"), appropriately completed and signed by your authorized officer (signed as such). Partial drawings and multiple presentations may be made under this Letter of Credit. Draw Certificates and Drafts under this Letter of Credit may be presented by Beneficiary by means of original documents sent by overnight delivery or courier to [ISSUING BANK] at our address set forth above, Attention: _____ (or at

such other address as may be designated by written notice delivered to you as contemplated by numbered paragraph 9 below).

3. **Time and Method for Payment.** We hereby agree to honor a drawing hereunder made in compliance with this Letter of Credit by transferring in immediately available funds the amount specified in the Draft delivered to us in connection with such drawing to such account at such bank in the United States as you may specify in your Draw Certificate. If the Draw Certificate is presented to us at such address by 12:00 noon, [] time on any Business Day, payment will be made not later than our close of business on third succeeding business day and if such Draw Certificate is so presented to us after 12:00 noon, [] time on any Business Day, payment will be made on the fourth succeeding Business Day. In clarification, we agree to honor the Draw Certificate as specified in the preceding sentences, without regard to the truth or falsity of the assertions made therein.

4. **Non-Conforming Demands.** If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice that the demand for payment was not effectuated in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefor and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effectuated in conformity with this Letter of Credit, you may correct any such non-conforming demand.

5. **Expiration.** This Letter of Credit shall automatically expire at the close of business on the date on which we receive a Cancellation Certificate in the form of Attachment C hereto executed by your authorized officer and sent along with the original of this Letter of Credit and all amendments (if any).

6. **Initial Period and Automatic Rollover.** The initial period of this Letter of Credit shall terminate on [one year from the issuance date] (the “**Initial Expiration Date**”). The Letter of Credit shall be automatically extended without amendment for one (1) year periods from the Initial Expiration Date or any future expiration date, unless at least sixty (60) days prior to any such expiration date we send you notice by registered mail or courier at your address first shown (or such other address as may be designated by you as contemplated by numbered paragraph 9) that we elect not to consider this Letter of Credit extended for any such additional one year period.

7. **Business Day.** As used herein, “**Business Day**” shall mean any day on which commercial banks are not authorized or required to close in the State of [], and inter-bank payments can be effected on the Fedwire system.

8. **Governing Law.** THIS LETTER OF CREDIT IS GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AND, EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, TO THE INTERNATIONAL STANDBY PRACTICES 1998, ICC PUBLICATION NO. 590 (THE “ISP98”), AND IN THE EVENT OF ANY CONFLICT, THE LAWS OF THE STATE OF NEW YORK WILL CONTROL, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

9. **Notices.** All communications to you in respect of this Letter of Credit shall be in writing and shall be delivered to the address first shown for you above or such other address as may from time to time be designated by you in a written notice to us. All documents to be presented to us hereunder and all other communications to us in respect of this Letter of Credit, which other communications shall be in writing, shall be delivered to the address for us indicated above, or such other address as may from time to time be designated by us in a written notice to you.

10. **Irrevocability.** This Letter of Credit is irrevocable.

11. **Complete Agreement.** This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except for the ISP98 and Attachment A, Attachment B and Attachment C hereto and the notices referred to herein and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

*

*

*

[ISSUING BANK]

By: _____

Title: _____

Address: _____

FORM OF DRAW CERTIFICATE

ATTACHMENT B

DRAWING UNDER IRREVOCABLE LETTER OF CREDIT NO. [REDACTED]

Date:

PAY TO: [BENEFICIARY]

U.S.\$ _____

FOR VALUE RECEIVED AND CHARGE TO THE ACCOUNT OF LETTER OF CREDIT NO.
_____.

[BENEFICIARY]

By: _____

Title: _____

Date: _____

ATTACHMENT C

CANCELLATION CERTIFICATE

Irrevocable Letter of Credit No. _____

The undersigned, being authorized by the undersigned ("**Beneficiary**"), hereby certifies on behalf of Beneficiary to ISSUING BANK ("**Issuer**"), with reference to Irrevocable Letter of Credit No. _____ issued by Issuer to Beneficiary (the "**Letter of Credit**"), that all obligations of [PROJECT ENTITY], an affiliate of the Account Parties, under the *[describe the underlying agreement which requires this LC]* have been fulfilled.

Pursuant to Section 5 thereof, the Letter of Credit shall expire upon Issuer's receipt of this certificate.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Letter of Credit.

[BENEFICIARY]

By: _____

Title: _____

Date: _____

APPENDIX F
TO POWER PURCHASE AGREEMENT,
DATED AS OF ___, 2015
BETWEEN
CITY OF RIVERSIDE
AND IBERDROLA RENEWABLES, LLC

ANNUAL CONTRACT VOLUME

MW Amounts	HL Hours	Month-Year	Monthly Volume	Annual Volume
25	416	JUN16	10,400	
60	400	JUL16	24,000	
75	432	AUG16	32,400	
60	400	SEP16	24,000	
25	416	OCT16	10,400	101,200
25	416	JUN17	10,400	
60	400	JUL17	24,000	
75	432	AUG17	32,400	
60	400	SEP17	24,000	
25	416	OCT17	10,400	101,200
25	416	JUN18	10,400	
60	400	JUL18	24,000	
75	432	AUG18	32,400	
60	384	SEP18	23,040	
25	432	OCT18	10,800	100,640
25	400	JUN19	10,000	
60	416	JUL19	24,960	
75	432	AUG19	32,400	
60	384	SEP19	23,040	
25	432	OCT19	10,800	101,200
25	416	JUN20	10,400	
60	416	JUL20	24,960	
75	416	AUG20	31,200	
60	400	SEP20	24,000	
25	432	OCT20	10,800	101,360
25	416	JUN21	10,400	
60	416	JUL21	24,960	
75	416	AUG21	31,200	
60	400	SEP21	24,000	
25	416	OCT21	10,400	100,960
25	416	JUN22	10,400	
60	400	JUL22	24,000	
75	432	AUG22	32,400	
60	400	SEP22	24,000	
25	416	OCT22	10,400	101,200
25	416	JUN23	10,400	
60	400	JUL23	24,000	
75	432	AUG23	32,400	
60	400	SEP23	24,000	
25	416	OCT23	10,400	101,200
25	400	JUN24	10,000	
60	416	JUL24	24,960	
75	432	AUG24	32,400	
60	384	SEP24	23,040	
25	432	OCT24	10,800	101,200
25	400	JUN25	10,000	
60	416	JUL25	24,960	
75	416	AUG25	31,200	
60	400	SEP25	24,000	
25	432	OCT25	10,800	100,960
25	416	JUN26	10,400	
60	416	JUL26	24,960	
75	416	AUG26	31,200	
60	400	SEP26	24,000	
25	432	OCT26	10,800	101,360
Total Volume				1,112,480