

PUBLIC VERSION

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue)	Rulemaking 06-05-027
Implementation and Administration of California)	(Filed May 25, 2006)
Renewables Portfolio Standards Program.)	

**SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)
2008 DRAFT RENEWABLE PROCUREMENT PLAN**

****REDACTED, PUBLIC VERSION**
(SUBJECT TO MOTION TO FILE UNDER SEAL)**

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August 1, 2007

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standards Program.)))))) Rulemaking 06-05-027) (Filed May 25, 2006)
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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”) and the *Amended Scoping Memo and Ruling of Assigned Commissioner Regarding 2008 RPS Procurement Plans* (the “ACR”), issued on June 15, 2007, San Diego Gas & Electric Company (“SDG&E”) hereby submits its 2008 RPS Procurement Plan (the “Plan”).

In the ACR, the Commission establishes a schedule for submission of draft 2008 Plans and sets forth certain elements that must be included in all draft Plans. Attachment A of the ACR identifies the standard components of each Plan and directs that the Plans include additional information in the following format:

1. **Overview:** An assessment and discussion of:
 - 1.1. Supplies and demand to determine the optimal mix of RPS resources,
 - 1.2. The use of compliance flexibility mechanisms, and
 - 1.3. A bid solicitation setting forth relevant need, online dates, and locational preferences, if any.

2. **Program Metrics:** Data and information for each year from 2003 through 2013 (with actuals, estimates or forecasts as needed or appropriate) of:
 - 2.1. Retail sales,
 - 2.2. Annual procurement targets,
 - 2.3. RPS-eligible procurement,
 - 2.4. Use of flexible compliance,

- 2.5. Reasonable use of a procurement margin of safety to account for potential contract failure and other contingencies (see D.06-05-039, pp. 21-24) and
 - 2.6. Any other relevant data and information regarding sales, targets, procurement, flexible compliance, margins of safety or other related matters to make a complete presentation on program metrics.
3. **Important Changes:** A statement identifying and summarizing the important changes in each plan each year from 2004 through the 2008. This might be a table or bullet point presentation. It should identify and summarize important changes from one plan to the next. It should separately state the changes between each plan (e.g., 2004 to 2005, 2005 to 2006, 2006 to 2007, 2007 to 2008), but for each related item should show as clearly as possible the progression from plan to plan. (It should not be a reprint of each year's Plan with strike-out and underlined inserts.) This is necessary because questions are pending, and clarification is needed, regarding Plan evolution. This will help put the 2008 Plan in perspective. Finally, if not part of the basic statement, the Plan should include a separate statement for 2007 to 2008 which, in addition to identifying and summarizing the important changes, explains and justifies the changes from 2007 to 2008.
 4. **Standard Terms and Conditions (STC):** Specifically regarding STC, a matrix that:
 - (a) identifies each STC from Decision 04-06-014;
 - (b) shows changes made to a STC by the Commission, if any (e.g., D.07-02-011, D.07-05-057);
 - (c) states the parallel term in the 2008 Plan;
 - (d) identifies any differences;
 - (e) explains or justifies any variation from the STC adopted in D.04-06-014, or as later modified by the Commission;
 - (f) provides any other information respondent believes necessary for the Commission to make an informed decision regarding any proposed changes from a Commission-adopted STC.
 5. **Lessons Learned:** Identification and summary of lessons learned over the last few years. It should include specific notation of any lessons learned from experience to date (e.g., July 2007) with the current (2007) plan.
 6. **Transmission, Flexible Delivery and Curtailability:** A statement of specific considerations, if any, to facilitate Program success relative to:
 - 6.1. Transmission, including use of flexible delivery points, efforts to ensure the availability of needed transmission, and efforts to construct needed facilities (re: Pub. Util. Code § 399.14(a)(2)(C)(ii)),
 - 6.2. Experience with RPS generators willingness to propose or consider curtailability to facilitate acceptable bids or projects,
 - 6.3. Experience with expanding deliverability from only the CAISO control area to anywhere in California, and
 - 6.4. Experience with the current Transmission Ranking Cost Report process, and recommended improvements for consideration, if any.

7. **Prices and Collateral:** A statement addressing whether or not, and how, the load serving entity (LSE) has required bidders to bid a range of prices for each contract based on a minimum of three levels of collateral. The statement should also include a proposal on how to collect data from bidders on the relationship between bid prices and collateral, either by requiring a range of bid prices tied to levels of collateral or some other reasonable manner.
8. **Workplan to Research 20% By 2010:** A showing on each LSE's workplan to reach 20% by 2010, including but not limited to:
 - 8.1. Identification of any impediments that remain to reaching 20% by 2010, and
 - 8.2. What the LSE is doing to address those impediments, if anything.
9. **Build Own Resources:** A showing on the LSE's current consideration of whether or not to build its own renewable generation to reach 20% by 2010 (D.06-05-039, pp. 33-34; D.07-02-011, pp. 23-25.)
10. **Efforts to Coordinate:** A statement that describes the efforts undertaken to coordinate the form and format of the 2008 Plans, plus improvements to the model contracts. The statement should also report on the successes or difficulties with that effort.
11. **Other:** Anything else necessary for a full and complete presentation of its 2008 RPS Procurement Plan for the Commission's consideration, as recommended by respondent for Commission adoption.
12. **Redlined Copy:** A version of the 2008 Plan that is "redlined" to identify the changes from the 2007 Plan, with a copy for Energy Division, the Administrative Law Judge and any party who requests a copy.

In accordance with the ACR, SDG&E's Plan is attached hereto as Attachment A.

In addition, the following documents are attached as Appendices to the Plan:

- Appendix A – 2008 Request for Offers
- Appendix B – RFO Accompanying Documents
- Appendix C – LCBF Evaluation and Selection Process
- Appendix D – 2008 RPS Procurement Plan
- Appendix E – Important Changes from 2004 through 2008
- Appendix F – Matrix of CPUC Standard Terms and Conditions

Finally, SDG&E advises the Commission that it will file no later than August 10, 2007, an amendment to its Plan with the information requested in the *Assigned Commissioner's Ruling Regarding 2008 Renewables Portfolio Standard (RPS) Plans and 2010 Goals*, issued July 31, 2007 in the instant docket.

Respectfully submitted this 1st day of August, 2007.

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2008 RENEWABLE PROCUREMENT PLAN**

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INTRODUCTION AND BACKGROUND

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”) and the *Amended Scoping Memo and Ruling of Assigned Commissioner Regarding 2008 RPS Procurement Plans* (the “ACR”), issued on June 15, 2007, SDG&E hereby submits its 2008 RPS Procurement Plan (the “Plan”).

In the ACR, the Commission establishes a schedule for submission of draft 2008 Plans and sets forth certain elements that must be included in all draft Plans. Attachment A of the ACR identifies the standard components of each Plan and directs that the Plans include additional information in the following format:

1. **Overview:** An assessment and discussion of the optimal mix of RPS resources, use of compliance flexibility mechanisms, and bid solicitation
2. **Program Metrics:** Data and information for each year from 2003 through 2013 (with actuals, estimates or forecasts as needed or appropriate) of retail sales, annual procurement targets, RPS-eligible procurement, use of flexible compliance, reasonable use of a procurement margin of safety to account for potential contract failure and other contingencies
3. **Important Changes:** A statement identifying and summarizing the important changes in each plan each year from 2004 through the 2008.
4. **Standard Terms and Conditions (STCs):** Specifically regarding STCs, a matrix that: (a) identifies each STC from Decision 04-06-014; (b) shows changes made to a STC by the Commission, if any (e.g., D.07-02-011, D.07-05-057); (c) states the parallel term in the 2008 Plan; (d) identifies any differences; (e) explains or justifies any variation from the STCs adopted in D.04-06-014, or as later modified by the Commission; and (f) provides any other information respondent believes necessary for the Commission to make an informed decision regarding any proposed changes from a Commission-adopted STC.
5. **Lessons Learned:** Identification and summary of lessons learned over the last few years.
6. **Transmission, Flexible Delivery and Curtailability:** A statement of specific considerations, if any, to facilitate Program success relative to: transmission, experience with RPS generators willingness to propose or consider curtailability, experience with

expanding deliverability from only the CAISO control area to anywhere in California, and experience with the current Transmission Ranking Cost Report process and recommended improvements for consideration, if any.

7. **Prices and Collateral:** A statement addressing whether or not, and how, the load serving entity (LSE) has required bidders to bid a range of prices for each contract based on a minimum of three levels of collateral.

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10. **Efforts to Coordinate:** A statement that describes the efforts undertaken to coordinate the form and format of the 2008 Plans, plus improvements to the model contracts.

11. **Other:** Anything else necessary for a full and complete presentation of its 2008 RPS Procurement Plan for the Commission's consideration, as recommended by respondent for Commission adoption.

12. **Redlined Copy:** A version of the 2008 Plan that is "redlined" to identify the changes from the 2007 Plan, with a copy for Energy Division, the Administrative Law Judge and any party who requests a copy.

In D.07-02-011, the Commission conditionally approved SDG&E's Plan. The final version of SDG&E's 2007 plan (as amended per the Commission's direction) is largely replicated here as SDG&E's 2008 Plan, with material differences highlighted in Section 3.

1. **OVERVIEW**

SDG&E submits its 2008 RPS Procurement Plan with the goal of achieving 20% of renewable energy by 2010. In order to accomplish this, SDG&E has identified the need for flexible compliance mechanisms in the years 2010 and later, the need to solicit short-term contracts in SDG&E's 2008 RFO and the need for new transmission lines to

access renewable resources. SDG&E intends to use short-term contracts to cover certain shortfalls in 2010 and 2011. If flexible compliance and transmission are not available, it is highly unlikely that SDG&E will achieve the 20% mandate by 2010.

1.1 SDG&E SUPPLY AND DEMAND OF RPS RESOURCES AND COMPLIANCE WITH PROCUREMENT TARGETS

SDG&E's Annual Procurement Target ("APT") for 2008 is set forth in the RPS Compliance Plan that is to be filed concurrently with this 2008 RPS Procurement Plan. SDG&E projects that it will deliver renewable energy in 2008 that will meet and exceed its APT for 2008, assuming that all current resources deliver as contracted. To the extent that SDG&E does exceed its 2008 APT (as quantified on a forecast basis in the 2008 Compliance Plan) SDG&E will bank its surplus to cover future APT shortfalls that it may experience, including shortfalls in year 2010 and beyond.

SDG&E continues to move aggressively toward the accelerated mandate of 20% by 2010. Since 2002, SDG&E has conducted seven RFOs for renewable resources. These solicitations have resulted in 26 executed and Commission-approved contracts. SDG&E's work plan for reaching 20% by 2010 is found in Section 8 of this Plan.

1.2 USE OF FLEXIBLE COMPLIANCE

To the extent it is necessary to do so, SDG&E will avail itself of the flexibility mechanisms permitted under the RPS program, including: (1) the ability to sign bilateral agreements; which include short term contracts, (2) the ability to bank purchases in excess of the APT; (3) the ability to borrow, if necessary, from the bank to make up for purchase shortfalls, (4) the ability to earmark contracts for purchase shortfalls, and (5) the ability to carry forward shortfalls for three years. The Commission should also consider

other flexible compliance mechanisms, including: (i) unbundled RECs, (ii) the ability for IOU's to carry forward without limit any shortfall that is created by either a) the failure of a developer to perform up to its contractual commitments, and/or b) any shortfall that resulted from a delay caused by the lack of transmission. Workshops should be held as soon as possible to allow participants to offer other flexible compliance rules.

Senate Bill (SB) 107, which was signed into law on September 26, 2006, offers a number of clarifications and modifications to the existing RPS statute, including, among others, the rules related to flexible compliance. Specifically, SB 107 mandates that flexible rules for compliance shall apply to all years, including the years both before and after 2010 or the year in which the 20% goal is attained. SDG&E intends to use this flexibility mechanism and to bank its surpluses accrued in 2008

SDG&E has aggressively contracted for renewable resources, and reasonably expects that it will exceed its APT in years leading up to 2010. In the event one or more resources fail to deliver and SDG&E is short of its APT, SDG&E will borrow from its procurement bank as necessary in order to comply with purchase minimums. SDG&E follows the CPUC's methodology and banks its surplus purchases for use in future years for an unlimited period. The ability to bank excess purchases was established in D.03-06-071 and reaffirmed in D.06-10-050. Since SDG&E forecasts that it will continue to build its procurement bank through 2009, it is necessary that this excess procurement be useful in 2010 and beyond, as required by SB 107. If the banked procurement is not useful in 2010, then the value of such excess renewable procurement (above the APT for years 2003-2009) would be lost to ratepayers.

1.3 SDG&E'S PROPOSED BID SOLICITATION

SDG&E intends to issue an RFO in 2008 seeking additional offers in accordance with all RPS requirements established by the Commission and the California Energy Commission, ("CEC"). The RFO will solicit bids from all technologies of renewable projects that are located anywhere in California, as well as outside of California provided that the renewable project located outside the State meets the requirements set forth in Public Utilities Code Section 399.16.

Attached as Appendix A is the proposed RFO that SDG&E plans to issue for its 2008 RPS program solicitation. SDG&E has also included as Appendix B all RFO accompanying documents including offer forms and the Edison Electric Institute Agreement ("EEI Agreement") that SDG&E intends to append to the RFO. The RFO will solicit capacity and energy services from repowered, upgraded or new facilities. However, it maybe difficult for bidders to build a new facility and have it online by 2010. Products may include unit firm or as-available deliveries starting in 2009, 2010, 2011, or 2012 for terms ranging from spot market up to 20 years. SDG&E's request for shorter term renewable energy is new to this 2008 Plan. SDG&E believes that the use of all procurement tools is essential if the 20% goal is to be met.

SDG&E intends to solicit bids from renewable facilities that meet the requirements for eligible facilities as specified in SB 1078, SB 107 and as established by the CEC. The 2008 RFO allows sellers to offer renewable products from generation plants connected anywhere to the WECC transmission system, as long as the energy bid can be delivered into California. Arrangements to have the energy delivered to a point of delivery within the CAISO system will be a negotiated term where either the buyer or

seller must undertake such arrangement.^{1/} SDG&E will evaluate all resources on an equal basis using a Least-Cost/Best-Fit evaluation methodology that has: 1) been used in previous solicitation, and 2) been reviewed by both the Independent Evaluator and SDG&E's Procurement Review Group. SDG&E intends to count renewable resources towards its resource adequacy requirement and will evaluate each offer and include in its overall evaluation criteria any costs / benefits associated with resource adequacy. SDG&E's ability to procure from certain areas within California could be impacted by planned transmission additions, the lack of which severely impacts SDG&E's ability to contract for resources in areas where transmission constraints and congestion are expected to exist, including resources that may locate in the eastern portion of San Diego County, the Imperial Valley, northern Mexico and Tehachapi areas.

SDG&E has been successful in adding renewable resources in previous solicitations that represent a diversified portfolio of technologies that fit well with SDG&E's resource needs. SDG&E's goal is to continue to promote a renewable mix that is wide-ranging in technology types and that allows SDG&E to pursue a combination of both power purchase, and ownership options including turn-key and joint venture. However, the selection of renewable resources is driven by the quality, price and terms of offers submitted to the utility in its RFO process so there is no certainty as to which technologies will be chosen in future years solicitations.

Threshold requirements of SDG&E's 2008 RFO include:

- (i) Respondents are required to satisfy all requirements established by the CPUC and CEC, for participation in the RPS Program. Resources must be certifiable by the CEC as an eligible renewable resource. Any purchases

^{1/} If SDG&E selects out-of-state offers, they will also be subject to approval by the CEC in accordance with the CEC's latest Renewable Guidebook and in accordance with P.U. Code Section 399.16.

entered into between respondents and SDG&E will be subject to the RPS requirements established by the CPUC and eligibility requirements specified by the CEC.

- (ii) All offers shall be contingent upon respondents ability to obtain Public Goods Funds (“PGF”) to the extent such funding is necessary.
- (iii) Respondents must be poised to sign an agreement in substantially the form of the EEI Master Power Purchase and Sales Agreement.

The evaluation criteria set forth in the RFO is consistent with the directives contained in D.03-06-071, D.04-06-013 and D.04-07-029. Bids will be assessed in a Least-Cost, Best-Fit (“LCBF”) ranking based on the all-in price, including capacity and energy, transmission upgrade costs, congestion costs/credits, resource adequacy costs or benefits, duration equalization adders and debt equivalence adders, if applicable. Currently the CPUC directs IOUs to follow the CEC determination that integration^{2/} costs are negligible. However, SDG&E believes that integration costs are real and proposes to include such a cost adder to its 2008 LCBF evaluation so that the true cost of the addition of any resource is known at the time of contracting. SDG&E intends to develop such an integration cost and will review with its’ Procurement Review Group prior to including in its 2008 evaluation criteria. Offers will then be ranked on a present value, \$/MWh basis from lowest to highest cost to determine the short list.

SDG&E may use production cost modeling to further evaluate short-listed offers and see how each projects dispatches within the existing portfolio of SDG&E resources. This exercise becomes particularly useful as SDG&E approaches its 20% renewable goal and is able to be more selective in its procurement.

^{2/} SDG&E’s integration cost adder would take into account the added costs created by certain resources that require additional ancillary services, load following capability, over-generation mitigation and/or VAR support. SDG&E already includes a cost of additional resource adequacy as part of its LCBF analysis.

Qualitative factors will also be used as tie-breakers on similar cost and include (in no particular order of preference):

- Location
- Provide benefits to minority and low income areas
- Provide resource diversity
- Promote stable electricity prices
- Protect public health
- Improve environmental quality; offer environmental benefits
- Stimulate sustainable economic development
- Create new employment opportunities
- Reduce reliance on imported fuels
- Ameliorate air quality problems
- Improve public health by reducing the burning of fossil fuels
- Provide environmental stewardship, which may include the environmental impacts of Respondent' proposed facility on California's water quality, use, and water resource management consistent with the CPUC's Water Action Plan, adopted December 15, 2005.^{3/}
- Provide delivery reliability
- Ability to advance schedule
- Technology and operational flexibility
- Contains minimum development risk
- Financing plan
- Developer has corporate capabilities, credit, and proven experience

SDG&E's description of its bid evaluation criteria using the LCBF Written Report Template prepared by the Energy Division is attached as Appendix C. This document describes the methodology for processing and performing LCBF evaluation for all offers submitted in SDG&E's RFO. The intent is to implement a systematic approach

³ See D.06-05-039.

to assess the merits of all offers without prejudice for or against a particular respondent or particular product type.

SDG&E may utilize outside consultants to perform analysis and to provide overall support for the solicitation. In addition SDG&E will continue to utilize an Independent Evaluator (“IE”) for the 2008 RFO. The IE will provide an independent review of SDG&E’s RFO process and will review SDG&E’s evaluation criteria, pre-screening, cost modeling efforts, short-listing and final selections. In addition, the IE will participate in PRG meetings and will submit a final report on its findings. SDG&E intends to include the IE’s final report as part of its advice letter filing(s) seeking Commission approval of any contracts that result from this RFO process. To the extent the IE’s report contains confidential information a redacted version of the report will be made available to the public. The intent is to ensure free and open communication between the IE and CPUC. SDG&E is committed to conducting an open and transparent solicitation, and ensuring a fair, reasonable and competitive process.

SDG&E will brief its PRG on a periodic basis during the course of the solicitation and seek feedback on SDG&E’s evaluation, selection and negotiations. SDG&E will seek approval of any agreement resulting from the RFO via the Commission’s advice letter filing process.

SDG&E recognizes that RFOs are only one means of procurement. The WECC has a well-established and liquid bilateral market. SDG&E, for the benefit of its ratepayers, intends to make full use of this valuable resource. Not only is the bilateral market an important tool for procurement, it is available year-round where the RPS RFOs tend to be an annual batch-processing of commercial arrangements. SDG&E anticipates

that it may seek approval for bilateral renewable contracts with developers who were unable to participate in the previous RFO solicitation and who are unable to wait until the next RFO solicitation. SDG&E is mindful that bilateral resources must be cost-effective when compared against projects that bid into past RFO solicitations. SDG&E's ability to consider offers received in response to all-source non-RPS RFOs and bilateral offers will widen the scope of resources available to SDG&E. To the extent that a bilateral offer complies with RPS program requirements, fits within SDG&E's resource needs, is competitive when compared against recent RFO offers and provides benefits to SDG&E customers, SDG&E will pursue such an agreement. As directed by D.03-06-071, no Supplemental Energy Payments ("SEPs") shall be used for bilateral agreements or non-RPS all-source RFO agreements. SDG&E will brief its Procurement Review Group ("PRG") prior to undertaking substantial negotiations in connection with such agreements.

2. PROGRAM METRICS

2.1– 2.3 RETAIL SALES; ANNUAL PROCUREMENT TARGETS; RPS-ELIGIBLE PROCUREMENT

A detailed quantification of these elements required in the ACR (retail sales, annual procurement targets, RPS eligible procurement) can be found in Appendix D, the SDG&E RPS Procurement Plan 2003 – 2013 Report.

2.4 USE OF FLEXIBLE COMPLIANCE

SDG&E proposes that the Commission clarify as part of its decision conditionally approving the IOUs' 2008 Plans that the flexible compliance rules currently in effect will remain in effect through 2010 and beyond. The Commission expressly acknowledged in D.06-10-050 its obligation to adopt specific flexible compliance rules for use in 2010 and

thereafter.^{4/} SDG&E does not perceive a need for the Commission to conduct another proceeding simply to extend the existing rules. Therefore we request that the Commission adopt an extension of the current rules as a part of this plan, with the additional rules proposed by SDG&E in Section 1.2 above.^{5/} A future proceeding to address RECs or any other flexible compliance rule should be convened as expeditiously as possible. The need to have ex-ante certainty of the procurement framework is a cornerstone of AB 57; there is no reason to continue to operate without certainty as to future compliance.

2.5 REASONABLE USE OF A PROCUREMENT MARGIN OF SAFETY TO ACCOUNT FOR POTENTIAL CONTRACT FAILURE AND OTHER CONTINGENCIES

As discussed in SDG&E's Long Term Procurement Plan, the prospect of contract failure in an emerging market such as renewables is real. SDG&E therefore plans to procure in excess of its 2010 requirement and contract for deliveries equal to 24%-26% in 2010 in order to provide a margin of safety in the event contracted resources do not achieve commercial operation by 2010.

3. SUMMARY OF MAJOR CHANGES IN EACH PLAN FROM 2004 THROUGH 2008

A summary that identifies changes in each procurement plan from 2004 through 2008 is attached as Appendix E.

4. MATRIX OF CHANGES TO THE STANDARD TERMS AND CONDITIONS

A matrix that identifies standard terms and conditions that changed as a result of various CPUC decisions is attached as Appendix F.

^{4/} See, D.06-10-050, *mimeo*, pp. 28-29.

5. IDENTIFICATION AND SUMMARY OF LESSONS LEARNED

SDG&E has conducted seven RPS solicitations to date in pursuit of the 20% RPS mandate. These include the first, on September 20, 2002 (“2002 RFO”), the second on May 16, 2003 (“2003 Grid Reliability RFO”), the third on July 1, 2004 (“2004 RPS RFO”), the fourth on September 30, 2005 (“2005 RPS RFO”), the fifth on May 24, 2006 (“2006 All Source RFO”), the sixth on July 17, 2006 (“2006 RPS RFO”), and the most recent 2007 RPS RFO issued on March 12, 2007.^{6/} These RFOs have each sought capacity and energy services from re-powered, upgraded or new facilities. The RFOs support SDG&E’s goal by promoting additional renewable development, enhancing SDG&E’s ability to develop a renewable mix that is wide-ranging in technology types and allowing SDG&E to pursue a combination of both power purchase and ownership options with the overall goal of achieving a 20% renewable portfolio mix by 2010. In addition, SDG&E has been involved in bilateral negotiations that represent another market for the advancement of the important goals established in the RPS program. In total, SDG&E has signed and received CPUC approval for 26 contracts, which represent the addition of 1186 MW of renewable capacity.

Results from the previous RFOs raise the following major concerns and lessons learned: 1) there is an urgent and critical need for new transmission infrastructure if the state is to meet its 20% RPS goal, 2) increased procurement created by the incremental demand of the RPS mandate is leading to higher prices for renewables, and 3) creation and completion of generation projects based upon emerging technologies is a challenge

^{5/} *I.e.*, the ability for IOU’s to carry-forward – without limit – any shortfall that is created by either a) the failure of a developer to perform up to its contractual commitments, b) any shortfall that resulted from a delayed caused by the lack of transmission.

where the attainment of the 20% RPS goal hangs in the balance.

1) Transmission. The list of projects currently being negotiated by SDG&E validates earlier concerns that lack of availability of transmission will have a significant impact on SDG&E's ability to achieve the mandate of 20% by 2010. Of the projects contracted from SDG&E's 2004 RFO and the projects in the 2005 RFO short-list, greater than 80 % of the associated projected annual energy purchases are dependent in some way on new transmission being approved and built to import the energy from Imperial Valley, Tehachapi and eastern San Diego County. Several projects short-listed in the 2006 and 2007 RFO represent a quantity of renewable energy that is equal to approximately 15% of SDG&E's 2011 retail sales. These projects are located in Imperial Valley, eastern San Diego County and the La Rumorosa area in Mexico and are dependent in some way on new transmission being approved and built.

SDG&E has a direct interest in the Commission acting expeditiously to approve new transmission infrastructure:

a) In the east county of San Diego to allow for a significant addition of new wind resources in that area. As already mentioned, SDG&E received bids in previous RPS RFOs which results in negotiations with ~350 MW of wind projects located in east San Diego county. In its 2007 RFO, the short-list includes a number of bids located in Imperial Valley and the La Rumorosa area of Mexico in excess of 500 MWs. In order to access this energy, a new 500 kV switchyard will need to be constructed to tap the Southwest Powerlink transmission line before 2010 to accommodate the wind resource in

^{6/} SDG&E also issued a renewable only RFO in 2002, however this was prior to formal establishment of the RPS process by the CPUC.

this area. According to various sources,^{7/} delivery of this wind will require not only a new substation, but the addition of the Sunrise Powerlink transmission line as well. The substation allows for the interconnection to the grid, but the Sunrise line is required to create sufficient take-away capacity so that all of these renewable resources can be delivered to load without violating the CAISO grid planning criteria.

b) The Sunrise Powerlink transmission line is necessary to deliver large amounts of solar and geothermal resources from Imperial Valley as well as facilitating the east San Diego County and Mexico wind projects. The Commission is well acquainted with this proposal and has been conducting hearings on this line, which is critical to delivering both SDG&E's CPUC-approved contracts as well as prospective contracts that SDG&E hopes to be able to file with the Commission in the near future.

Based on the number of SDG&E approved contracts, contracts under negotiations, and contracts short-listed from the 2007 RFO, roughly half of SDG&E's renewable opportunities would require the Sunrise Powerlink in order to deliver its energy to the California grid. Without the Sunrise Powerlink transmission line, it is highly unlikely that SDG&E will achieve the 20% mandate by 2010.

c) Early interconnection plan in the Tehachapi region. The Pacific Wind agreement proposes to build a 205 MW wind project in the Tehachapi area and interconnect at the Cotton Wind substation. The project was originally anticipated to achieve commercial operation in 2008 and is contingent on new transmission lines being approved and built. This resource represents a significant portion of SDG&E's 2010 need for renewable energy. However, the recently adopted CAISO transmission plan for

^{7/} See, e.g., the CAISO Grid Planning Standards and SDG&E Transmission Ranking Cost Reports (public) and CAISO Feasibility and Facilities Studies (confidential).

the Tehachapi area indicates that the build-out plan adopted for Tehachapi will delay the commercial operations date until August of 2011. SDG&E is actively working with SCE, Pacific Wind, and the CAISO to devise a plan to allow for earlier interconnection with delivery of this project by 2010. SCE filed its CPCN on June 29, 2007 requesting approval of their Tehachapi Renewable Transmission Project, which includes the Whirlwind (Sub 5) substation. Although Pacific Wind's preferred interconnection is Cotton Wind substation, a four mile gen-tie would be required to interconnect at the Whirlwind substation. SCE has indicated that this scenario could allow early interconnection by 2010, but would require approval of the CPCN no later than December 31, 2009. SDG&E recommends that the CPUC expedite the approval of this CPCN.

Although the Tehachapi build out has the potential to add greatly to the states progress towards its RPS goals, SDG&E notes that it has not received a single offer from this region since its 2005 RFO.

SDG&E recommends that the CPUC and the CEC implement a process to expedite the completion of transmission infrastructure. If transmission is not approved and developed in a timely manner, a strong likelihood exists that accessing new renewable resources to achieve 20% by 2010 will not occur.

2) Increased Pricing. It is apparent that each years RFO has resulted in year-on-year increases in the offered prices by developers of renewable resources. While some of this increase is attributable to the rise in worldwide commodity prices, and increased EPC costs, some other portion of the increase is attributable to the incremental demand created by an RPS program with mandated targets and associated penalties. The demand created

by RPS has stretched the ability of manufacturers to keep pace with the surge in items like wind turbines, specialty glass needed for solar and drilling rigs required for geothermal. For producers with costs below the MPR, it is likely that some form of opportunity pricing is also taking place where the MPR is seen as a single-clearing price market where a bidder's concern is the size of a discount below MPR required to clear its bid, rather than a bid based upon costs. Whatever the cause of price increases, the latest offers point to a possibility that the "price cap" on procurement (created through the combination of MPR and SEPs available)^{8/} may be reached prior to the 20% goal being reached.

3) Emerging Technology Projects. SDG&E has observed that the projects bid into its RPS RFOs are often not at the same stage of development as projects bid into RFOs for conventional resources. The developers of renewable resources sometimes submit offers that would benefit greatly from more pre-submittal work in the areas of cost estimation, site control and permitting. The work done on offers seems to be often progressing in parallel with the negotiation of the bid. The result is that offers can change significantly during the negotiation process. At this late stage of the process (long after losing bidders have been notified) SDG&E is left with a decision of terminating negotiations or working through various issues as each element of the developers project comes together (land acquisition, procurement, permitting, etc). The lesson learned is that less rigidity in the RFO process is a requirement, up to and

^{8/} See, P.U. Code § 399.15(b) (4): "If supplemental energy payments from the Energy Commission, in combination with the market prices approved by the commission, are insufficient to cover the above-market costs of eligible renewable energy resources, the commission shall allow an electrical corporation to limit its annual procurement obligation to the quantity of eligible renewable energy resources that can be procured with available supplemental energy payments."

including supplementing the RFO process with bilateral negotiations.

6. TRANSMISSION, FLEXIBLE DELIVERY, AND CURTAILABILITY

6.1 TRANSMISSION; EXPERIENCE WITH TRANSMISSION RANKING COST REPORT

SDG&E uses a number of different tools to evaluate the use of transmission associated with RPS projects. For the cost and availability of new transmission facilities necessary to interconnect a new renewable resource, SDG&E can look to either a) the Transmission Ranking Cost Reports (“TRCRs”) produced by the IOUs; or b) CAISO transmission interconnection studies. The availability of accurate and timely transmission data is problematic when conducting RFOs. For costs associated with congestion, SDG&E typically performs modeling of the CAISO grid, with the new resource added, as part of its LCBF efforts.

New Transmission Assets

The best source of data for the cost and availability of new transmission assets required to deliver a new renewable generator is the CAISO Facility Study. This study is the final report that leads to a transmission interconnection agreement which describes the necessary transmission upgrades and quantifies the cost of those additions. However, these studies are usually unavailable to the SDG&E procurement group at the evaluation stage as most developers wait until they have a contract in place before they will undertake this study. The ISO interconnection study process (the “ISO queue”) has become a very difficult process due to the exponential rise in requested project studies. Many of these projects are studying the same resource site – clustering would greatly help cut down on the number of studies required. Because of the large quantity in the

queue, the timeliness of data is often an issue. Also, because queued projects are studied with all higher queued projects modeled as online, the accuracy of any interconnection study is also in doubt.

The next best source of data for evaluating new transmission required by a generator is the TRCR analysis. This report is prepared by each IOU based upon expressions of interest in that IOU's upcoming RPS RFO. SDG&E's experience with the TRCR process has demonstrated the challenges in determining the appropriate transmission cost adder for the LCBF bid. The CPUC has established a schedule for the IOUs to issue their TRCR prior to the issuance of the renewable RFO. This has created a TRCR of projects that do not match the projects bid into the renewable RFO. SDG&E's 2007 RFO bid results included only two out of thirty-four projects that participated in the TRCR process. As a result, SDG&E had a difficult time assessing the appropriate transmission cost for each project bid into its RFO. SDG&E recommends that the TRCR be completed based on the actual bids that were offered in each RFO. In that way, all projects are included (and in an important workload consideration, ONLY projects that are actually under consideration in the RFO are studied).

Congestion Analysis

While SDG&E may be able to procure resources in other parts of California without new transmission being built, the cost of delivering that energy to SDG&E's customers will rise as congestion and other related factors are taken into account. SDG&E anticipates that it will gather additional information related to congestion issues from work done to model offers submitted in response to its RFOs. As part of the LCBF analysis used to evaluate offers received through an RFO solicitation, SDG&E's

procurement group will analyze the impact of congestion costs and line losses, whether the offers contemplate contract delivery points inside or outside the SDG&E service territory. The contract delivery points for each offer will be identified and the impact of delivering the energy to SDG&E's Load Aggregation Point ("LAP") will be considered. This forecast of congestion is accurate only to the extent that model inputs prove to be correct with the passage of time.

If congestion and transmission upgrade costs are substantial, they will adversely affect the relative cost-effectiveness of some renewable resource projects. If construction of new transmission and upgrades to existing transmission systems cannot be achieved, SDG&E's ability to meet its 2010 RPS goals may be undermined. More information relevant to this issue is available in the Sunrise Powerlink Transmission Project Purpose and Need Application dated August 4, 2006.

6.2 CURTAILABILITY

With regard to curtailability, only a few bidders from previous RFOs proposed curtailability as an option; as part of the bid analysis SDG&E considers the feasibility versus cost for those curtailments. In the event any bid received in future solicitations includes an offer to curtail, the value of this attribute, related to the particular renewable technology and operating profile, will be considered in the LCBF analysis.

6.3 FLEXIBLE DELIVERY

SDG&E's 2008 RFO will allow respondents to interconnect anywhere in the WECC, so long as they can deliver to a point within California. Where the contract delivery point is outside the CAISO control area or at a CAISO boundary point with another control area, SDG&E, as the buyer, may assume responsibility for the costs of

congestion between the contract delivery point and the SDG&E LAP, as long as the all-in cost of the resource is cost effective under the LCBF analysis. Where the contract delivery point is at the SDG&E LAP, the seller may assume most if not all of these costs as long as the all-in cost of the resource is cost effective under the LCBF analysis. Thus the decision as to where the contract delivery point will be depends upon the respective expectations of the buyer and the seller regarding the costs of congestion over the life of the contract and becomes simply another deal term to be negotiated as part of the total value of the contract.

SDG&E is proposing a contract term for the 2008 RFO solicitation that would become effective upon implementation of the CAISO market redesign. The new contract term pertains to the “delivery point.” If a generator is outside of SDG&E's service territory, SDG&E's contract template would include the following delivery point language:

"In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for SP-15 or in the event the Delivery Point is otherwise modified by the CAISO, the “Delivery Point” shall be a valid scheduling point in SP-15 that is either:

- a) The Buyer's load aggregation point, if defined by the CAISO; or
- b) If a Buyer's load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designated by Buyer as most closely representing Buyer's bundled customer load."

The proposed contract term is intended to reflect the potential change in the definition of the “delivery point” by the CAISO.

7. PRICES AND COLLATERAL

SDG&E's collateral and deposit requirements are found in the attached 2008 RPS RFO: 1) Creditworthiness: SDG&E does include in its RFO the right to evaluate the

credit worthiness of the respondent to the RFO. 2) Bid Deposit: SDG&E does require a bid deposit fee equal to the lesser of \$3/kw of the facility's nameplate capacity or \$100,000. 3) Collateral during operations: collateral is required during the project development phase, and once the project is completed, additional collateral is required during the delivery term of the contract. The project development collateral will be determined by multiplying twice the annual estimated MWh output of the facility by \$5/MWh. The collateral during the delivery term of the contract will be determined by multiplying twice the annual estimated MWh output of the facility by \$15/MWh.

SDG&E does not require bidders to bid a range of prices for each contract based on a minimum of three levels of collateral.

8. WORK PLAN TO REACH 20% BY 2010 AND IMPEDIMENTS

SDG&E currently has executed and approved contracts that will contribute to its renewable resources in 2010. In order to achieve 20% by 2010, SDG&E will take the following steps.

- 1) Issue a renewables-only RFO in 2008 for projects that can deliver renewable power beginning in years 2009, 2010, 2011 and 2012,
- 2) Continue to negotiate with projects that were submitted in previous years RPS RFOs but which have not yet resulted in a filed contract,
- 3) Pursue targeted bilateral prospects which will satisfy the 20% RPS mandate
- 4) Pursue ownership or development partnerships where SDG&E's participation/ownership would improve project viability, increasing the likelihood that the project will be successful. SDG&E will evaluate any such ownership opportunity in

order to ensure that ownership is cost-effective when compared with PPAs, in accordance with guidelines previously established by the Commission.

5) To the extent feasible, to include renewables in non-RPS RFOs where SDG&E is seeking to fill specific resource needs. Should SDG&E issue such an all-source RFO during 2008, and to the extent that offers are received in response to all-source RFOs, such offers will be evaluated and, if economic, selected in accordance with LCBF principles. As with offers entered-into bilaterally, any such offers resulting from non-RPS all-source RFOs are not eligible for SEP funding under current Commission rules.

6) Plan to procure to a level of 24% to 26% renewable supply to account for unanticipated project failures or delays.

7) Continue to seek expedited approval and construction of the transmission infrastructure as discussed elsewhere in this plan.

8) Make use of all available flexible compliance mechanisms including the use of RECs.

8.1 IMPEDIMENTS TO REACHING 20% BY 2010

For SDG&E, the lack of transmission infrastructure is a major impediment to achieving 20% by 2010. As mentioned earlier in the above “lessons learned” section, of the projects contracted from SDG&E’s 2004 RFO and the projects in the 2005 RFO short-list, greater than 80 % of the associated projected annual energy purchases are dependent in some way on new transmission being approved and built to import the energy from Imperial Valley, Tehachapi and eastern San Diego County. Many projects short-listed in the 2006 and 2007 RFO are located in Imperial Valley and the La Rumorosa area in Mexico and are dependent in some way on new transmission being

approved and built.

SDG&E has proposed the Sunrise Powerlink to access renewable resources in the Imperial Valley and has demonstrated its role in helping SDG&E meet the state's renewable energy goals. SDG&E's transmission planning group is looking at ways to access the wind potential in eastern San Diego County.

Also, SDG&E is an active participant in the Tehachapi Transmission project that, when completed, will provide access to approximately 4500 MW of renewable resources. The CAISO adopted the Tehachapi Transmission plan that delayed the online date of Pacific Wind to August of 2011, and SDG&E is actively working with SCE, Pacific Wind, and the CAISO to determine a way to interconnect this project by 2010.

Two other issues may challenge SDG&E's ability to achieve its RPS goals. The first, involves debt equivalency. As SDG&E executes an increasing number of power purchase agreements, the cumulative debt equivalence of all these agreements may greatly affect SDG&E's credit profile and, consequently, its financial standing. Rating agencies include long-term fixed financial obligations, such as purchase power agreements, in their credit risk analysis. These obligations are treated as additional debt during their financial ratio assessment. S&P views the following three ratios, Funds From Operations ("FFO") to Debt, FFO to Interest Expense, and Debt to Capitalization, as the critical components of a utility's credit profile. Debt equivalence negatively impacts all three ratios. Unless mitigated, a PPA would negatively impact SDG&E's credit profile as it would degrade credit ratios. Given that SDG&E will be executing contracts for 20% or more of its overall portfolio to meet its RPS goals, SDG&E anticipates that the CPUC will address and mitigate the resulting overall impacts of debt

equivalence to SDG&E's capital structure in the cost of capital or other appropriate proceeding.

The second issue could also impact SDG&E's ability to sign new contracts. As part of SDG&E's overall internal review and approval process for new PPAs, SDG&E conducts a review of whether each PPA will be subject to consolidation under FIN 46(R) rules. Until now, no renewable PPA has been deemed subject to such consolidation. However, SDG&E has been informed by its independent, registered public accounting firm, Deloitte & Touche, LLP, that it needs to assess each contract within the context of FIN 46(R) to determine whether or not SDG&E must consolidate a Seller's financial information in with SDG&E's own quarterly financial reports to the Securities and Exchange Commission. As of July 1, 2006, for SDG&E, new rules may result in consolidation of certain Sellers' financial information. In particular, wind, solar, geothermal and bio-gas renewable Sellers could be impacted. Therefore, certain renewable contracts may no longer receive FIN 46(R) exemptions. If a new interpretation of FIN 46(R) rules is adopted by Deloitte & Touche, LLP, this could challenge SDG&E's ability to achieve its RPS goals and add further costs and risk to execution of new renewable contracts. If SDG&E determines that consolidation is required, a Seller must open its books to SDG&E and submit, on a quarterly basis, the following information for the duration of any agreement:

- a) Complete financial statements and notes to financial statements;
- b) Financial schedules underlying the financial statements, all within 15 days of the end of each quarter; and
- c) Access to records and personnel, so that SDG&E's independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section

404 of the Sarbanes-Oxley Act of 2002).

All PPA contracts are affected by either debt equivalence or FIN 46(R) requirements, but not both. The Commission is well aware of the negative impact of debt equivalence on SDG&E's credit profile. AB 57 requires that the Commission adopt procurement plans that, among other objectives, enhance the creditworthiness of the utility. FIN 46(R) will affect SDG&E's reported financial data and may have negative impact on SDG&E's balance sheet and/or credit profile. FIN 46(R) could impact SDG&E's capital structure on a consolidated basis and cause it to be misaligned with its authorized capital structure. In order to rebalance SDG&E's capital structure to the authorized one, SDG&E would be required to infuse additional equity to offset the additional debt. SDG&E anticipates Commission authorization to recover the costs associated with rebalancing its capital structure to the authorized structure in the cost of capital or other appropriate proceeding. To the extent that individual executed PPAs will impact SDG&E's capital structure, SDG&E will seek relief in its cost of capital or other appropriate proceeding.

9. SELF-BUILD RENEWABLE RESOURCES

As in past years, SDG&E plans to issue a RPS solicitation in 2008 which includes the opportunity for bidders to offer ownership opportunities to the utility in order to achieve 20% by 2010. The RFO will include both turnkey development and PPAs. SDG&E may also consider building its own renewable generation through green field development, which normally takes 3-5 years to complete. This could take a range of forms from SDG&E acting as outright and sole developer of a project to a joint

ownership structure where SDG&E assists a smaller developer, acting as financier or adding other expertise such as regulatory, legal, or permitting.

SDG&E's decision to become a developer of renewable resources will be influenced by the likelihood that SDG&E's involvement in a project (as sole or joint developer) would enhance that project's prospects of successful completion. Impediments to timely development in these areas include: (i) the fact that sites with higher capacity factors located in areas with access to transmission have already been developed by other developers, (ii) the lack of a construction/development group within SDG&E. The Commission should remember that it has in the recent past strongly encouraged SDG&E to exit the development business – re-entering that field is a significant undertaking that is not currently contemplated in SDG&E's GRC, (iii) the trend towards ownership of development companies by financial investors who are now looking to own completed projects rather than selling development assets to an independent investor such as SDG&E, and (iv) the fact that utility property may not qualify for the tax credits that allow solar generation to be cost effective, nor does utility property qualify for accelerated depreciation for renewables thus increasing the cost of utility ownership vis-à-vis PPAs.

Due to these impediments, and generally the length of time required to complete a greenfield project from inception. It is not likely that a SDG&E build-to-own renewable project will be completed by 2010. However, SDG&E continues to study the benefit and issues associated with building its own renewable generation

10. EFFORTS TO COORDINATE THE 2008 PLAN

SDG&E and the other IOUs have agreed to standardize the 2008 RPS Procurement Plan to the extent that time allows. This has resulted in all IOUs agreeing to follow the ACR Plan outline as closely as possible. In addition, SDG&E, SCE and PG&E have standardized the solicitation schedule for the 2008 RFO and agreed to yellow highlight all non-modifiable terms in the standard contract terms and conditions. Further work on standardizing this Plan or the RPS contract will await future years' filings.

11. OTHER ISSUES TO CONSIDER

Issues pertaining to the 2008 Procurement Plan have been addressed in previous sections.

12. REDLINED COPY

A redlined version of the 2008 RPS Plan identifying changes from the 2007 plan is attached as Appendix G.

APPENDIX A

2008 REQUEST FOR OFFERS



SAN DIEGO GAS AND ELECTRIC COMPANY
ELECTRIC AND GAS PROCUREMENT DEPARTMENT
8315 CENTURY PARK COURT, CP21D
SAN DIEGO, CA 92123

***** 2008 *****
REQUEST FOR OFFERS

ELIGIBLE RENEWABLE RESOURCES

ISSUED
JANUARY 18, 2008

OFFERS DUE
APRIL 4, 2008

RFO WEBSITE
<http://www.sdge.com/renewablerfo2008>

EMAIL QUESTIONS/COMMENTS TO
renewablerfo@semprautilities.com

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1.0 SCOPE OF REQUEST

San Diego Gas & Electric Company (SDG&E) is issuing this Request for Offers (RFO) to solicit offers from eligible renewable energy generators (Respondents). By responding, Respondents are bound by the terms of this RFO. SDG&E is seeking resources to expand its renewable portfolio. SDG&E's goal is to achieve an overall resource portfolio comprising of 20% renewable energy by the year 2010. Resources offered must meet the California Renewable Portfolio Standard (RPS) eligibility criteria set forth by the California Energy Commission (CEC). (See Section 5.0 RPS Program Parameters for additional information.)

IN ORDER TO SUBMIT PROPOSALS UNDER THIS SOLICITATION, RESPONDENT'S PROJECT SHOULD HAVE PARTICIPATED IN THE 2008 TRANSMISSION RANKING COST REPORT (TRCR) STUDY APPLICABLE TO THE SPECIFIC UTILITY'S TRANSMISSION GRID TO WHICH THE PROJECT WILL TIE-IN. PROPOSALS FROM RESPONDENTS NOT PARTICIPATING IN THE TRCR MAY BE DEEMED NON-CONFORMING AND DENIED FROM FURTHER CONSIDERATION UNDER THIS SOLICITATION. RESPONSES FROM RESPONDENTS WHO HAVE SYSTEM IMPACT STUDIES (DATED 2006 OR LATER) APPROVED BY THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO) ARE ALSO ACCEPTABLE AND DEEMED IN CONFORMANCE OF THE RFO. SDG&E MAY ENTERTAIN REQUESTS FOR CONSIDERATION OF NON-CONFORMING OFFERS AT ITS SOLE DISCRETION ON A CASE-BY-CASE BASIS. SEE RFO SECTION 4.0 – "RFO RESPONSE INSTRUCTIONS" FOR ADDITIONAL INFORMATION.

Proposed products may be for Peaking, Baseload, Dispatchable (unit firm) or As-available deliveries. Proposed resources may include capacity and energy from:

- 1) Re-powering of existing facilities;
- 2) Incremental capacity upgrades of existing facilities;
- 3) New facilities;
- 4) Existing facilities with expiring contracts; or
- 5) Eligible resources currently under contract with SDG&E.
SDG&E shall consider offers to extend terms of or expand contracted capacities for existing agreements.

Contracts resulting from this RFO may require the Respondents to comply with the Resource Adequacy (RA) requirements that are being implemented by both the California Public Utilities Commission (CPUC) and the CAISO. SDG&E may use the qualifying RA capacity from any contract resulting from this RFO in its required RA showing for the term of the contract. SDG&E reserves the right to resell RA capacity under contract resulting from this RFO.

Additional resource criteria are described in Section 7.0 Resource Criteria. Resources may be proposed on the basis of any of the alternatives described below.

ALTERNATIVE I. POWER PURCHASE AGREEMENT

Respondent shall propose a 10, 15 or 20-year power purchase agreement for capacity and/or energy from an eligible renewable resource that can meet the criteria described herein. Offers for any other contract duration shall be considered; and, any resultant agreement shall be subject to CPUC approval. Proposed short term agreements of 1-9 years will also be considered. Resources may be located: (a) anywhere in CA or (b) outside of CA so long as they meet the criteria as defined in California Public Utilities Code Section 399.16. All resources must ultimately be delivered to any point within California and must commence deliveries in, 2009, 2010, 2011, or 2012. SDG&E prefers that resources located outside of the CAISO control area have adequate firm transmission capability to deliver to the CAISO control area during the delivery term. Any agreement executed with a Respondent offering resources from Imperial Valley may be contingent upon SDG&E obtaining approval for and being able to license and construct a new 500 kV line from Imperial Valley to the San Diego area. The generating facility and transmission interconnection must be designed and constructed in conformance with the CAISO various reliability agreements, procedures, protocols, tariffs and standards. The Respondent will own and operate the facilities and be responsible for development, land acquisition, fuel supply source and transportation, permitting, financing and construction for the facilities. Respondents must be poised to sign an agreement in substantially the form of the EEI Master Power Purchase and Sales Agreement, as amended (PPA). (See Section 15.0 Model Documents and Other Attachments).

ALTERNATIVE II. POWER PURCHASE AGREEMENT WITH SDG&E BUYOUT OPTION

In addition to the PPA described above, Respondents offering new renewable resources may also provide an option price for SDG&E to acquire the facility along with all environmental attributes, land rights, permits and other licenses – thus enabling SDG&E to own and operate the facility at the end of the PPA term. Resources must be located in the San Diego County or Imperial Valley areas and must commence deliveries in 2009, 2010, 2011, or 2012. Any agreement executed with a Respondent offering resources from Imperial Valley may be contingent upon SDG&E obtaining approval for and being able to license and construct a new 500 KV line from Imperial Valley to the San Diego Area. If SDG&E accepts the buyout option, SDG&E would notify the Respondent and exercise the option in Year 9 and pay for the buyout at the end of Year 10. Otherwise, the PPA shall continue until its scheduled conclusion. Respondents may select the overall PPA to be either 10, 15 or 20 years. The generating facility must be located on land owned or leased by the Respondent, with land rights assigned to or purchased by SDG&E as part of the facility acquisition. Any land lease, subject to SDG&E approval, must be in adequate form and for an adequate term (at least the life of the asset). The generating facility and transmission interconnection must be designed and constructed in conformance with CAISO's various reliability agreements, procedures, protocols, tariffs and standards. The offer shall include (1) the capacity and energy price in PPA Years 1-10; (2) a firm price for the buyout option; and (3) the capacity and energy price for the remaining PPA years if SDG&E does not exercise the buyout option. Respondents may apply for and receive Supplemental Energy Payments during the PPA term (See Section 5.0 RPS Program Parameters). Respondents must provide complete design and construction specifications for the technology being proposed. Respondents must be poised to sign a power purchase agreement in substantially the form of the EEI Master Power Purchase and Sales Agreement, as amended. (See Section 15.0 Model Documents and Other Attachments).

ALTERNATIVE III. TURNKEY ACQUISITION AGREEMENT

Respondent may propose to develop, permit, and construct a new renewable generating facility to be acquired by SDG&E. Resources must be located in the San Diego County or Imperial Valley areas and must commence deliveries in 2009, 2010, 2011, or 2012. Any agreement executed with a Respondent offering resources from Imperial Valley may be contingent upon SDG&E obtaining approval for and being able to license and construct a new 500 kV line from Imperial Valley to the San Diego area. The facility must be located on land owned or leased by the Respondent, with land rights assigned to or purchased by SDG&E as part of the generation facility acquisition. Any land lease, subject to SDG&E approval, must be in adequate form and for an adequate term (at least the life of the asset). The generating facility and transmission interconnection must be designed and constructed in conformance with CAISO's various reliability agreements, procedures, protocols, tariffs and standards. Respondents must provide complete design and construction specifications for the technology being proposed. Respondents may also propose joint ownership/development opportunities, alternative financing or sharing of commercial risks that would reduce the cost to SDG&E.

2.0 RFO WEBSITE AND COMMUNICATION

The RFO and all subsequent revisions and documents are available for download from the RFO Website. The website address is: <http://www.sdge.com/renewablerfo2008>. Potential Respondents are responsible for checking the RFO Website for subsequent updates, notices and postings.

The RFO website contains the RFO documents, RFO Schedule, and a Question and Answer forum. Those intending to bid must register first to receive a username/password prior to uploading electronic offers. See instructions on the website to register. The DEADLINE TO REGISTER is indicated in Section 3.0 – “RFO Schedule”.

All questions or other communications regarding this RFO must be submitted via email to renewablerfo@semprautilities.com by the DEADLINE TO SUBMIT QUESTIONS as specified in Section 3.0 RFO Schedule. SDG&E will not accept questions or comments in any other form.

RFO Website:

<http://www.sdge.com/renewablerfo2008>

3.0 RFO SCHEDULE

The following schedule and deadlines apply to this RFO. SDG&E reserves the right to revise this schedule at anytime and in SDG&E's sole discretion. Respondents are responsible for accessing the RFO Website for updated schedules and possible amendments to the RFO or the solicitation process.

NO.	ITEM	DATE
1.	RFO Issued	January 18, 2008
2.	Pre-Bidder's Conference	February 7, 2008
3.	DEADLINE TO SUBMIT QUESTIONS Question submittal cut-off date. Answers to all questions will be posted on the website no later than March 6, 2008.	February 21, 2008
4.	DEADLINE TO REGISTER Those intending to bid must register to receive a username/password in order to upload electronic offers.	April 2, 2008
5.	CLOSING DATE: Offers must be uploaded to and received by the RFO Website no later than NOON (local prevailing time).	April 4, 2008
6.	DEADLINE TO SUBMIT HARDCOPIES/CD Respondents submit to SDG&E one original signed offer (hardcopy) and one CD.	April 7, 2008
7.	SDG&E notifies the CPUC (Executive Director) that the RFO has closed.	April 11, 2008
8.	SDG&E meets with PRG and provides preliminary short list	May 23, 2008
9.	SDG&E notifies short-listed Respondents	May 28, 2008
10.	Letter due from short-listed Respondents indicating: a. Withdrawal from SDG&E's solicitation; OR b. Acceptance of short-listed standing, withdrawal of participating in any other solicitation and evidence of withdrawal notice to all other solicitors. c. Provide a Project Development Fee equal to \$3.00 per kW of Nameplate Capacity up to a maximum of \$100,000 according to the provisions of Section 12.0 Credit Terms and Conditions.	June 4, 2008
11.	SDG&E issues appreciation notices to unsuccessful Respondents	June 9, 2008
12.	FINAL SHORT LIST: Submit short list to CPUC and PRG	June 13, 2008
13.	Submit report on evaluation criteria and selection process; Independent Evaluators submit Preliminary Reports to CPUC	TBD
14.	Submits Advice letters with PPAs to CPUC and CEC (SEP only) of proposed contracts	December 31, 2008

4.0 RFO RESPONSE INSTRUCTIONS

All offers submitted pursuant to this RFO must contain, at a minimum, the following items as listed below. The failure to provide the listed information will result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

- 1) The information requested on the Offer Forms;
- 2) The information requested on the Additional Narrative Information Sheet (Alternative II and Alternative III offers only);
- 3) The Credit Application;
- 4) The list of Confidential and Proprietary terms in accordance with Section 11 Confidentiality; and,
- 5) Redline comments (if any) to the model PPA and documents listed in Section 15.0 Model Documents and Other Attachments.
- 6) Consent Form
- 7) Offer Summary Sheet/Checklist of Required Documents

Respondents may download all Offer Response Forms, the Credit Application and model PPA from the RFO Website.

All offers must be uploaded to the RFO Website no later than Noon, local prevailing time, on the CLOSING DATE (see RFO Schedule). The Offer Response Forms must be in Excel or Excel-compatible format (not in PDF). The Credit Application, any narratives and redline comments to the model PPA must be in Word or Word-compatible format.

No later than the DEADLINE TO SUBMIT HARDCOPIES/CD, Respondent shall provide to SDG&E one hardcopy printout of the original offer signed by an authorized officer of the Respondent, along with one CD. The original signed offer must be IDENTICAL to the electronic offer submittal, and must be sent to the address shown below:

San Diego Gas & Electric Company
Electric and Gas Procurement Department
Attn: RPS RFO Response
8315 Century Park Court, CP21D
San Diego, CA 92123-1593

All offer materials submitted shall be subject to the confidentiality provisions of Section 11 Confidentiality of this RFO.

Offers must include narratives containing adequate detail to allow SDG&E to evaluate the merits and credibility of the proposed resources. Respondents must address the following topics in the order listed:

- 1) Name of Company, Address, and Company Representative (name, phone number and email address)
- 2) Technology Type
- 3) Resource origin: re-powered/upgraded/new facility or extend existing agreement with SDG&E
- 4) Type of Offer: PPA-only, PPA with Buyout, or Turnkey
- 5) Contract Term
- 6) Delivery Start Date
- 7) Project location, the merits of selected site, and the proposed land rights (includes permitting issues)
- 8) Interconnection Point (anywhere in California) and the applicable TRCR cluster to which the project will interconnect.
- 9) Interconnection Point outside of California (subject to P.U, Code § 399.16)
- 10) Delivery point in California.
- 11) Product Type: as-available or unit firm
- 12) Nameplate Capacity and Net Contract Capacity
- 13) Annual expected output (as available only)
- 14) Pricing – If energy will be delivered to California, but not to a CAISO delivery point, Respondents shall provide pricing for energy delivered to the point of interconnection with the CAISO grid. If energy will be delivered across the network of an entity not in the CAISO control area, the Respondent shall separately state its expected costs of obtaining such transmission service in its offer and shall include this cost in its offer price.¹ Assuming the CAISO implements its Market Redesign Technology Upgrade (MRTU) as discussed in Section 7 “Resource Criteria”, the Respondent shall also provide a line item cost or benefit in their offer assuming the energy is delivered to SDG&E’s Load Aggregation Point instead of the point of interconnection with the CAISO grid.

¹ See, CPUC Decision 04-06-013, Appendix A.

SDG&E is utilizing Time of Delivery (TOD) factors for non-baseload resources. Energy prices will be adjusted as shown below to reflect the relative value of the energy during the indicated time period. Respondents offering non-baseload resources must provide TOD pricing. Respondents offering baseload resources must indicate both flat and TOD pricing (on the pricing forms). SDG&E reserves the right to contract baseload under flat or TOD. Both baseload and non-baseload resources must provide delivery profiles and supporting documentation to support the profiles. TOD prices must be based upon the submitted delivery profiles. Non solar, as-available resources will be considered baseload and may be contracted under flat or TOD pricing at SDG&E’s discretion.

	<u>SUMMER</u> July 1 – October 31	<u>WINTER</u> November 1 – June 30
On-Peak	Weekdays 11am – 7pm 1.6411	Weekdays 1pm - 9pm 1.1916
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400	Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790
Off-Peak*	All other hours 0.8833	All other hours 0.7928
*All hours during NERC holidays are off-peak.		

- 15) Operational characteristics including maintenance, delivery profile (peak and off-peak, hourly, daily, seasonal, annual), curtail-ability and dispatch-ability. Documentation supporting delivery characteristics must be submitted.
 - a. Respondent may offer the ability to dispatch-down deliveries for a certain amount of hours per year. This option may be exercised by SDG&E for any reason, including economic reasons. If this option is being offered, Respondent shall discuss terms and operational conditions for dispatching-down and indicate on the Offer Form the number of annual hours resource can be dispatch-down, the amount of curtailable capacity and the unit cost to SDG&E per curtailed MWH.
- 16) Interconnection plan and costs, including CAISO Generator Interconnection Queue position.
- 17) Transmission upgrade plans and costs from the Transmission Ranking Cost Report or from an approved CAISO System Impact Study. Transmission upgrade costs are vital for SDG&E to assess overall project cost. The absence of transmission cost information or providing inaccurate costs may render a Respondent’s offer(s) non-conforming, delay the evaluation for the response(s) and/or impact the Respondent’s standing on the short-list.
- 18) Reliability of proposed technology

- 19) Fuel source and plan, if applicable
- 20) Financing plan including, if applicable, on-going debt/equity ratio to be carried by the project during construction (if not yet constructed) and during operation.
- 21) Duration between contract signing and online date
- 22) Overall project and construction schedule and status of activities. Include major milestones such as: resource assessment, acquisition of land rights, environmental analysis, transmission and interconnection studies, completion of permitting, financing, regulatory requirements, major construction, testing, on line date, etc.
- 23) Corporate profile and Respondent's experience developing similar projects
- 24) Other projects of a similar nature and technology, developed by Respondent, currently in operation
- 25) A list summarizing parts, sections and elements of the offer that are confidential or proprietary.
- 26) Respondents offering resources under Alternative II and Alternative III shall provide the information listed in the Additional Narrative Information Sheet. The sheet can be downloaded from the RFO Website.
- 27) Respondents who did not participate in the TRCR but have a CAISO-approved System Impact Study (SIS) shall submit a copy of the study along with the respondent's offer. In addition, respondents shall sign and return a Consent Form enabling the interconnecting utility's transmission personnel to share respondent's non-public transmission information with personnel in SDG&E's Electric and Gas Procurement Department to facilitate full evaluation of respondent's offer consistent with FERC Order 2004. The Consent Form is posted on the RFO Website. Once received, SDG&E will post notice on its OASIS website of the respondent's consent along with a statement that SDG&E did not provide any preferences, either operational or rate-related, in exchange for the voluntary consent.

Respondents with resources currently under contract with SDG&E may propose to extend terms of or expand contracted capacities for existing agreements. However, Respondents may not propose to increase existing contract prices for contracted capacities during the remaining term of any existing agreement.

Respondents submitting offers that include the construction of new generation facilities must provide adequate detail to allow SDG&E to determine whether the proposed capacity will economically and reliably meet SDG&E's resource requirements.

Respondents anticipating the need for subsidies, grants, Supplemental Energy Payments, Production Tax Credits (PTCs), Investment Tax Credits (ITCs) or any other third party monetary awards shall detail finances associated with monetary awards and discuss how such funding or lack of funding shall impact the offer or any PPA.

Respondents who would rely on such funding shall submit two price offers: one if funding is available and one if funding is unavailable.

Respondents currently receiving SB90 awards must declare current receipt of the award and state whether Respondent shall relinquish the award prior to execution of an agreement. A Respondent who chooses to keep existing SB90 awards shall be ineligible for supplemental energy payments. Similarly, projects receiving Public Goods Charge Funds from the existing Renewable Facilities Program under Section 383.5 would not qualify for supplemental energy payments.

SDG&E will review and may utilize all information, if any, submitted by a Respondent that is not specifically requested as a part of the Response Forms or Credit Application. During all stages of the RFO process, SDG&E reserves the right to request additional information from individual Respondents or to request all Respondents to submit supplemental materials in fulfillment of the content requirements of this RFO or to meet additional information needs. SDG&E also reserves the unilateral right to waive any technical or format requirements contained in the RFO.

Respondents offering the same capacity and/or energy from one resource to multiple solicitations are hereby advised that if SDG&E notifies Respondent that the offer is being short-listed, the Respondent MUST immediately withdraw their offer from all other solicitations or risk being removed from the short-list. Respondent's shall confirm such withdrawal by submitting to SDG&E a copy of the written correspondence sent to all other solicitations pertaining to such withdrawal while granting SDG&E permission to contact the other solicitors to confirm the withdrawal. ALL OFFERS SHALL BE VALID AND BINDING UPON THE RESPONDENT AFTER BEING SELECTED FOR THE SHORT LIST UNTIL CONTRACT EXECUTION.

SDG&E WILL NOT REIMBURSE RESPONDENTS FOR THEIR EXPENSES UNDER ANY CIRCUMSTANCES, REGARDLESS OF WHETHER THE RFO PROCESS PROCEEDS TO A SUCCESSFUL CONCLUSION OR IS ABANDONED BY SDG&E IN ITS SOLE DISCRETION.

5.0 RPS PROGRAM PARAMETERS

CALIFORNIA RPS PROGRAM

California's Renewable Portfolio Standard (RPS) Program was adopted in 2002 and is codified at Public Utility Code sec 399.11, *et seq.*² in adopting the RPS legislation, the Legislature specifically found and declared that increasing California's reliance on renewable energy resources promotes the purpose of and may accomplish each of the following:

- Increase the diversity, reliability, public health and environmental benefits of the energy mix
- Promote stable electricity prices
- Protect public health and improve environmental quality
- Stimulate sustainable economic development and create new employment opportunities
- Reduce reliance on imported fuels
- Ameliorate air quality problems
- Improve public health by reducing the burning of fossil fuels

Current law requires Investor Owned Utilities (IOU's) to comply with two requirements: (1) annually increase its procurement of renewable resources by 1% of its retail sales and (2) procure renewable energy in the amount of 20% of retail sales by 2010. The CPUC issued its first decision implementing the RPS Program, D.03-06-071 on June 19, 2003. This decision established certain basic RPS Program parameters. The CPUC has subsequently issued several additional RPS-related decisions in rulemaking proceeding R.04-04-026, and successor proceedings R.06-02-012 and R.06-05-027. These decisions are publicly available on the CPUC's website.

This RFO is being issued and conducted in compliance with relevant statutory and regulatory directives. Requirements set forth within the law and all directives shall be incorporated herein by reference. A full text of the law and the above-mentioned CPUC decisions can be downloaded from the Internet via the following URL's. Respondents are encouraged to review all RPS-related, CPUC issued directives available on the same Internet websites and are responsible for understanding and abiding by all RPS provisions:

Senate Bill 1078: <http://www.energy.ca.gov/portfolio/documents/index.html>

CPUC D.03-06-071: http://www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/27360.htm

CPUC D.04-06-014: http://www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/37401.htm

CPUC R.04-04-026: <http://www.cpuc.ca.gov/EFILE/RULINGS/57988.pdf>

CPUC R.06-02-012: <http://www.cpuc.ca.gov/EFILE/RULINGS/63343.pdf>

CPUC R.06-05-027: <http://www.cpuc.ca.gov/EFILE/RULINGS/64765.pdf>

² See, Senate Bill (SB) 1078 (Stats. 2002 Ch. 516), as amended by SB 107, (Stats. 2006, Ch. 464).

RPS ELIGIBILITY CRITERIA

Respondents successfully signing agreements with SDG&E must warrant that the resources being offered in response to this solicitation are certifiable as an “eligible renewable resource” by the California Energy Commission (CEC). Eligibility criteria are set forth by the CEC in its Renewable Portfolio Standard Eligibility Guidebook. The CEC guidebook can be downloaded from the following internet website: <http://www.energy.ca.gov/portfolio/documents/index.html>. Respondents are encouraged to review all RPS-related, CEC issued directives available on the same Internet website and are responsible for understanding and abiding by all RPS provisions. All requirements set forth within the CEC’s guidebooks and all RPS-related documents shall be incorporated herein by reference. SDG&E has no preferred “eligible renewable resource” or resource stack and will judge the merits of each bid based on the provisions of Section 9.0.

Respondents are encouraged, although not required, to apply for pre-certification from the CEC in advance of submitting a offer. Pre-certification forms are available from the above-entitled guidebook. An excerpt of the eligibility requirements is provided at the end of this section.

SUPPLEMENTAL ENERGY PAYMENTS

Senate Bill 1078 assigns the CEC the task of allocating and awarding Supplemental Energy Payments (SEP) to “eligible renewable energy resources to cover above-market cost of renewable energy.” An IOU’s payment obligation to eligible renewable providers is capped at the CPUC established Market Price Referent (MPR). SEP’s are necessary to cover any above-MPR costs.

Respondents successfully signing agreements with SDG&E as part of this competitive solicitation must independently file an application for SEP funds with the CEC. The criteria used to determine whether a resource is an “eligible” renewable resource for purposes of the RPS program may not be the same criteria used to determine eligibility for a SEP award. Respondents are encouraged to review the CEC guidebook, New Renewable Facilities Program. It establishes eligibility requirements, application procedures and payment terms for SEP’s. Respondents should review the guidebook for information on how to apply for and receive SEP’s. The guidebook can be downloaded from the following Internet website: <http://www.energy.ca.gov/portfolio/documents/index.html>. Respondents are encouraged to review all RPS-related documents available on the same Internet website and are responsible for understanding and abiding by all RPS provisions. All requirements set forth within this guidebook and all RPS-related documents shall be incorporated herein by reference.

PRODUCTION TAX CREDIT

The CPUC issued a ruling on September 29, 2003. For each respondent who would rely on PTCs if such credits were to be made available, the ruling stipulates a respondent shall submit two price offers: one if PTC credit is available and one if PTC credit is unavailable. A full text of the ruling can be downloaded from the following Internet website: <http://www.cpuc.ca.gov/PUBLISHED/RULINGS/30260.htm>.

PROCUREMENT REVIEW GROUP

The Procurement Review Group (PRG), a CPUC-endorsed entity, is composed of non-market participants such as ratepayers' advocacy groups, state energy and water commissions, power authorities, utility-related labor unions and other non-commercial, energy-related special interest groups. CPUC Decision D.03-06-071 established the role of the PRG in the RPS Program. The PRG is charged with overseeing the IOU's procurement process, reviewing procedural fairness, examining overall procurement prudence and providing feedback during all stages. From RFO language development to offer evaluation to contract negotiation, IOU's brief the PRG on a periodic basis during the entire process.

Respondents are hereby notified that revealing offer information to the PRG is required during PRG briefings in accordance with Section 10 ("Confidentiality"). Each Respondent must clearly identify, as part of its offer, what type of information it considers to be confidential.

INDEPENDENT EVALUATOR

The CPUC requires each investor owned utility (IOU) to use an Independent Evaluator to separately evaluate and report on the IOU's entire solicitation, evaluation, and selection process for this solicitation. This will serve as an independent review of SDG&E's implementation of the RFO process and final selections. The Independent Evaluator shall make periodic presentations regarding its findings to the IOU, and the IOU's PRG. The intent is to preserve the independence of the Independent Evaluator by ensuring free and unfettered communication between the Independent Evaluator and the CPUC as well as an open, fair, and transparent process that the PRG can affirm.

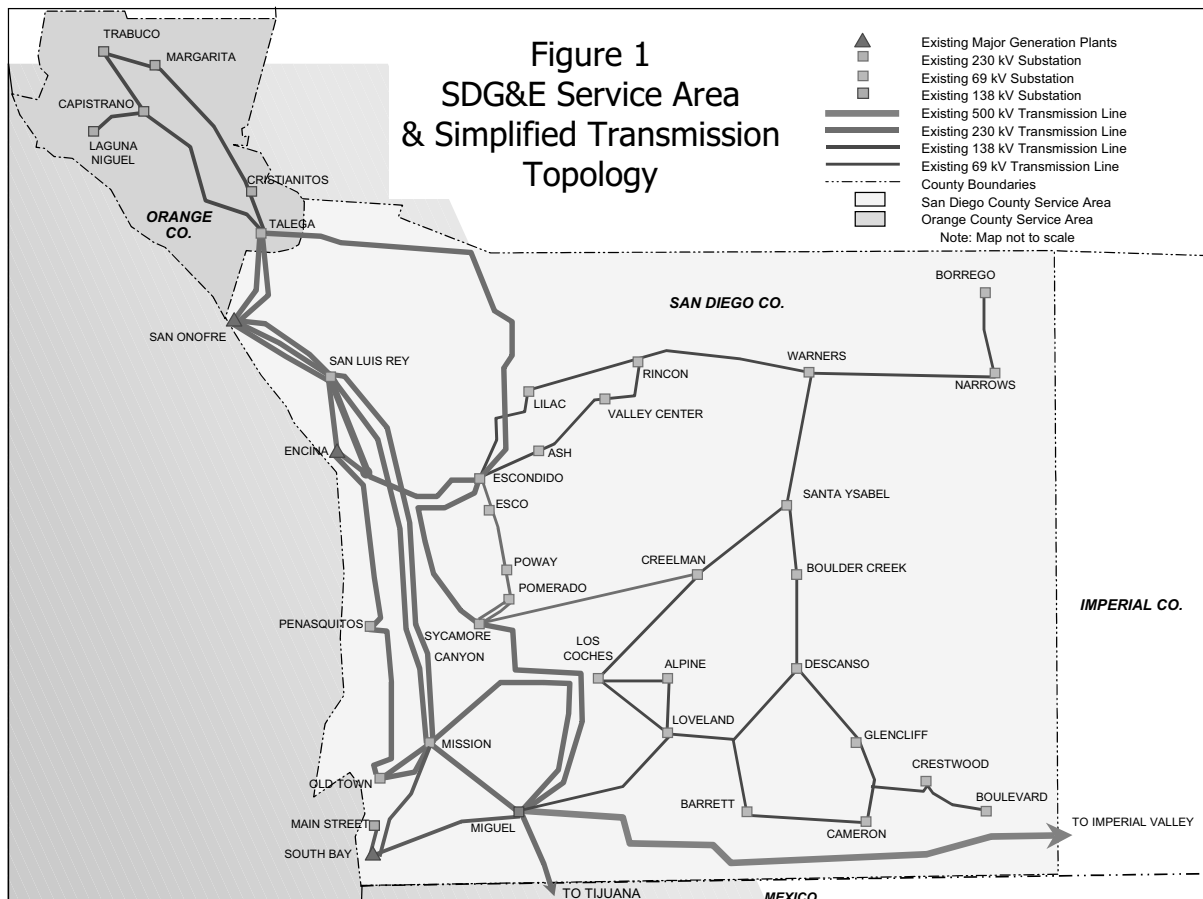
SDG&E is committed to ensuring an open and transparent solicitation, and to providing a fair, reasonable and competitive process.

6.0 SDG&E BACKGROUND

SDG&E provides electric service to approximately 1.3 million customers in San Diego County and the southern portion of Orange County. SDG&E also provides natural gas service to approximately 775,000 gas customers. The electric customer base comprises 89% residential and 11% commercial and industrial customers.

SDG&E’s electric transmission network is comprised of 130 substations with 884 miles of 69-kV, 265 miles of 138-kV, 349 miles of 230-kV, and 215 miles of 500-kV transmission lines. Local (“on system”) generating resources are the Encina plant (connected into SDG&E’s grid at 138 kV and 230 kV), the South Bay plant (connected at 69 kV and 138 kV), the Palomar Energy Center (connected at 230kV) and a number of combustion turbine facilities located around the service area (connected at 69 kV). Imported resources are received via the Miguel Substation as the delivery point for power flow on the Southwest Power Link (SWPL), which is SDG&E’s 500-kV transmission line that runs from Arizona to San Diego along the U.S./Mexico border, and via the SONGS 230-kV switchyard.

Figure 1 shows a simplified diagram of existing SDG&E’s service area and the electric transmission topology in San Diego County and the southern portion of Orange County. Planned or approved transmission facilities for the future (if any) are not shown on this map.



7.0 RESOURCE CRITERIA

SDG&E seeks resources with the minimum characteristics described below.

- 1) Technology type, project location and delivery start date must conform with details provided in Section 1.0 Scope of Request.
- 2) Proposed resources must be CEC-certifiable as an eligible renewable resource;
- 3) The Net Contract Capacity must be \geq 1MW, net of all auxiliary and station parasitic loads; (if within SDG&E service area)
- 4) The Net Contract Capacity must be \geq 5MW, net of all auxiliary and station parasitic loads; (if outside of SDG&E service area)
- 5) All REC's and RA capacity must be tendered to SDG&E without any additional costs or conditions.

In addition to the minimum characteristics described above and in Section 1.0 Scope of Request, additional requirements expected from Respondents successfully entering into an agreement with SDG&E include, but is not limited to:

- 1) Respondents shall be financially and operationally responsible for the transmission gen-tie up to the point of interconnection with the local transmission/distribution network in accordance with applicable laws. Gen-tie costs must be included in the offer price for energy and/or capacity.
- 2) For PPA-only offers, Respondents must have a verifiable fuel resource plan for the duration of the PPA.
- 3) For the PPA and during the PPA term of Alternative II, Respondents shall serve as their own scheduling coordinator or make arrangements for a third party scheduling coordinator at Respondent's cost. Respondent or their third party scheduling coordinator shall be responsible for all CAISO imbalance costs, fees and penalties.
- 4) For the PPA and during the PPA term of Alternative II, Respondent will provide personnel required to operate the Facility.
- 5) For the PPA and during the PPA term of Alternative II, assuming the CAISO implements its Market Redesign Technology Upgrade (MRTU), the delivery point will be SDG&E's Load Aggregation Point or trading hub as defined by the CAISO as most closely representing SDG&E's bundled customer load. Any Locational Margin Price (LMP) benefit or cost will be the responsibility of the Respondent. Notwithstanding the foregoing, this delivery point contract term is subject to negotiation by the parties.

- 6) For the PPA and during the PPA term of Alternative II, resource operations will be scheduled in accordance with CAISO Tariff Schedules and Bids Protocols (Original Sheet No. 536 et seq.), and Dispatch Protocol (Original Sheet 453 et seq.), as from time to time modified. CAISO compliant real-time metering of the generation will be required for Energy Management System (EMS) data.
- 7) For the PPA and during the PPA term of Alternative II, Respondents must execute Participating Generator Agreements and Meter Service Agreements as required by the CAISO.
- 8) For the PPA and during the PPA term of Alternative II, to facilitate monthly settlement processes, Respondents shall authorize Buyer to view the Facility's CAISO on-line meter data by identifying SDG&E as an authorized user with "read only" privileges on Schedule 3 of Respondent's Meter Service Agreement with the CAISO.
- 9) For PPA-with-Buyout and Turnkey proposals, Respondents shall include as part of its offer a proposal to provide a 10-year Operations & Maintenance servicing agreement for the proposed resource during SDG&E's ownership.

8.0 FIN46 REQUIREMENTS

Generally Accepted Accounting Principles and SEC rules require SDG&E to evaluate whether or not SDG&E must consolidate a Seller's financial information. SDG&E will require access to financial records and personnel to determine if consolidated financial reporting is required. If SDG&E determines at any time that consolidation is required, SDG&E shall require the following during every calendar quarter for the term of any resultant agreement:

- a) Complete financial statements and notes to financial statements;
- b) Financial schedules underlying the financial statements, all within 15 days of the end of each quarter; and
- c) Access to records and personnel, so that SDG&E's independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002).

Any information provided to SDG&E shall be treated as confidential, except that it may be disclosed for financial statement purposes.

9.0 EVALUATION CRITERIA

SDG&E will utilize the Offer Response Forms and narratives to evaluate all offers. Respondents are responsible for the accuracy of all figures and calculations. Errors discovered during negotiations may impact Respondents standing on the short-list.

SDG&E evaluates all offers via a three-step process. Passing each level is required in order to advance to the next level, with the eventual Short Listed offers having to pass all levels. The following provides a general description of each evaluation level.

Level I: Check for Conformance. Check to ensure that all offers meet minimum RFO criteria. All offers meeting minimum requirements will pass Level I, will be deemed “conforming” and will move on to Level II.

Level II: Preliminary Ranking and Short Listing. This assessment will be based on the all in price, including capacity and energy, transmission network upgrade costs, congestion costs/credits, as well as duration equalization adders and debt equivalence adders if applicable. Offers will be ranked on a present value, \$/MWh basis from lowest to highest cost. SDG&E will populate the preliminary shortlist with offers to fulfill twice its RPS MWh need. In doing so, SDG&E would eliminate offers that are noticeably more expensive.

Level III: Modeling/Detailed Analysis. After the preliminary short list has been approved by the PRG, the Offers will be modeled in SDG&E’s production cost model to determine how they perform as part of SDG&E’s portfolio. Evaluation will be updated based on final model dispatch of the portfolio of offers that best meets SDG&E’s bundled customer needs. Qualitative factors will be used to differentiate offers of similar cost. These factors will include location, benefits to minority and low income areas, resource diversity, environmental stewardship.

SDG&E will periodically brief the members of the PRG during the various stages of evaluation. Upon completion of SDG&E’s evaluation process, SDG&E will brief the PRG members regarding SDG&E’s recommendations for its Short-List. Based upon the comments and recommendations received from the PRG, SDG&E may modify the Preliminary Short-List as necessary.

SDG&E is evaluating offers in accordance with CPUC direction and criteria established for the RPS Program. SDG&E will place high emphasis on the offer pricing in its evaluations, not only in terms of the initial cost to SDG&E, but also the long-term costs. Upon completion of Level III, SDG&E may differentiate offers of similar cost³ by reviewing qualitative factors including: (in no particular order of preference)

³ The term “similar cost” is used to indicate expected indifference by the PRG and CPUC as to the cost of one offer or another. The PRG will have access to SDG&E’s evaluation and the quantitative and qualitative components of those offers prior to SDG&E’s recommendation filing to the CPUC.

- a) Location
- b) Benefits to minority and low income areas
- c) Resource diversity
- d) Promote stable electricity prices
- e) Protect public health
- f) Improve environmental quality; offer environmental benefits
- g) Stimulate sustainable economic development
- h) Create new employment opportunities
- i) Reduce reliance on imported fuels
- j) Ameliorate air quality problems
- k) Improve public health by reducing the burning of fossil fuels
- l) Environmental stewardship, which may include the environmental impacts of Respondent' proposed facility on California's water quality, use, and water resource management consistent with the CPUC's Water Action Plan, adopted December 15, 2005.

These factors will be used to differentiate offers with similar costs for those resources under consideration near the annual procurement target. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors.

SDG&E may also differentiate offers of similar cost by reviewing other factors including: (in no particular order of preference):

- a) Delivery Reliability
- b) Ability to advance schedule
- c) Technology
- d) Likelihood project will be able to develop and achieve Commercial Operation within established timeframes.
- e) Operational flexibility
- f) Development risk
- g) Financing plan
- h) Corporate capabilities, credit, and proven experience
- i) Repowering / Contract extension

These factors will be used to differentiate offers with similar costs for those resources under consideration near the annual procurement target. Consistent with CPUC Decision D.04-07-029 issued on July 8, 2004, SDG&E will treat dispatchability, curtailability and repowering as quantitative attributes and will evaluate these factors using quantitative methods. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors.

10.0 REJECTION OF OFFERS

SDG&E SHALL TREAT ALL RESPONDENTS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. WHILE SDG&E IS MINDFUL OF THE BENEFITS OF RENEWABLE ENERGY AND IS VIGOROUSLY PURSUING THE GOALS OF THE RPS, IT MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFO. SDG&E RESERVES THE RIGHT AT ANY TIME, AT ITS SOLE DISCRETION, TO ABANDON THIS RFO PROCESS, TO CHANGE THE BASIS FOR EVALUATION OF OFFERS, TO TERMINATE FURTHER PARTICIPATION IN THIS PROCESS BY ANY PARTY, TO ACCEPT ANY OFFER OR TO ENTER INTO ANY DEFINITIVE AGREEMENT, TO EVALUATE THE QUALIFICATIONS OF ANY RESPONDENT OR THE TERMS AND CONDITIONS OF ANY OFFER, OR TO REJECT ANY OR ALL OFFERS, ALL WITHOUT NOTICE AND WITHOUT ASSIGNING ANY REASONS AND WITHOUT LIABILITY OF SEMPRA ENERGY, SDG&E, OR ANY OF THEIR SUBSIDIARIES, AFFILIATES, OR REPRESENTATIVES TO ANY RESPONDENT. SDG&E SHALL HAVE NO OBLIGATION TO CONSIDER ANY OFFER.

11.0 CONFIDENTIALITY

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF SDG&E, RESPONDENTS MAY NOT DISCLOSE (OTHER THAN BY ATTENDANCE ALONE AT ANY MEETING TO WHICH MORE THAN ONE RESPONDENT IS INVITED BY SDG&E) TO ANY OTHER RESPONDENT OR POTENTIAL RESPONDENT THEIR PARTICIPATION IN THIS RFO, AND RESPONDENTS MAY NOT DISCLOSE, COLLABORATE ON, OR DISCUSS WITH ANY OTHER RESPONDENT, OFFER STRATEGIES OR THE SUBSTANCE OF OFFERS, INCLUDING WITHOUT LIMITATION THE PRICE OR ANY OTHER TERMS OR CONDITIONS OF ANY INDICATIVE OR FINAL OFFER.

SDG&E WILL USE THE HIGHER OF THE SAME STANDARD OF CARE IT USES WITH RESPECT TO ITS OWN PROPRIETARY OR CONFIDENTIAL INFORMATION OR A REASONABLE STANDARD OF CARE TO PREVENT DISCLOSURE OR UNAUTHORIZED USE OF RESPONDENT'S CONFIDENTIAL AND PROPRIETARY INFORMATION THAT IS LABELED AS "PROPRIETARY AND CONFIDENTIAL" ON THE OFFER PAGE ON WHICH THE PROPRIETARY INFORMATION APPEARS ("CONFIDENTIAL INFORMATION"). RESPONDENT SHALL SUMMARIZE ELEMENTS OF THE OFFER(S) IT DEEMS CONFIDENTIAL. THE SUMMARY MUST CLEARLY IDENTIFY WHETHER OR NOT PRICE, PROJECT NAME, LOCATION, SIZE, TERM OF DELIVERY AND TECHNOLOGY TYPE (EITHER COLLECTIVELY OR INDIVIDUALLY) ARE TO BE CONSIDERED CONFIDENTIAL INFORMATION. CONFIDENTIAL INFORMATION MAY BE MADE AVAILABLE ON A "NEED TO KNOW" BASIS TO SDG&E'S DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS, CONSULTANTS, THE INDEPENDENT EVALUATOR, AGENTS AND ADVISORS ("REPRESENTATIVES") FOR THE PURPOSE OF EVALUATING RESPONDENT'S OFFER, BUT SUCH REPRESENTATIVES SHALL BE REQUIRED TO OBSERVE THE SAME CARE WITH RESPECT TO DISCLOSURE AS SDG&E.

NOTWITHSTANDING THE FOREGOING, SDG&E MAY DISCLOSE ANY OF THE CONFIDENTIAL INFORMATION TO COMPLY WITH ANY LAW, RULE, OR REGULATION OR ANY ORDER, DECREE, SUBPOENA OR RULING OR OTHER SIMILAR PROCESS OF ANY COURT, SECURITIES EXCHANGE, CONTROL AREA OPERATOR, GOVERNMENTAL AGENCY OR GOVERNMENTAL OR REGULATORY AUTHORITY AT ANY TIME EVEN IN THE ABSENCE OF A PROTECTIVE ORDER, CONFIDENTIALITY AGREEMENT OR NON-DISCLOSURE AGREEMENT, AS THE CASE MAY BE, WITHOUT NOTIFICATION TO THE RESPONDENT AND WITHOUT LIABILITY OR ANY RESPONSIBILITY OF SDG&E TO THE RESPONDENT.

IT IS EXPRESSLY CONTEMPLATED THAT MATERIALS SUBMITTED BY A RESPONDENT IN CONNECTION WITH THIS RFO WILL BE PROVIDED TO THE CPUC, ITS STAFF, THE CEC, ITS STAFF, AND THE PRG. SDG&E WILL SEEK CONFIDENTIAL TREATMENT PURSUANT TO PUBLIC UTILITIES CODE SECTION 583 AND GENERAL ORDER 66-C OF THE CPUC, WITH RESPECT TO ANY RESPONDENT CONFIDENTIAL INFORMATION SUBMITTED BY SDG&E TO THE CPUC FOR THE PURPOSES OF

OBTAINING REGULATORY APPROVAL. SDG&E WILL ALSO SEEK CONFIDENTIALITY PROTECTION FROM THE CEC FOR RESPONDENT'S CONFIDENTIAL INFORMATION AND WILL SEEK CONFIDENTIALITY AND/OR NON-DISCLOSURE AGREEMENTS WITH THE PRG. SDG&E CANNOT, HOWEVER, ENSURE THAT THE CPUC OR CEC WILL AFFORD CONFIDENTIAL TREATMENT TO A RESPONDENT'S CONFIDENTIAL INFORMATION OR THAT CONFIDENTIALITY AGREEMENTS OR ORDERS WILL BE OBTAINED FROM AND/OR HONORED BY THE PRG, CEC, OR CPUC.

SDG&E, ITS REPRESENTATIVES, SEMPRA ENERGY, AND ANY OF THEIR SUBSIDIARIES DISCLAIM ANY AND ALL LIABILITY TO A RESPONDENT FOR DAMAGES OF ANY KIND RESULTING FROM DISCLOSURE OF ANY OF RESPONDENT'S INFORMATION.

12.0 CREDIT TERMS AND CONDITIONS

SDG&E has the unilateral right to evaluate and determine the credit-worthiness of the Respondent relative to this RFO. The Respondent is required to complete, execute and submit the RFO credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. Respondents may download the application from the RFO Website.

Within 5 business days after being notified by SDG&E that a bid proposed by a Respondent is on the short list, the Respondent will provide collateral to SDG&E (“a Project Development Fee”) equal to: the lesser of either (i) \$3.00 per kW of the facility’s nameplate capacity, or (ii) \$100,000. The Project Development Fee shall be paid in cash or as a posted letter of credit or surety bond in a form and from an issuer acceptable to SDG&E. The Project Development Fee shall be refunded to Respondent if Respondent and SDG&E fail to reach an agreement and such failure is not due to Respondent’s withdrawal of its offer or a material misrepresentation of pricing or non-pricing information made by Respondent. If Respondent and SDG&E do execute an agreement, the Project Development Fee shall be security for Respondent’s obligations thereunder for the period until Project Development Security (described below) is delivered or the agreement is terminated because a condition precedent has not been achieved by the deadline therefore. The Project Development Fee shall be forfeited as payment of liquidated damages if Respondent fails to 1) diligently pursue development of the facility, 2) meet any applicable milestones prior to all of the conditions precedent being satisfied or waived, or 3) deliver progress reports required by the agreement. If a Respondent submitted bids from one facility covering more than one of the alternatives listed in Section 1.0 Scope, the Respondent would be required to provide only one Project Development Fee., however, if the Respondent submits bids for more than one facility, the Respondent will be required to provide a Project Development Fee for each facility.

In addition to the Project Development Fee(s), SDG&E’s credit provisions for renewable resources requires the Respondent to provide collateral to SDG&E within thirty (30) days of the date on which all of the conditions precedent in the PPA are either satisfied or waived. A Project Development Security is required during the construction phase until the Respondent’s facility achieves commercial operation. The Project Development Security amount will be determined by multiplying twice the annual estimated energy amount in MWh by \$5/MWh. SDG&E will have the right to draw upon the Project Development Security to pay for delay damages if the commercial operation is delayed for a minimum of 180 days. Once the facility achieves commercial operation, a Default Security will be required during the delivery term of the PPA. The Default Security will be determined by multiplying twice the annual estimated energy amount in MWh by \$15/MWh.

All credit support arrangements (e.g., parent guaranty, deed of trust, letter of credit) must be negotiated prior to an offer being accepted as a winning offer. A model guaranty and a model letter of credit may be downloaded from the RFO Website as attachments to the PPA.

For questions regarding credit terms, please contact Ms. Judy Delgadillo at (213) 244-4343. Questions and answers will not be subject to disclosure to other parties.

13.0 CPUC APPROVAL

SDG&E shall submit all signed contracts to the CPUC for approval. All signed contracts will contain the condition precedent language that has been standardized by the CPUC for this purpose and which the Model PPA contains.

14.0 OFFER RESPONSE FORMS AND DOCUMENTS

Attached to this RFO and available for download from the RFO Website are the following documents. Respondents must submit all relevant documents in response to this RFO.

- 1) Offer Response Form - Respondents shall pay careful attention to the response forms. The forms are in Excel format and each Excel file contains multiple sheets - one sheet accommodating an offer assuming PTC credit is unavailable (or is not being requested), one sheet accommodating an offer assuming PTC credit is available and other sheets where Respondents shall provide detailed operating variables. Please be aware that some of the cell ranges in the detailed operating sheets are input cells and some are calculated cells. SDG&E will use your input data to calculate the performance criteria for determining whether your project fits within its resource portfolio. Please utilize the standard worksheets as much as possible to describe your project. However, if you choose to change the standard format or use a different format, please use an Excel spreadsheet and explain your changes or assumptions on the sheet(s). Also, some sheets may contain more than a single page. Respondents shall be responsible for submitting all appropriate sheets required for their offer(s). The forms available for download are:
 - a) Alternative I - PPA-only Offer Form
 - b) Alternative II - PPA with Buyout Offer Form
 - c) Alternative III - Turnkey Offer Form
- 2) Additional Narrative Information Sheet – This sheet applies to Alternative II and Alternative III offers only.
- 3) Credit Application
- 4) Consent Form
- 5) Offer Summary Sheet & Checklist (Must Complete)

RFO Website:

<http://www.sdge.com/renewablerfo2008>

15.0 MODEL DOCUMENTS AND OTHER ATTACHMENTS

Attached to this RFO and available for download from the RFO Website are the following documents. Respondents shall review all documents in advance of submitting offers and submit any redline changes or comments with the offers.

- 1) Model EEI Power Purchase and Sales Agreement
 - a) EEI Master Agreement
 - b) Form EEI Cover
 - c) Form Confirmation (As-Available Non-Intermittent)
 - d) Form Confirmation (As-Available Intermittent)
 - e) Form Confirmation (Unit Firm)
 - f) Additional EEI Exhibits

RFO Website:

<http://www.sdge.com/renewablerfo2008>

APPENDIX B

RFO ACCOMPANYING DOCUMENTS:

OFFER RESPONSE FORMS
ADDITIONAL NARRATIVE INFORMATION SHEET
CREDIT APPLICATION
CONSENT FORM
OFFER SUMMARY SHEET & CHECK LIST
CONTRACT DOCUMENTS

APPENDIX B INDEX

- 1.) OFFER RESPONSE FORMS
 - a) Alternative I – PPA Only Offer Forms
 - b) Alternative II - PPA With Buyout Offer Forms
 - c) Alternative III - Turnkey Offer Forms
- 2.) ADDITIONAL NARRATIVE INFORMATION SHEET
- 3.) CREDIT APPLICATION
- 4.) CONSENT FORM
- 5.) OFFER SUMMARY SHEET AND CHECKLIST
- 6.) CONTRACT DOCUMENTS
 - a.) EEI Cover
 - b.) EEI Unit Firm Confirmation
 - c.) EEI As-Available Intermittent Confirmation
 - d.) EEI As-Available Non-Intermittent Confirmation
 - e.) EEI Exhibits

OFFER RESPONSE FORMS

ALTERNATIVE I
PPA-ONLY OFFER FORMS

ALTERNATIVE II
PPA WITH BUYOUT OFFER FORMS

ALTERNATIVE III
TURNKEY OFFER FORMS

PROJECT SUMMARY AND GENERATION PROFILE "NON-DISPATCH UNITS"

CONFIDENTIAL INFORMATION

Bid Contact Information

Date: 01/01/1901

Company Name: _____

Contact Name: _____

Contact Title: _____

Address 1: _____

Address 2: _____

City: _____

State: _____

Zip Code: 11111-1111

Telephone: (111) 111-1111

Fax Number: (222) 222-2222

Mobile Number: (333) 333-3333

Email Address: _____

Plant Description

	Initial Operation Date	Total Installed Capacity MW	Capacity Available to SDG&E (MW)	Capacity Available During Typical Sched Maint (MW)
Bid	01/01/1901	0	0	0

Please enter the total Plant size (MW) and capacity (MW) available to SDG&E. During a maintenance, a plant may not have to be completely shut down. If so, give the reduced capacity available to SDG&E during a scheduled maintenance period.

Project Name: _____

Select Bid Type: _____

Plant Location: _____

Technology Type: _____

Generation Capacity Factor without Curtailments (%)

Plant Expected Operating Profile and Capacity Factor (CF)	Contract Capacity Available to SDG&E	Peak CF %	Semi-Peak CF %	Off-Peak CF %	Total CF	Forced Outage Rate (FOR)	Annual Scheduled Maintenance Rate (SMR)
Summer	0	0%	0%	0%	0%	100%	0%
Winter	0	0%	0%	0%	0%	100%	0%
W/A Annual	0	0%	0%	0%	0%	100%	0%

Generation Profile without Curtailments (MWH)

Possible Energy Deliveries to SDG&E	Contract Capacity Available to SDG&E	Peak Generation (MWH)	Semi-Peak Generation (MWH)	Off-Peak Generation (MWH)	Total Generation (MWH)
Summer	0	0	0	0	0
Winter	0	0	0	0	0
Annual	0	0	0	0	0

Please input the avg "CF" and "FOR" ASSUMING NO CURTAILMENT HOURS.

Generation Curtailments (Hours)

Curtailment MWhs & Hours Available to SDG&E	Curtailment MW	Peak Hours	Semi-Peak Hours	Off-Peak Hours	Total Hours
Summer	0	0	0	0	0
Winter	0	0	0	0	0
Annual	0	0	0	0	0

Please enter the MW and expected annual curtailment hours, if any, available to SDG&E.

TOU PERIODS

	Summer	Winter
On-Peak	July 1 – October 31 Weekdays 11am – 7pm	November 1 – June 30 Weekdays 1pm - 9pm
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm	Weekdays 6am – 1pm; Weekdays 9pm – 10pm
Off-Peak*	All other hours	All other hours

*All hours during NERC holidays are off-peak.

Reduced Generation due to Curtailments (MWH)

Curtailment MWhs Available to SDG&E	Curtailment MW	Peak MWH	Semi-Peak MWH	Off-Peak MWH	Total MWH
Summer	0	0	0	0	0
Winter	0	0	0	0	0
Annual	0	0	0	0	0

Expected Generation Profile minus Curtailment MWH

Expected Energy Deliveries to SDG&E	Contract Capacity Available to SDG&E	Peak Generation (MWH)	Semi-Peak Generation (MWH)	Off-Peak Generation (MWH)	Total Generation (MWH)
Bid					
Summer	0	0	0	0	0
Winter	0	0	0	0	0
W/A Annual	0	0	0	0	0

BIDDER NOTES:

PROJECT SUMMARY AND GENERATION PROFILE "DISPATCH UNITS"

Bid Contact Information

Date: 01/01/1901
Company Name: _____
Contact Name: _____
Contact Title: _____
Address 1: _____
Address 2: _____
City: _____
State: _____
Zip Code: 11111-1111
Telephone: (111) 111-1111
Fax Number: (222) 222-2222
Mobile Number: (333) 333-3333
Email Address: _____

Plant Description

	Initial Operation Date	Total Installed Capacity MW	Capacity Available to SDG&E (MW)	Capacity Available During Typical Sched Maint (MW)	
Bid	01/01/1901	0	0	0	Please enter the total Plant size (MW) and capacity (MW) available to SDG&E. During a maintenance, a plant may not have to be completely shut down. If so, give the reduced capacity available to SDG&E during a scheduled maintenance period.
Project Name: _____ Select Bid Type: _____ Plant Location: _____ Technology Type: _____					

Please use this form for Dispatch only, for others, use the Non-Dispatch or As-Available Forms!

Plant Start Profile

Dispatch Profile	Plant Starts Available to SDG&E	Cost for Each Plant Start	Start Fuel MMBTU	
Bid	0	\$0	0	List the number of starts and startup costs for your plant. Also list the MMBTU associated with the startup cost of your plant if you are burning natural gas.

Please Answer the Following Dispatch Information:

1. Will your plant be supplemented with Natural Gas or other fossil fuel?
2. What percentage of your fuel costs will be fixed or variable?
3. What percentage of your O&M will be fixed or variable?
4. What percentage of your start costs will be fixed or variable?
5. What is your dispatch rate to maximum capacity (e.g. 10 minutes, 1 hour, 1 day)?
6. What is your COLD start ramp-up rate (MW per minute, hour)?
- 6a. What is your WARM start ramp-up rate (MW per minute, hour)?
- 6b. What is your HOT start ramp-up rate (MW per minute, hour)?
7. What is your ramp-down rate (MW per minute, hour)?
8. What is your minimum up and minimum down times (e.g. minutes, hours)?
9. What are your operating ranges MW (minimum and maximum)?
10. What is your expected schedule maintenance outage rate?
11. What is your expected forced outage rate?
12. What are your expected run hours?
13. Describe any seasonal variations in your available MWH deliveries.

Yes	Yes, No or Not Applicable (N/A)		
0%	Fixed	0%	Variable
0%	Fixed	0%	Variable
0%	Fixed	0%	Variable
0	Minutes		
0	Minutes		
0	Minutes		
0	Minutes		
0	Minutes		
0	Hours	0	Hours Min Down
0	MW Minimum	0	MW Maximum
0%	% Hours/Year		
0%	% Hours/Year		
0	Hours/Year		

BIDDER NOTES:

PROJECT SUMMARY AND GENERATION PROFILE "NON-DISPATCH UNITS"

CONFIDENTIAL INFORMATION

Bid Contact Information

Date: 01/01/1901

Company Name: _____

Contact Name: _____

Contact Title: _____

Address 1: _____

Address 2: _____

City: _____

State: _____

Zip Code: 11111-1111

Telephone: (111) 111-1111

Fax Number: (222) 222-2222

Mobile Number: (333) 333-3333

Email Address: _____

Plant Description

	Initial Operation Date	Total Installed Capacity (MW)	Capacity Available to SDG&E (MW)	Capacity Available During Typical Sched Maint (MW)
Bid	01/01/1901	0	0	0

Please enter the total Plant size (MW) and capacity (MW) available to SDG&E. During a maintenance, a plant may not have to be completely shut down. If so, give the reduced capacity available to SDG&E during a scheduled maintenance period.

Project Name: _____

Select Bid Type: _____

Plant Location: _____

Technology Type: _____

Generation Capacity Factor without Curtailments (%)

Plant Expected Operating Profile and Capacity Factor (CF)	Contract Capacity Available to SDG&E	Peak CF %	Semi-Peak CF %	Off-Peak CF %	Total CF	Forced Outage Rate (FOR)	Annual Scheduled Maintenance Rate (SMR)
Summer	0	0%	0%	0%	0%	100%	0%
Winter	0	0%	0%	0%	0%	100%	0%
W/A Annual	0	0%	0%	0%	0%	100%	0%

Generation Profile without Curtailments (MWH)

Possible Energy Deliveries to SDG&E	Contract Capacity Available to SDG&E	Peak Generation (MWH)	Semi-Peak Generation (MWH)	Off-Peak Generation (MWH)	Total Generation (MWH)
Summer	0	0	0	0	0
Winter	0	0	0	0	0
Annual	0	0	0	0	0

Please input the avg "CF" and "FOR" ASSUMING NO CURTAILMENT HOURS.

Generation Curtailments (Hours)

Curtailment MWhs & Hours Available to SDG&E	Curtailment MW	Peak Hours	Semi-Peak Hours	Off-Peak Hours	Total Hours
Summer	0	0	0	0	0
Winter	0	0	0	0	0
Annual	0	0	0	0	0

Please enter the MW and expected annual curtailment hours, if any, available to SDG&E.

Reduced Generation due to Curtailments (MWH)

Curtailment MWhs Available to SDG&E	Curtailment MW	Peak MWH	Semi-Peak MWH	Off-Peak MWH	Total MWH
Summer	0	0	0	0	0
Winter	0	0	0	0	0
Annual	0	0	0	0	0

TOU PERIODS		
	Summer	Winter
On-Peak	July 1 – October 31 Weekdays 11am – 7pm	November 1 – June 30 Weekdays 1pm - 9pm
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm	Weekdays 6am – 1pm; Weekdays 9pm – 10pm
Off-Peak*	All other hours	All other hours

*All hours during NERC holidays are off-peak.

Expected Generation Profile minus Curtailment MWH

Expected Energy Deliveries to SDG&E	Contract Capacity Available to SDG&E	Peak Generation (MWH)	Semi-Peak Generation (MWH)	Off-Peak Generation (MWH)	Total Generation (MWH)
Bid					
Summer	0	0	0	0	0
Winter	0	0	0	0	0
W/A Annual	0	0	0	0	0

BIDDER NOTES:

PROJECT SUMMARY AND GENERATION PROFILE "DISPATCH UNITS"

Bid Contact Information

Date: 01/01/1901
Company Name: _____
Contact Name: _____
Contact Title: _____
Address 1: _____
Address 2: _____
City: _____
State: _____
Zip Code: 11111-1111
Telephone: (111) 111-1111
Fax Number: (222) 222-2222
Mobile Number: (333) 333-3333
Email Address: _____

Plant Description

	Initial Operation Date	Total Installed Capacity MW	Capacity Available to SDG&E (MW)	Capacity Available During Typical Sched Maint (MW)	
Bid	01/01/1901	0	0	0	Please enter the total Plant size (MW) and capacity (MW) available to SDG&E. During a maintenance, a plant may not have to be completely shut down. If so, give the reduced capacity available to SDG&E during a scheduled maintenance period.
Project Name: _____ Select Bid Type: _____ Plant Location: _____ Technology Type: _____					

Please use this form for Dispatch only, for others, use the Non-Dispatch or As-Available Forms!

Plant Start Profile

Dispatch Profile	Plant Starts Available to SDG&E	Cost for Each Plant Start	Start Fuel MMBTU	
Bid	0	\$0	0	List the number of starts and startup costs for your plant. Also list the MMBTU associated with the startup cost of your plant if you are burning natural gas.

Please Answer the Following Dispatch Information:

1. Will your plant be supplemented with Natural Gas or other fossil fuel?
2. What percentage of your fuel costs will be fixed or variable?
3. What percentage of your O&M will be fixed or variable?
4. What percentage of your start costs will be fixed or variable?
5. What is your dispatch rate to maximum capacity (e.g. 10 minutes, 1 hour, 1 day)?
6. What is your COLD start ramp-up rate (MW per minute, hour)?
- 6a. What is your WARM start ramp-up rate (MW per minute, hour)?
- 6b. What is your HOT start ramp-up rate (MW per minute, hour)?
7. What is your ramp-down rate (MW per minute, hour)?
8. What is your minimum up and minimum down times (e.g. minutes, hours)?
9. What are your operating ranges MW (minimum and maximum)?
10. What is your expected schedule maintenance outage rate?
11. What is your expected forced outage rate?
12. What are your expected run hours?
13. Describe any seasonal variations in your available MWH deliveries.

Yes	Yes, No or Not Applicable (N/A)		
0%	Fixed	0%	Variable
0%	Fixed	0%	Variable
0%	Fixed	0%	Variable
0	Minutes		
0	Minutes		
0	Minutes		
0	Minutes		
0	Minutes		
0	Hours	0	Hours Min Down
0	MW Minimum	0	MW Maximum
0%	% Hours/Year		
0%	% Hours/Year		
0	Hours/Year		

BIDDER NOTES:



Following SDG&E Ownership, Estimated Performance and Cost over 10 years if SDG&E self-provides O&M. Insert total value of all subsidies/tax benefits in Column M.

A Year No.	B Year		C Output Capacity (MW)	D Capacity Factor (c.f.)	E Estimated Delivery (MW x c.f. x 8760hrs.)	F Guaranteed (MWH)	G Site Operations ⁽¹⁾	H Plant Repairs & Maintenance ⁽¹⁾⁽³⁾	I Interconnect Equipment Maintenance ⁽¹⁾⁽³⁾	J Land including Property Tax ⁽¹⁾	K Annual Costs			M Total Value of Subsidies	N Other ⁽¹⁾⁽²⁾ (Indicate Here)	O Other ⁽¹⁾⁽²⁾ (Indicate Here)	P Total
	Start Date	Stop Date									Insurance ⁽¹⁾	Admin ⁽¹⁾	Other ⁽¹⁾⁽²⁾ (Indicate Here)				
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
Total																	
Net Present Value⁽⁴⁾																	

⁽¹⁾ If the above pricing is not fixed, describe the escalation factor(s)

⁽²⁾ Identify other elements.

⁽³⁾ Per manufacturers recommended Maintenance schedule.

⁽⁴⁾ NPV to January 1, 2008 dollars using 8.23% Discount Rate.

Following SDG&E Ownership, Estimated Performance and Cost over 10 years if Respondent provides O&M. Insert total value of all subsidies/tax benefits in Column M.

A Year No.	B Year		C Output Capacity (MW)	D Capacity Factor (c.f.)	E Estimated Delivery (MW x c.f. x 8760hrs.)	F Guaranteed (MWH)	G Site Management Fee ⁽¹⁾	H Plant Repairs & Maintenance ⁽¹⁾⁽³⁾	I Interconnect Equipment Maintenance ⁽¹⁾⁽³⁾	J Land including Property Tax ⁽¹⁾	K Annual Costs			M Total Value of Subsidies	N Other ⁽¹⁾⁽²⁾ (Indicate Here)	O Other ⁽¹⁾⁽²⁾ (Indicate Here)	P Total
	Start Date	Stop Date									Insurance ⁽¹⁾	Admin ⁽¹⁾	Other ⁽¹⁾⁽²⁾ (Indicate Here)				
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
Total																	
Net Present Value⁽⁴⁾																	

⁽¹⁾ If the above pricing is not fixed, describe the escalation factor(s)

⁽²⁾ Identify other elements.

⁽³⁾ Per manufacturers recommended Maintenance schedule.

⁽⁴⁾ NPV to January 1, 2008 dollars using 8.23% Discount Rate.

PROJECT SUMMARY AND GENERATION PROFILE "NON-DISPATCH UNITS"

CONFIDENTIAL INFORMATION

Bid Contact Information

Date: 01/01/1901

Company Name: _____

Contact Name: _____

Contact Title: _____

Address 1: _____

Address 2: _____

City: _____

State: _____

Zip Code: 11111-1111

Telephone: (111) 111-1111

Fax Number: (222) 222-2222

Mobile Number: (333) 333-3333

Email Address: _____

Plant Description

	Initial Operation Date	Total Installed Capacity (MW)	Capacity Available to SDG&E (MW)	Capacity Available During Typical Sched Maint (MW)
Bid	01/01/1901	0	0	0

Please enter the total Plant size (MW) and capacity (MW) available to SDG&E. During a maintenance, a plant may not have to be completely shut down. If so, give the reduced capacity available to SDG&E during a scheduled maintenance period.

Project Name: _____

Select Bid Type: _____

Plant Location: _____

Technology Type: _____

Generation Capacity Factor without Curtailments (%)

Plant Expected Operating Profile and Capacity Factor (CF)	Contract Capacity Available to SDG&E	Peak CF %	Semi-Peak CF %	Off-Peak CF %	Total CF	Forced Outage Rate (FOR)	Annual Scheduled Maintenance Rate (SMR)
Summer	0	0%	0%	0%	0%	100%	0%
Winter	0	0%	0%	0%	0%	100%	0%
W/A Annual	0	0%	0%	0%	0%	100%	0%

Generation Profile without Curtailments (MWH)

Possible Energy Deliveries to SDG&E	Contract Capacity Available to SDG&E	Peak Generation (MWH)	Semi-Peak Generation (MWH)	Off-Peak Generation (MWH)	Total Generation (MWH)
Summer	0	0	0	0	0
Winter	0	0	0	0	0
W/A Annual	0	0	0	0	0

Please input the avg "CF" and "FOR" ASSUMING NO CURTAILMENT HOURS.

Generation Curtailments (Hours)

Curtailment MWhs & Hours Available to SDG&E	Curtailment MW	Peak Hours	Semi-Peak Hours	Off-Peak Hours	Total Hours
Summer	0	0	0	0	0
Winter	0	0	0	0	0
Annual	0	0	0	0	0

Please enter the MW and expected annual curtailment hours, if any, available to SDG&E.

TOU PERIODS

	Summer	Winter
On-Peak	July 1 – October 31 Weekdays 11am – 7pm	November 1 – June 30 Weekdays 1pm - 9pm
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm	Weekdays 6am – 1pm; Weekdays 9pm – 10pm
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*All hours during NERC holidays are off-peak.

Reduced Generation due to Curtailments (MWH)

Curtailment MWhs Available to SDG&E	Curtailment MW	Peak MWH	Semi-Peak MWH	Off-Peak MWH	Total MWH
Summer	0	0	0	0	0
Winter	0	0	0	0	0
Annual	0	0	0	0	0

Expected Generation Profile minus Curtailment MWH

Expected Energy Deliveries to SDG&E	Contract Capacity Available to SDG&E	Peak Generation (MWH)	Semi-Peak Generation (MWH)	Off-Peak Generation (MWH)	Total Generation (MWH)
Bid					
Summer	0	0	0	0	0
Winter	0	0	0	0	0
W/A Annual	0	0	0	0	0

BIDDER NOTES:

PROJECT SUMMARY AND GENERATION PROFILE "DISPATCH UNITS"

Bid Contact Information

Date: 01/01/1901
Company Name: _____
Contact Name: _____
Contact Title: _____
Address 1: _____
Address 2: _____
City: _____
State: _____
Zip Code: 11111-1111
Telephone: (111) 111-1111
Fax Number: (222) 222-2222
Mobile Number: (333) 333-3333
Email Address: _____

Plant Description

	Initial Operation Date	Total Installed Capacity MW	Capacity Available to SDG&E (MW)	Capacity Available During Typical Sched Maint (MW)	
Bid	01/01/1901	0	0	0	Please enter the total Plant size (MW) and capacity (MW) available to SDG&E. During a maintenance, a plant may not have to be completely shut down. If so, give the reduced capacity available to SDG&E during a scheduled maintenance period.
Project Name: _____					
Select Bid Type: _____					Please use this form for Dispatch only, for others, use the Non-Dispatch or As-Available Forms!
Plant Location: _____					
Technology Type: _____					

Plant Start Profile

Dispatch Profile	Plant Starts Available to SDG&E	Cost for Each Plant Start	Start Fuel MMBTU	
Bid	0	\$0	0	List the number of starts and startup costs for your plant. Also list the MMBTU associated with the startup cost of your plant if you are burning natural gas.

Please Answer the Following Dispatch Information:

1. Will your plant be supplemented with Natural Gas or other fossil fuel?
2. What percentage of your fuel costs will be fixed or variable?
3. What percentage of your O&M will be fixed or variable?
4. What percentage of your start costs will be fixed or variable?
5. What is your dispatch rate to maximum capacity (e.g. 10 minutes, 1 hour, 1 day)?
6. What is your COLD start ramp-up rate (MW per minute, hour)?
- 6a. What is your WARM start ramp-up rate (MW per minute, hour)?
- 6b. What is your HOT start ramp-up rate (MW per minute, hour)?
7. What is your ramp-down rate (MW per minute, hour)?
8. What is your minimum up and minimum down times (e.g. minutes, hours)?
9. What are your operating ranges MW (minimum and maximum)?
10. What is your expected schedule maintenance outage rate?
11. What is your expected forced outage rate?
12. What are your expected run hours?
13. Describe any seasonal variations in your available MWH deliveries.

Yes	Yes, No or Not Applicable (N/A)		
0%	Fixed	0%	Variable
0%	Fixed	0%	Variable
0%	Fixed	0%	Variable
0	Minutes		
0	Minutes		
0	Minutes		
0	Minutes		
0	Minutes		
0	Hours	0	Hours Min Down
0	MW Minimum	0	MW Maximum
0%	% Hours/Year		
0%	% Hours/Year		
0	Hours/Year		

BIDDER NOTES:

ADDITIONAL NARRATIVE INFORMATION SHEET

APPLICABLE ONLY TO
ALTERNATIVE II AND ALTERNATIVE III
OFFERS ONLY

Respondents must attach complete design and construction specifications for the technology being proposed. Please provide the following requested information with the bid response.

1. Conditions Precedent - The effectiveness of the Agreement shall be subject to (i) CPUC approval of the Agreement and allowing full rate recovery of all costs, (ii) issuance by the CPUC of a certificate of public convenience and necessity authorizing Buyer's ownership of the Project in form and substance acceptable to Buyer in its sole discretion, and (iii) completion of detailed interconnection and delivery studies and approval by Buyer and Respondent of the costs to be incurred by each party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Project to load as is consistent with FERC's orders and rulemakings. Please verify that these conditions are acceptable and describe any other conditions being proposed.
2. Transaction Description - Respondent will develop, design, engineer, finance, construct, complete and test the facility on a turnkey basis using qualified contractors and suppliers acceptable to Buyer pursuant to construction contracts and subcontracts in form and substance acceptable to Buyer. Respondent shall sell, and Buyer shall purchase and pay for all of Respondent's right, title and interest in all of the real property, personal property and intangible assets comprising the Project. Please verify that these conditions are acceptable and describe any other conditions being proposed.
3. Sale Assets – Please provide the following information:
 - a) A description of the plant/resource (including the underlying Project site, asset life, rated capacity, and capacity factor)
 - b) A list of spare parts and inventory to be included as of the Closing Date
 - c) A list of assumed contracts and liabilities
4. Purchase Price – Please provide the purchase price, which shall be inclusive of all state and local sales and transfer taxes of any kind, and any delay damages.
5. Financing Plan – Please provide a description of financing options during the construction phase and at closing.
6. Payment Terms – Please describe payments terms associated with the offer.
7. Performance Guarantees/Performance Liquidated Damages – Please discuss any performance guarantees and liquidated damages being offered.
8. Warranty – Please discuss the warranty being offered.
9. Project Schedule – Please provide a detailed project schedule, proposed closing date and discuss proposed closing conditions and ownership transition plans. The Project schedule shall include milestones for all phases of permitting, design, construction, financing, and testing. The Purchase Price will be adjusted for any delays in achieving the Commercial Operation Date by the guaranteed date.

10. Major Plant Equipment – Respondent shall procure all equipment for the Project from major manufacturers with a proven reliability record. Please provide a list of manufacturers and models. Buyer shall have the right to approve/reject proposed manufacturers and models for major plant equipment of the Project.
11. Land – Please describe the land underlying the site being proposed. Respondent shall sell or transfer the leasehold interest in the land on which the Project is located as part of the Project, free and clear of all liens and encumbrances (other than minor exceptions to title which Buyer agrees to accept in its sole discretion).
12. Permitting, Licensing and Regulatory Authorizations – Please list and describe any required authorizations.
13. Transmission Service/Interconnection – Please describe the interconnection plan and any transmission issues. Respondent shall be responsible for all costs related to upgrades to distribution/transmission facilities and construction of interconnection facilities required to interconnect the Project to the Delivery Point, as is consistent with FERC rules.
14. Testing Plan – Please describe the testing plan. During testing, Buyer shall have the right to witness the testing to observe the results. However, overall accountability for successful plant performance shall remain with Respondent. The certified results of any tests conducted by Respondent shall be submitted to Buyer within 21 days after the date such tests were conducted for Buyer’s review and approval.
15. Operation and Maintenance Agreement – Please propose a 10-year O&M Agreement. The Agreement shall be effect upon SDG&E ownership of the facility. The Agreement shall include, as a minimum:
 - a) Operation and Maintenance Fees
 - b) Operation and Maintenance Plan/Methods. (TPM, TQM, RCM)
 - c) Personnel profiles
 - d) Performance Management, including sample reports with (KPIs)
 - e) SCADA and Maintenance Systems.
16. Credit Support – Please describe the proposed credit support being offered
17. Lawsuits – Please discuss whether or not your firm, or any of the executive officers of your firm, been a party to a lawsuit involving the performance of any equipment it has installed. If so, please include a summary of the issues and the status of the lawsuit.

CREDIT APPLICATION



CREDIT APPLICATION

General Information

Legal Company Name _____

Doing Business As (DBA) _____

Street Address _____

City _____

State _____

Zip Code _____

Federal Tax ID # _____

Organized & existing under the laws of: (State) _____

Year Incorporated/Established _____

Primary Contacts:

Credit Issues Contact:

Name _____ Title _____ Phone _____ FAX _____ E-Mail _____

Business Issues Contact:

Name _____ Title _____ Phone _____ FAX _____ E-Mail _____

Service Type:

Estimated Volumes of Service Requested per month:

Please provide the following information with this application:

- *Most recent three (3) fiscal years', CPA-audited, financial statements including notes to the financial statements.*
- *The most recent interim financial statements.*
- *A list of corporate affiliates, including addresses and relationship to your company/entity (Corporate Organization Chart).*
- *Most recent three (3) fiscal years', CPA-audited, financial statements of the ultimate parent company.*

General Certification

The undersigned declares that the statements set forth herein are true and complete. The undersigned on behalf of Applicant hereby authorizes Utility to obtain verification from any source named herein as to the accuracy of the information provided and to obtain credit information regarding Applicant as part of its approval process.

The undersigned on behalf of Applicant hereby releases, discharges, exonerates and covenants not to sue any person, company or governmental organization providing information to Utility in connection with its approval process, any recipient of such information conducting a review of such information in connection with this application, including Utility or its representatives, and its officers, agents, employees and independent contractors, from any and all liability of every nature and kind arising from or in connection with the furnishing, receipt and review of such information.

Official Signature: _____

(Must be signed by an officer of the Applicant)

Typed Name: _____ Title: _____ Dated: _____

CONSENT FORM

Consent Form

This consent form ("Consent") is entered into by [PARTY NAME] as of this ___ day of _____, 2008, to authorize the disclosure of [PARTY NAME]'s transmission-related information to San Diego Gas and Electric Company's marketing or merchant business unit (SDG&E).

Whereas, [PARTY NAME] and SDG&E are negotiating (i) a long-term power purchase agreement for the sale of renewable power to SDG&E or (ii) a term-sheet for SDG&E's purchase from [PARTY NAME] of a generating facility producing renewable power (collectively, the "Agreement").

Whereas, pursuant to the Federal Energy Regulatory Commission (FERC) Standards of Conduct enacted through FERC Order 2004, the interconnecting utility's transmission planning group (Transmission) is prohibited from sharing non-public transmission-related information with SDG&E.

Whereas, [PARTY NAME] recognizes that in order to facilitate the Agreement negotiation process and to permit SDG&E to diligently pursue the Agreement, Transmission should not be prohibited from sharing non-public transmission-related information with SDG&E.

THEREFORE, in consideration of the benefits to be received upon the successful negotiation and execution of the Agreement between [INSERT PARTY NAME] and SDG&E, [PARTY NAME] consents to and authorizes Transmission's disclosure of all non-public transmission-related and customer-related information to SDG&E to the extent that information relates to the Agreement.

IN WITNESS WHEREOF, [PARTY NAME] has caused this Consent to be duly executed and delivered by its proper and duly authorized officer as of the date set forth above.

[PARTY NAME]

By: _____

Name: _____

Title: _____

Date: _____

**OFFER SUMMARY SHEET &
CHECK LIST**

CONTRACT DOCUMENTS

EEI COVER
EEI UNIT FIRM CONFIRMATION
EEI AS-AVAILABLE INTERMITTENT CONFIRMATION
EEI AS-AVAILABLE NON-INTERMITTENT CONFIRMATION
EEI EXHIBITS

*NOTE THAT ALL STANDARD TERMS ARE HIGHLIGHTED IN YELLOW

MASTER POWER PURCHASE AND SALE AGREEMENT
COVER SHEET

This *Master Power Purchase and Sale Agreement* (Version 2.1; modified 4/25/00) ("Master Agreement") is made as of the following date: [____], 2008 ("Effective Date"). The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any Confirmations accepted in accordance with this Agreement) shall be referred to as the "Agreement." The Parties to this *Master Agreement* are the following:

Name: _____ ("Party A")

All Notices:

Street: _____

City: _____ Zip: _____

Attn: Contract Administration

Phone: _____

Facsimile: _____

Duns: _____

Federal Tax ID Number: _____

Invoices:

Attn: _____

Phone: _____

Facsimile: _____

Scheduling:

Attn: _____

Phone: _____

Facsimile: _____

Payments:

Attn: _____

Phone: _____

Facsimile: _____

Wire Transfer:

BNK: _____

ABA: _____

ACCT: _____

Confirmation: _____

FAX: _____

Credit and Collections:

Attn: _____

Phone: _____

Facsimile: _____

Name: San Diego Gas & Electric Company ("Party B")

All Notices:

Street: 8315 Century Park Court

City: San Diego, CA Zip: 92123

Attn: Contract Administration

Phone: (858) 650-6176

Facsimile: (858) 650-6190

Duns: 006911457

Federal Tax ID Number: 95-1184800

Invoices:

San Diego Gas & Electric Company

8315 Century Park Ct.

San Diego, California 92123-1593

Attn: Energy Accounting Manager

Phone: (858) 650-6177

Facsimile: (858) 650-6190

Scheduling:

San Diego Gas & Electric Company

8315 Century Park Ct.

San Diego, California 92123-1593

Attn: Transaction Scheduling Manager

Phone: (858) 650-6160

Facsimile: (858) 650-6191

Payments:

San Diego Gas & Electric Company

PO Box 25110

Santa Ana, CA 92799-5110

Attn: Mail Payments

Phone: (619) 696-4521

Facsimile: (619) 696-4899

Wire Transfer:

BNK: Union Bank of California

for: San Diego Gas & Electric Company

ABA: Routing # 122000496

ACCT: #4430000352

Confirmation: SDG&E, Major Markets

FAX: (213) 244-8316

Credit and Collections:

San Diego Gas & Electric Company, Major Markets

555 W. Fifth Street, ML 10E3

Los Angeles, CA 90013-1011

Attn.: Major Markets, Credit and Collections Manager

Fax No.: (213) 244-8316

Phone: (213) 244-4343

With additional Notices of an Event of Default or Potential Event of Default to:

Attn: _____
Phone: _____
Facsimile: _____

With additional Notices of an Event of Default or Potential Event of Default to:

Sempra Energy
101 Ash Street
San Diego, CA 92101
Attn: Assistant General Counsel, Commercial Law
Facsimile: (619) 696-4377

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff (type of FERC authorization needs to be determined prior to execution)

Party B Tariff FERC Electric Tariff, Original Volume No. 10, Original Sheet Nos. 1-3
(Supersedes FERC Electric Tariff, Original Volume Nos. 7 and 8)
Effective May 12, 2003, Docket No. ER03-418-000.

Article Two TO BE DETERMINED

Transaction Terms and Conditions Optional provision in Section 2.4. If not checked, inapplicable.

Article Four TO BE DETERMINED

Remedies for Failure to Deliver or Receive Accelerated Payment of Damages. If not checked, inapplicable.

Article Five TO BE DETERMINED

Events of Default; Remedies

- Cross Default for Party A:
- Party A: N/A Cross Default Amount: N/A
- Other Entity: N/A Cross Default Amount: N/A

- Cross Default for Party B:
- Party B: N/A Cross Default Amount: N/A
- Other Entity: N/A Cross Default Amount: N/A

5.6 Closeout Setoff

- Option A (Applicable if no other selection is made.)
- Option B – Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows:
- Option C (No Setoff)

Article 8 TO BE DETERMINED
Credit and Collateral Requirements

8.1 Party A Credit Protection:

(a) Financial Information:

- Option A
 Option B Specify: _____
 Option C Specify: _____

(b) Credit Assurances:

- Not Applicable
 Applicable

(c) Collateral Threshold:

- Not Applicable
 Applicable

If applicable, complete the following: N/A

Party B Collateral Threshold: \$ _____; provided, however, that Party B's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party B has occurred and is continuing.

Party B Independent Amount \$ _____

Party B Rounding Amount \$ _____

(d) Downgrade Event:

- Not Applicable
 Applicable

If applicable, complete the following: N/A

It shall be a Downgrade Event for Party B if Party B's Credit Rating falls below _____ from S&P or _____ from Moody's or if Party B is not rated by either S&P or Moody's

Other:
Specify: _____

(e) Guarantor for Party B: None

Guarantee Amount: None

8.2 Party B Credit Protection:

(a) Financial Information:

- Option A
 Option B Specify: _____
 Option C Specify: Unaudited Financial Statements as attested to by an Officer of Party A

- (b) Credit Assurances:
 Not Applicable
 Applicable
- (c) Collateral Threshold:
 Not Applicable
 Applicable
 If applicable, complete the following: N/A
 Party A Collateral Threshold: \$ _____; provided, however,
 that Party A's Collateral Threshold shall be zero if an Event of
 Default or Potential Event of Default with respect to Party A has
 occurred and is continuing.
 Party A Independent Amount \$ _____
 Party A Rounding Amount \$ _____
- (d) Downgrade Event:
 Not Applicable
 Applicable
 If applicable, complete the following: N/A
 It shall be a Downgrade Event for Party A if Party A's Credit
 Rating falls below _____ from S&P or _____
 from Moody's or if Party A is not rated by either S&P or
 Moody's
 Other:
 Specify: _____
- (e) Guarantor for Party A: _____ in accordance with Section 8.3
 Guarantee Amount: \$ _____
- (f) 8.4 If the parties elect as being applicable, Section 8.4 shall apply:
 Not Applicable
 Applicable

Article 10 TO BE DETERMINED

Confidentiality

- Option A: Confidentiality Applicable. If not checked, inapplicable.
- .
- Option B: Confidentiality Notification.
 If Option B is checked on the Cover Sheet, Seller has waived its right to
 notification in accordance with Section 10.11(v).

Schedule M

- Party A is a Governmental Entity or Public Power System
- Party B is a Governmental Entity or Public Power System
- Add Section 3.6. If not checked, inapplicable
- Add Section 8.4. If not checked, inapplicable

Schedule P

Schedule P: Products and Related Definitions shall be deleted in its entirety.

Other Changes

Specify, if any: The following changes shall be applicable:

Article One. General Definitions.

(a) **Definitions.** The following definitions are amended as set forth below:

- (1) Section 1.11 “Costs” shall be deleted in its entirety and replaced with the following:

“Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction

- (2) Section 1.23 “Force Majeure” shall be deleted in its entirety and replaced with the following:

“Force Majeure” means any cause or event beyond the reasonable control of the affected Party which was not anticipated as of the date of the Transaction and not due to the fault or negligence of the Party affected, and which could not have been avoided by due diligence and use of reasonable efforts, including but not limited to (but only to the extent that the following examples satisfy such definition): (a) acts of God such as extreme weather conditions, droughts, floods, earthquakes, (b) fires, explosions, accidents that could not have been prevented by acting in accordance with Good Utility Practice (defined below), and (c) war (declared or undeclared), riots, insurrection, rebellion, acts of the public enemy, acts of terrorism and sabotage, blockades, embargoes, industry-wide strikes. Notwithstanding anything to the contrary in the foregoing, the following shall not constitute Force Majeure: (a) lack of finances; (b) breakage or malfunction of equipment (except to the extent that such failure was caused by an event that would otherwise satisfy the definition of a Force Majeure event as defined above); (c) changes in governmental approvals or the conditions imposed thereunder or the failure to grant or renew such governmental approvals; or (d) Seller’s failure to obtain additional funds, including funds authorized by a state or the federal government or agencies thereof, to supplement the payments made by Buyer pursuant to this Agreement.

“Good Utility Practice” means any practices, methods and acts (i) required by the National Electric Safety Code or NERC, whether or not Seller is a member thereof, or (ii) otherwise engaged in or approved by a significant portion of the utility electric generation industry during the relevant time period or any of the practices, methods and acts that in the exercise of commercially reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be the optimum practice, method or act to the exclusion of all others, but rather is intended to be any of the practices, methods and/or actions generally accepted in the region.

- (3) Section 1.24 “Gains” shall be deleted in its entirety and replaced with the following:

“Gains” means with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of a Terminated

Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties, including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include the value of Green Attributes.

- (4) Section 1.25 shall be modified by adding the following as the last sentence: “Guarantor shall issue a Guaranty in substantially the same format attached hereto as Exhibit B.”
- (5) Section 1.27 shall be modified by adding the words “and substantially in the same form as the Letter of Credit template attached hereto as Exhibit C” at the end of the first sentence.
- (6) Section 1.28 “Losses” shall be deleted in its entirety and replaced with the following:

“Losses” means with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include the value of Resource Adequacy and Green Attributes.

- (7) Sections 1.35 and 1.36 shall be modified by deleting the phrase “as defined in Schedule P.” and replacing such phrase with “as defined in the Confirmation.”
- (8) Section 1.45 shall be modified by including the words “acceptable to the requesting party” after the words “Letter(s) of Credit”.
- (9) Section 1.51 is amended by replacing the current definition with the following:

“Replacement Price” means the price at which Buyer, acting in a commercially reasonable manner, purchases for delivery at the Delivery Point (or, if replacement power is not available at the Delivery Point, any other delivery point where Buyer is able to purchase replacement product) a replacement for any Product that includes its associated Green Attributes and meets the requirements of Section 10.2(xiii) but was not delivered by Seller, plus (i) costs reasonably incurred by Buyer in purchasing such substitute Product and (ii) additional transmission charges, if any, reasonably incurred by Buyer to the Delivery Point, or absent a purchase, the market price at the Delivery Point for such Product not delivered as determined by Buyer in a commercially reasonable manner. The Replacement Price also shall include all charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the scheduled supply resulting from Seller’s failure to deliver; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Buyer be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller’s liability. For the purposes of this definition, Buyer shall be considered to have purchased replacement Product to the extent Buyer shall have entered into one or more arrangements in a commercially reasonable manner whereby Buyer repurchases its obligation to sell and deliver the Product to another party at the Delivery Point. If for any reason a Replacement Price is unavailable at the Delivery Point during a Transaction when Seller fails to deliver Product (“Missing Hours”), then the Replacement

Price for Missing Hours shall be the last available Replacement Price prior to the Missing Hours together with any charges and penalties allocated to Buyer for the Missing Hours.

“California Renewables Portfolio Standard” means the Renewables Portfolio Standard of California under California Senate Bills 1078 and 107 as codified in Sections 387, 390.1, and 399.25 and Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of, the California Public Utilities Code, as such code reference may be amended from time to time.

(10) Section 1.53 is amended by replacing the current definition with the following:

“Sales Price” means the price at which Seller, acting in a commercially reasonable manner, resells any Product not received by Buyer, deducting from such proceeds any (i) costs reasonably incurred by Seller in reselling such Product including all costs charged by CAISO to deliver the Product into the CAISO System, and (ii) additional transmission charges, if any, reasonably incurred by Seller in delivering such Product to the third party purchasers, or absent a sale the market price at the Delivery Point for such Product not received as determined by Seller in a commercially reasonable manner. The Sales Price shall also be reduced by all costs, charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the scheduled supply resulting from Buyer’s failure to take Product; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Seller be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Buyer’s liability. The Sales Price may be less than zero.

(11) Section 1.62 is added as follows:

“Amendment 42” means Amendment 42 to the CAISO Tariff filed in Docket No. ER02-922-000 (Intermittent Resources; CT 487; Intra zonal Congestion; Real Time Pricing) as in effect on the date hereof and as may be amended from time to time.

(12) Section 1.63 is added as follows:

“CAISO” is the California Independent System Operator, or its successor in interest.

(13) Section 1.64 is added as follows:

“CAISO Tariff” means the CAISO Operating Agreement and Tariff, as it may be modified from time to time.

(14) Section 1.65 is added as follows:

“Capacity Attributes” means any current or future defined characteristic, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific as to the location or any other attribute of the Facility, intended to value any aspect of the capacity of the Facility to produce Energy or ancillary services, including but not limited to any accounting construct so that the full Contract Capacity of the Facility may be counted toward a Resource Adequacy Requirement or any other measure by the CPUC, the CAISO, the FERC, or any other entity invested with the authority under federal or state law, to require Buyer to procure, or to procure at Buyer’s expense, Resource Adequacy or other such products.

(15) Section 1.66 is added as follows:

"CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which contains the following terms:

(1) Approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer’s administration of the Agreement;

(2) finds that any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), Decision 03-06-071, or other applicable law;

(3) finds that any procurement pursuant to this Agreement constitutes incremental procurement or procurement for baseline replenishment by Buyer from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation to increase its total procurement of eligible renewable energy resources that it may have pursuant to the California Renewables Portfolio Standard, CPUC Decision 03-06-071, or other applicable law; and

(4) Finds that the cost of the contract between Buyer and developer are reasonable and in the public interest, and that approved payments are fully recoverable in rates over the life of the project.

(5) Finds that any cost of bringing generation from the delivery point to Buyer's load center is a transmission cost associated with procurement that will be recorded in the Energy Resource Recovery Account for rate recovery;

(6) Finds that any indirect costs of renewables procurement identified in Section 399.15 (a)(2) shall be recovered in rates.

CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.”

(16) Section 1.67 is added as follows:

“EIRP” means the Eligible Intermittent Resources Protocol, as in effect on the date of execution of this Agreement and as may be amended from time to time, which is part of the CAISO Tariff.

(17) Section 1.68 is added as follows:

“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Unit(s) and its displacement of conventional energy generation. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change or otherwise by law to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Unit(s), (ii) production tax credits associated with the construction or operation of the project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits

encumbered or used by the Unit(s) for compliance with local, state, or federal operating and/or air quality permits. If Seller's Unit(s) is a biomass or landfill gas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Unit(s).

(18) Section 1.69 is added as follows:

"PTC" and "Production Tax Credit" mean the renewable electricity production tax credit described in Section 45 of the Internal Revenue Code of 1986, as amended.

(19) Section 1.70 is added as follows:

"Renewable Energy Credit" has the meaning set forth in Public Utilities Code Section 399.12(g), as may be amended from time to time or as further defined or supplemented by Law.

(20) Section 1.71 is added as follows:

"Resource Adequacy" means the procurement obligation of load serving entities, including Buyer, as such obligations are described in CPUC D.04-10-035 and D.05-10-042 and subsequent CPUC decisions addressing Resource Adequacy issues, as those obligations may be altered from time to time in the CPUC Resource Adequacy Rulemaking (R.)04-04-003 and (R.)05-12-013 or by any successor proceeding, and all other Resource Adequacy obligations established by any other entity, including the CAISO.

Article Two: Transaction Terms and Conditions

- (a) Amend Section 2.1 by deleting the phrase "orally, or if expressly required by either party with respect to a particular Transaction,"
- (b) Section 2.3 shall be deleted in its entirety.

Article Three: Obligations and Deliveries

- (a) Section 3.2 "Transmission and Scheduling" shall be deleted in its entirety.
- (b) **Force Majeure.** Add the following two paragraphs at the end of Section 3.3:

"Before and after the date of Commercial Operation, this Agreement may be terminated by the non-Claiming party with no further obligation to either party if a Force Majeure event prevents the performance of a material portion of the obligations hereunder and such Force Majeure is not resolved within eight (8) months after the notice given above."

- (c) Green Attributes. The parties agree to add the following new Section 3.4:

"Seller hereby provides and conveys all Green Attributes from the Unit(s) to Buyer as part of the Product being delivered, as such term is described in the applicable Transaction confirmation for the period set forth in such confirmation. Seller represents and warrants that Seller holds the right to all Green Attributes from the Unit(s), and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Unit(s)."

- (d) **Resource Adequacy.** Add the following new Section 3.5:

"During the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all of the Contract Capacity, including Capacity Attributes, from the Facility to enable Buyer to meet its Resource Adequacy or successor program requirements, as the CPUC, CAISO or other regional entity may prescribe ("Resource Adequacy Requirements"). Seller understands that the CPUC is currently in the process of

developing requirements for Resource Adequacy and these requirements and the implementation thereof have not been finalized. Seller agrees that during the Delivery Term Seller shall, at a minimum, comply with the terms set forth in Exhibit D to enable Buyer to use all of the capacity, including Capacity Attributes, to be committed by Seller to Buyer pursuant to this Agreement to meet Buyer's Resource Adequacy Requirements.

- (e) Climate Action Registry. The parties agree to add the following new Section 3.6:

"Seller shall register the Facility with the California Climate Action Registry as may be required by the CPUC pursuant to Decision 06-02-032 and any subsequent order, but in any event, no later than the date of Commercial Operation."

- (f) WREGIS. The parties agree to add the following new Section 3.7:

"Prior to the date of Commercial Operation, Seller shall register the Facility in the Western Renewable Energy Generating Information System or any successor renewable energy tracking program ("WREGIS"), and take all other action necessary to ensure that the Energy and Green Attributes produced from the Facility are tracked for purposes of satisfying the requirements of the California Renewable Portfolio Standard. In the event that WREGIS is not in operation as of the date of Commercial Operation, Seller shall perform its obligations as required per this subsection, as soon as WREGIS is in operation."

Article Five: Events of Default

(a) **Section 5.1 Events of Default.**

Section 5.1(c) is amended by deleting the reference to "three (3) Business Days" and replacing it with "thirty (30) days."

Amend Sections 5.1(b) and 5.1(h)(i) by adding the following at the end thereof: "or with respect to the representations and warranties made pursuant to Section 10.2 of this Agreement or any additional representations and warranties agreed upon by the parties, any such representation and warranty becomes false or misleading in any material respect during the term of this Agreement or any Transaction entered into hereunder."

Within Section 5.1, add the following new Events of Default:

"(i) if at any time during the Term of Agreement, Seller delivers or attempts to deliver to the Delivery Point for sale under this Agreement electrical power that was not generated by the Unit(s)"

"(j) failure to meet the performance requirements agreed to pursuant to Section __ hereof."

"(k) a Letter of Credit Default as described in Section 8.4."

(b) **Section 5 Declaration of an Early Termination Date and Calculation of Settlement Amount.**

Section 5.2, 5.3, 5.4, and 5.5 shall be deleted in their entirety and replaced with the following:

"5.2 Declaration of Early Termination Date and Calculation of Settlement Amounts: If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party ("Non-Defaulting Party") shall have the right to (i) designate a day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an early termination date ("Early Termination Date") to accelerate all amounts owing between the Parties and to liquidate and terminate all, but not less than all, Transactions (each referred to as a "Terminated Transaction") between the Parties, (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance. The Non-defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages. The Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount.

5.3 Net Out of Settlement Amounts. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single amount by: netting out (a) all Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article Eight, plus any or all other amounts due to the Defaulting Party under this Agreement against (b) all Settlement Amounts that are due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement, so that all such amounts shall be netted out to a single liquidated amount (the “Termination Payment”). If the Non-Defaulting Party’s aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment shall be zero.

5.4 Notice of Payment of Termination Payment. As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such calculation. The Termination Payment shall be made to the Non-Defaulting Party, as applicable, within two (2) Business Days after such notice is effective.

5.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party’s calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party’s calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer Performance Assurance to the Non-Defaulting Party in an amount equal to the Termination Payment.”

(c) Section 5.7 Suspension of Performance.

Section 5.7 is amended by deleting the phrase “ten (10) NERC Business Days” and replacing it with “five (5) NERC Business Days.”

Further amend Section 5.7 by the deletion of the following phrase in the first sentence “or (b) a Potential Event of Default”.

Article Six: Payment and Netting

(a) Section 6.2 Timeliness of Payment.

Section 6.2 shall be replaced by the following: “Timeliness of Payment. Unless otherwise agreed by the Parties in a Transaction, all invoices under this Master Agreement shall be due and payable in accordance with each Party’s invoice instructions thirty (30) days after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full. Seller shall submit a monthly invoice via fax and email during the Delivery Period. Buyer has 30 days to pay the invoice. Invoice shall be itemized, identifying all component charges and unit prices. Invoice shall identify the Output scheduled and delivered during all hours of the month. The invoice shall describe in reasonable detail the calculations used to arrive at invoiced amounts.”

(b) Sections 6.7

Section 6.7 Payment for Options is amended by deleting the text and substituting therefore “Intentionally omitted.”

Article Eight: Credit and Collateral Requirements

(a) Party A Credit Protection. The first three sentences in Section 8.1 shall be deleted in their entirety and replaced with the following:

“8.1 Party A Credit Protection. The applicable credit and collateral requirements shall be as specified on the Cover Sheet and shall only apply if marked as “Applicable” on the Cover Sheet.”

- (b) **Party B Credit Protection.** The first three sentences in Section 8.2 shall be deleted in their entirety and replaced with the following:

“8.2 Party B Credit Protection. The applicable credit and collateral requirements shall be as specified on the Cover Sheet and shall only apply if marked as “Applicable” on the Cover Sheet.”

- (c) **Performance Security.** Section 8.3 is amended by deleting “or deemed occurrence” from the beginning of the second sentence.

- (d) If the parties elect as being applicable on the Cover Sheet, the following new Section 8.4 shall be added:

“8.4 To secure its obligations under this Agreement, in addition to satisfying any credit terms pursuant to the terms of Section 8.2 to the extent marked applicable, Seller agrees to deliver to Buyer (the “Secured Party”) (a) on or before the Effective Date and until Seller posts security required pursuant to subpart (b) a [INSERT TYPE OF COLLATERAL] in the amount of [\$ _____], the form of which shall be determined in the sole discretion of Buyer; (b) within thirty (30) days of the date on which all of the conditions precedent set forth in Section 1.0 of the Confirmation are either satisfied or waived, and Seller shall maintain in full force and effect until the Commercial Operation date a [INSERT TYPE OF COLLATERAL] in the amount of [\$ _____], the form of which shall be determined in the sole discretion of Buyer; and (c) from the Commercial Operation date until the end of the Term [INSERT TYPE OF COLLATERAL] in the amount of [\$ _____], the form of which shall be determined in the sole discretion of the Buyer.

Except as expressly provided elsewhere in this Agreement, the security posted under this Section 8.4 shall not be deemed a limitation of damages. Buyer shall return the unused portion of security posted under 8.4(a) to Seller promptly after termination of the Agreement by a Party because a condition precedent has not been satisfied or waived by its deadline as set forth in Section 1.0 of the Confirmation. Buyer shall return the unused portion of security posted under 8.4(c) to Seller promptly after the following have occurred: (a) the Term of the Agreement has ended; and (b) all payment obligations of the Seller arising under this Agreement, including compensation for Penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting).

When cash is posted as security: Buyer shall pay interest on cash held as security at the Collateral Interest Rate. On or before each Interest Payment Date, Buyer shall transfer the Interest Amount due to Seller for such security in the form of cash by wire transfer to the bank account specified under “Wire Transfer” in the Cover Sheet.

“Collateral Interest Rate” shall mean the rate per annum equal to the “Monthly” Commercial Paper rate (Prime, 3 months) published the prior month in the Federal Reserve Statistical Release, or its successor publication.

“Interest Payment Date” shall mean the last Business Day of each calendar year.

“Interest Amount” shall mean, with respect to an Interest Period, the amount of interest derived from: (w) the sum of (i) the principal amount of security in the form of cash held by Buyer during that Interest Period, and (ii) the sum of all accrued and unpaid Interest Amounts accumulated prior to such Interest Period; multiplied by (x) the Collateral Interest Rate in effect on the first day of the Interest Period; multiplied by (y) the number of days in that Interest Period; (z) divided by 360.

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

When Letters of Credit are posted as security: all Letters of Credit shall be subject to the following provisions:

(a) The Seller shall (i) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit and in accordance with this Agreement, (ii) if the issuer has indicated its intent not to renew such Letter of Credit, provide a substitute Letter of Credit at least sixty (60) days prior to the expiration of the outstanding Letter of Credit, and (iii) if an issuer of a Letter of Credit shall fail to honor the Buyer’s properly documented request to draw on an outstanding Letter of

Credit, provide for the benefit of the Buyer a substitute Letter of Credit, that is issued by an alternate issuer acceptable to the Buyer within five (5) Business Days after the Seller receives notice of such refusal.

(b) “Letter of Credit Default” shall mean with respect to an outstanding Letter of Credit, the occurrence of any of the following events: (i) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least “A-“ by S&P or “A3” by Moody’s; (ii) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be continuing after the lapse of any applicable grace period; (iii) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; or (iv) Seller shall fail to meet the requirements of this Section 8.4 after the applicable cure periods, if any.

(c) In all cases, the reasonable costs and expenses of (including but not limited to the reasonable costs, expenses, and attorneys’ fees, including reasonably allocated costs of in-house counsel of the Buyer for enforcing) establishing, renewing, substituting, canceling, increasing and reducing the amount of (as the case may be) one or more Letters of Credit shall be borne by the Seller.”]

Article Ten: Miscellaneous

(a) **Term of Master Agreement.** Add the following sentence to Section 10.1: “The Transaction shall terminate on the day following the last day of the Delivery Period, unless terminated sooner pursuant to the express provisions of this Agreement”.

(b) **Representations, Warranties, and Covenants.**

Section 10.2(vi) is amended to delete the phrase “or any of its Affiliates.”

Section 10.2(ix) is deleted in its entirety and the words “Intentionally Omitted” are put in its place.

Section 10.2(xiii) shall be added as follows:

“The Seller and, if applicable, its successors, represents and warrants throughout the term of the Delivery Term of each Transaction entered into under this Agreement that: (a) the Unit(s) qualifies and is certified by the CEC as an Eligible Renewable Energy Resource (“ERR”) as such term is defined in Public Utilities Code Section 399.12 or Section 399.16, and (b) the Unit(s) Output delivered to Buyer qualifies under the requirements of the California Renewable Portfolio Standard.”

Section 10.2(xiv) shall be added as follows:

“Seller covenants throughout the Delivery Term that it will take no action or permit any other person or entity (other than Buyer) to take any action that would impair in any way Buyer’s ability to rely on the Project in order to satisfy its Resource Adequacy Requirements”

(c) **Assignment.**

Article 10.5 shall be deleted in its entirety and replaced with the following:

“10.5 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers and the financing provider(s) shall assume the payment and performance obligations provided under this Agreement with respect to the transferring Party provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.”

(d) **Governing Law/Venue/Waiver of Jury Trial.** Article 10.6 shall be modified as follows::

Section 10.6 “Governing Law” shall be amended by deleting “NEW YORK” and inserting “CALIFORNIA” in place thereof.

Add the following to the end of Article 10.6:

“THE PARTIES HEREBY CONSENT TO CONDUCT ALL DISPUTE RESOLUTION, JUDICIAL ACTIONS OR PROCEEDINGS ARISING DIRECTLY, INDIRECTLY OR OTHERWISE IN CONJUNCTION WITH, OUT OF, RELATED TO OR ARISING FROM THIS AGREEMENT IN THE CITY OF SAN DIEGO, CALIFORNIA.

EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY TRANSACTION.”

- (e) **Section 10.9 Audit.** Section 10.9 is modified by adding the following at the end thereof:

“The Parties agree that Generally Accepted Accounting Principles and SEC rules require Buyer to evaluate if Buyer must consolidate Seller’s financial information. Buyer will require access to financial records and personnel to determine if consolidated financial reporting is required. If Buyer determines at any time that consolidation is required, Buyer shall require the following during every calendar quarter for the term of this Agreement:

- a) Complete financial statements and notes to financial statements;
- b) Financial schedules underlying the financial statements, all within 15 days of the end of each quarter; and
- c) Access to records and personnel, so that Buyer’s independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002).

Any information provided to Buyer shall be treated as confidential except that it may be disclosed for financial statement purposes.”

- (f) **Section 10.11 Confidentiality.** Section 10.11 shall be deleted in its entirety and replaced with the following:

10.11 Neither Party shall disclose the non-public terms or conditions of this Agreement or any Transaction hereunder to a third party, other than (i) the Party’s employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer’s Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section 10.12 of this Agreement; (v) in order to comply with any applicable law, regulation, or any exchange, control area or ISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party (“Disclosing Party”), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section 10.11 (“Disclosure Order”) each Party shall, to the extent practicable, use reasonable efforts: (i) to notify the other Party prior to disclosing the confidential information and (ii) prevent or limit such disclosure. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(g) **RPS Confidentiality.** Add a new section to Article 10 as follows:

“10.12 RPS Confidentiality. Notwithstanding Section 10.11 of this Agreement, no later than six months after CPUC Approval of the Agreement either Party shall be permitted to disclose the following terms with respect to such Transaction: Party names, resource type, delivery term, project location, estimated annual deliveries, delivery point, expected on-line date, and project capacity.

(h) **Publicity.** Add a new Section to Article 10 as follows:

“10.13 Publicity. Except as otherwise agreed to above in Sections 10.11 and 10.12, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed.”

(i) **Dispute Resolution.** Add a new section to Article 10 as follows:

“10.14 Dispute Resolution.

(a) If a dispute shall arise between the Parties relating to the interpretation of this Agreement or to performance of any Transaction under it, the Party desiring resolution of the dispute shall notify the other Party in writing. The notice shall set forth the matter in dispute in reasonable detail and a proposed solution.

(b) The Parties shall attempt to resolve any dispute within 30 calendar days after delivery of the written notice referred to above. Any disputes not so resolved shall be referred by each Party to a senior officer (or the officer's designee) for resolution. If the Parties fail to reach an agreement within 30 days after such referral, each Party shall have the right to pursue any and all remedies provided in this Agreement and as afforded by law.

(j) **10.15. Prevailing Wages.** To the extent applicable, Seller shall comply with the prevailing wage requirements of California Public Utilities Code section 399.14, subdivision (h).

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

Party A – _____

Party B – **SAN DIEGO GAS & ELECTRIC COMPANY**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

CONFIRMATION LETTER
(for use with unit firm bids)

This Confirmation Letter (“Confirmation”) is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement, dated mm/dd/yyyy (the “Master Agreement”), between _____, (“Seller”) and **San Diego Gas & Electric Company** (“Buyer”), and constitutes part of and is subject to the terms and provisions of such Master Agreement (collectively, the “Agreement”). The parties have agreed to this Agreement in good faith and shall implement it in good faith. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

1.0 Effectiveness of Confirmation Letter. Except for the Seller’s obligations listed in Section 1.1 below, all obligations of the Parties are conditioned upon the satisfaction or waiver of the conditions precedent as set forth in this Section 1.0.

1.1 Prior to the conditions precedent being satisfied or waived as set forth in this Section 1.0, Seller has the obligation to diligently pursue development of the Facility, achieve the applicable milestones, in accordance with Sections 12.0, that have due dates occurring prior to the deadlines for satisfaction or waiver of the conditions precedent set forth in this Section 1.0, and deliver the Quarterly Progress Report required in Section 12.1.3. Upon a breach by Seller of its obligations under this Section 1.1, Buyer may declare an Event of Default and terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the collateral posted under Section 8.4(a) of the Cover Sheet. Buyer may use such collateral to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to Seller’s breach of its obligations of this Section 1.1 would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for Seller’s breach of its obligations under this Section 1.1 but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, a breach by Seller of a representation or warranty.

1.2 CPUC Approval. The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval on or before [mm/dd/yyyy]. The Parties agree to cooperate and use all reasonable efforts to obtain the CPUC Approval as soon as is practicable. Should the CPUC issue an order approving this Agreement with conditions or modifications that materially alter the commercial aspects of this Agreement, the Parties shall have ten (10) Business Days from the mailing date of such order to provide the other Party written notice of the issuing Party’s acceptance or rejection of the CPUC order as issued; provided, however, if a Party fails to provide written notification of its acceptance or rejection to the other Party within such ten (10) day period, that Party’s silence shall be deemed to

constitute acceptance of the CPUC order as issued and agreement by such Party that this condition has been satisfied, upon the CPUC Approval Date. If a notice of rejection is sent, the parties agree to use good faith efforts to renegotiate this Agreement. If, within sixty (60) days, no agreement is reached, either party may terminate this Agreement upon delivery of notice to the other party. For purposes of this Agreement, the “CPUC Approval Date” shall be defined as the first Business Day after the date on which the CPUC order approving this Agreement becomes final and no longer subject to any appeal.

1.3 Interconnection Agreement. No later than [mm/dd/yyyy], Buyer and Seller shall have agreed to and approved of (in each party’s sole discretion) the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission’s then current orders and rulemakings. If the Parties have not approved of such date or costs before [mm/dd/yyyy] , either Party shall have the right to terminate this Agreement by sending the other Party prior written notice.

2.0 Product: Output (defined in Section 3.1) delivered on a Unit Firm basis which includes all associated Capacity Attributes and Green Attributes (as those terms are defined in the Cover Sheet).

“Unit Firm” means, with respect to a Transaction, that the Product subject to the Transaction is intended to be supplied from a specified generation asset or assets specified in the Transaction. [*The following Products shall be considered “Unit Firm” products and Buyer shall select one for this agreement.*]

“Peaking” means with respect to a Transaction, a Product for which Delivery Periods coincide with Peak Periods, as defined by Buyer.

“Baseload” means with respect to a Transaction, a Product for which Delivery levels are uniform for all Delivery Periods.

“Dispatchable” means with respect to a Transaction, a Product for which Seller makes available unit-contingent capacity for a Buyer to schedule and dispatch up or down at Buyer’s option.”

2.1 Unit Firm Delivery Profile

_____ Peaking:

Monday – Friday (excluding NERC holidays)

During July, August, September, October: 11am – 7pm

During November – December: 1pm – 9pm

_____ 6x16 Block: MON – SAT, 6am-10pm

_____ 7x24 Block: MON – SUN, 24hrs/day

_____ Other, specify: _____

3.0 Facility. The Output (defined below) will be supplied from the following generation assets only (collectively, the “Facility” or the “Units”):

Facility Name: _____
Site Name: _____
Facility Physical Address: _____
Technology Type: _____
Specific Unit Description: _____
Facility Total Nameplate Capacity: _____

3.1 “Output” means all electrical energy produced from the Facility, net of electrical energy used to operate the Facility that is generated by the Facility, which may, on an instantaneous basis, be greater or less than the total nameplate rated Output of _____MW and an annual estimated Output of _____MWh.

3.2 The Facility must meet Commercial Operation by the Commercial Operation Deadline. “Commercial Operation Deadline” with respect to a Facility shall be no later than mm/dd/yyyy, as extended by reason of Force Majeure or as may otherwise be extended by written agreement signed by both parties.

3.3 “Commercial Operation” means that (a) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as Exhibit E; (b) Seller shall have delivered and Buyer shall have accepted in its reasonable discretion completed Certificates of Commercial Operation from the Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below); (c) Seller shall have delivered a/an [insert type of credit support] as accepted by Buyer in accordance with Section 8 of the Master Agreement; and (d) Seller has received all local, state and federal licenses, permits and other approvals as may be required by law for the construction, operation and maintenance of the Facility, including approvals, if any, required under the California Environmental Quality Act for the Facility and related interconnection facilities.

3.4 “Licensed Professional Engineer” means a person acceptable to Buyer in its reasonable judgment who (i) is licensed to practice engineering in the state (ii) has training and experience in the [insert type of renewable technology] power industry, (iii) has no economic relationship, association, or nexus with the Seller, (iv) is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility, and (v) is licensed in an appropriate engineering discipline for the required certification being made.

4.0 Delivery Point. The Delivery Point is _____. In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for the Delivery Point or in the event the Delivery Point is otherwise modified by the CAISO, the new “Delivery Point” shall be a valid scheduling point that is either:

- a) The Buyer’s load aggregation point, if defined by the CAISO; or
- b) If a Buyer load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designed by Buyer as most closely representing Buyer’s bundled customer load.

5.0 Delivery Period. The Parties shall specify the period of Product delivery for the “Delivery Period,” as defined herein, by checking one of the following boxes:

(Check one)

- delivery shall be for a period of ten (10) years.
- delivery shall be for a period of fifteen (15) years.
- delivery shall be for a period of twenty (20) years.
- delivery shall be for a period of _____ years.

If the “Non-standard Delivery” contract term is selected, Parties need to apply to the CPUC justifying the need for non-standard delivery.

5.1 “Delivery Period” shall begin on the date of Commercial Operation and continue for the time period specified above.

5.2 “Contract Year” shall mean any of the twelve (12) consecutive months starting with the first day of the month following the date of Commercial Operation.

6.0 Output Requirements.

6.1 Contract Quantity. During the Delivery Period, Seller shall deliver, and Buyer shall receive and pay for, the Output from the Facility as more fully described in Section 10. In no event shall Seller have the right to procure capacity and electric energy from sources other than the Facility for sale and delivery pursuant to this Agreement. Station Service Power - Retail (defined below) shall be provided by the local service provider and the electrical usage shall be metered separately from the Output metered at the Delivery Point.

6.2 “Station Service Power - Retail” means electrical energy used to operate the Facility other than electrical energy that is generated by the Facility.

7.0 Capacity Testing.

7.1 Pre-Commercial Operation Capacity Test. No later than thirty (30) days prior to the pre-Commercial Operation Capacity Testing, Seller shall provide Buyer with complete capacity testing plan and schedule for the facility that is reasonably acceptable to Buyer. The plan shall describe in detail the testing standard(s) to be used applicable to the technology of the project, justification for the adopted testing standards, conditions under which testing shall take place and testing procedures. The same plan shall be applied to all subsequent capacity tests. The Net Rated Output Capacity for the first contract year shall be the Facility’s

average capacity over all hours of the Pre-Commercial Operation Capacity Test. The Net Rated Output Capacity shall not be greater than the Contract Capacity, defined in Section 8.1.

- 7.2 Annual Capacity Test. The test to determine Net Rated Output Capacity for the second Contract Year and each Contract Year thereafter shall be conducted in accordance with Section 8.1.
 - 7.3 Additional Capacity Tests. Seller may request once per year, at Seller's cost, an additional capacity test. The associated Energy Price for a Seller requested capacity test shall be zero. Buyer may request, at Buyer's cost, additional capacity tests if Buyer reasonably believes that there is a material change to the Net Rated Output Capacity.
 - 7.4 Buyer's Right to Witness. Buyer reserves the right to send one (1) or more representative(s) to witness all capacity tests.
 - 7.5 Test Report. No later than fourteen (14) days following the capacity test, Seller shall submit a testing report detailing results and findings of the test. The report shall include meter readings and plant log sheets verifying the operating conditions and output of the plant.
 - 7.6 Test Energy. Seller shall coordinate scheduling of test energy with Buyer. Seller shall deliver all test energy to the delivery point. During the pre-Commercial Operation Capacity Test, Seller shall provide energy and all associated Green Attributes to the Buyer at no cost. For test energy during Annual Capacity Tests and during Additional Capacity Tests at Buyer's request, Buyer shall pay the Energy Price or Market Price, whichever is lower. Seller shall reimburse Buyer for all CAISO imbalance costs and charges related to pre-Commercial Operation Test Energy.
 - 7.7 For purposes of this Agreement, Market Price shall be defined as the CAISO SP-15 Ex Post price or a successor CAISO pricing mechanism. If the CAISO SP-15 Ex Post price or successor pricing is unavailable, both parties shall accept a mutually agreeable market pricing mechanism.
- 8.0 Performance Guarantees / Excuses for Failure to Perform.
- 8.1 Net Rated Output Capacity. If the Net Rated Output Capacity at the Commercial Operation date or at the end of the first twelve (12) consecutive months after the Commercial Operation date and every twelve (12) consecutive months thereafter is less than ____ MW, Buyer shall have the right to declare an Event of Default. For subsequent contract years, Buyer shall trigger an Annual Capacity Test to determine each year's Net Rated Output Capacity by scheduling Deliveries from the facility for two consecutive weeks. Buyer shall provide Seller two (2) weeks notice of the Annual Capacity Test. For the second year and thereafter the Net

Rated Output Capacity shall be the ratio of the sum of average hourly Energy Delivered for two (2) weeks divided by 336 hours (24 hours x 14 days). Energy Delivered shall exclude any energy greater than ____MW average in each hour. The resulting Net Rated Output Capacity shall remain in effect until the next Annual Capacity Test. The Net Rated Output Capacity shall not exceed the Contract Capacity of ____MW.

8.2 Additional Event of Default. It shall be an additional Event of Default if (i) the Availability Adjustment Factor is less than ____% for ____ consecutive months, or (ii) Net Rated Output Capacity falls below ____MW. In no event shall the Seller have the right to procure Energy from sources other than the Facility for sale and delivery pursuant to this Agreement.

8.3 Seller Excuses.

- a. Seller shall be excused from achieving the Availability Adjustment Factor for the applicable time period, in the event that Seller fails to deliver the Product to Buyer for any of the following reason:
 - i. during Force Majeure;
 - ii. by Buyer’s failure to perform; or,
 - iii. a reduction in Output as ordered under terms of the dispatch-down and Curtailment provisions (including CAISO or Buyer’s system emergencies).

- b. Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement, in the event that Seller fails to deliver the Product to Buyer for any of the following reason:
 - i. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller’s negligence or willful misconduct;
 - ii. Force Majeure;
 - iii. by the Buyer’s failure to perform;
 - iv. by scheduled maintenance outages of the specified units; or, a reduction in Output as ordered under terms of the dispatch- down and Curtailment provisions (including CAISO or Buyer’s system emergencies-).”

8.4 Buyer Excuses. The performance of the Buyer to receive the product may be excused only (i) during periods of Force Majeure, (ii) during periods of dispatch-down, or (iii) by the Seller’s failure to perform.

Periods of dispatch-down will be treated in accordance with Section 17 of this Confirmation.

9.0 Exclusivity/Option to Purchase.

- 9.1 Exclusivity. At no time shall Seller sell or otherwise dispose of Output or Green Attributes from the Facility to any third party except in the case of an Event of Default of Buyer.
- 9.2 Right of First Refusal. If, at any time during the term of this Agreement, Seller or any of its affiliates intends to install new facilities using _____[generally describe fuel] supplies from the _____[generally describe facility] or any expansion thereof to produce additional energy beyond that produced by the Facility (the “New Facilities Energy”), it shall first offer, or shall cause its affiliate to offer, the New Facilities Energy to Buyer by delivering notice to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail (each, an “Option Election Notice”). Except to the extent otherwise noted in the Option Election Notice, any such New Facilities Energy shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall, or shall cause its affiliate to, promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. If Buyer does not accept in writing the offered terms and conditions within thirty (30) days after receiving the Option Election Notice, Seller or its affiliate may enter into an agreement to sell the New Facilities Energy to a third party on terms and conditions no more favorable to the third party than those offered to Buyer. If Seller or its affiliate wishes to enter into an agreement with a third party on terms more favorable to Buyer than those previously offered to Buyer, Seller shall, or shall cause its affiliate to, first offer the revised terms and conditions to Buyer under this Section, and Buyer shall have an additional thirty (30) days after receiving the revised Option Election Notice to accept the revised offer. If Buyer accepts an offer made under this Section, Seller shall, or shall cause its affiliate to, within a further sixty (60) days enter into with Buyer a power purchase agreement in substantially the same form as this Agreement, but incorporating such changes as are expressly identified in the terms and conditions in the Option Election Notice.

10.0 Monthly Payments.

- 10.1 Contract Price. The annual Contract Price shall be as follows:

Contract Year	Energy Price (\$/MWh)	Capacity Price (\$/KW-yr)

Note: SDG&E is utilizing Time of Delivery (“TOD”) factors for non-baseload resources. The Contract Price will be adjusted as shown below to reflect the

relative value of the Output during the indicated time period. SDG&E reserves the right to contract baseload resources under flat or TOD-adjusted pricing.

	Summer July 1 – October 31	Winter November 1 – June 30
On-Peak	Weekdays 11am – 7pm 1.6293	Weekdays 1pm - 9pm 1.1916
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400	Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790
Off-Peak*	All other hours 0.8833	All other hours 0.7928
*All hours during NERC holidays are off-peak.		

10.1.1 The annual Capacity Price is further broken down to the following Monthly Capacity Prices.

(For Illustrative Purposes Only)

Contract Year	Month	Capacity Price (\$/KW)
1	JAN	
	FEB	
	MAR	
	APR	
	MAY	
	JUN	
	JUL	
	AUG	
	SEPT	
	OCT	
	NOV	
	DEC	
2	JAN	
	FEB	
	MAR	
	APR	
	MAY	
	JUN	
	JUL	
	AUG	
	SEPT	
	OCT	
	NOV	
	DEC	

10.2 Capacity Payment. The capacity payment shall be calculated as follows:

$$\text{Monthly Capacity Payment} = \left(\frac{\text{Net Rated Output Capacity}}{\text{Output Capacity}} \right) \times \left(\frac{\text{Monthly Capacity Price}}{\text{Capacity Price}} \right) \times \left(\frac{\text{Availability Adjustment Factor}}{\text{Adjustment Factor}} \right)$$

10.2.1 Availability Adjustment Factor. The Availability Adjustment Factor shall depend on the Monthly Availability Factor and shall be applied as follows:

Monthly Availability Factor	Winter Availability Adjustment Factor	Summer Availability Adjustment Factor
%	%	%
%	%	%
%	%	%
%	%	%
% or lower	%	%

10.2.2 Monthly Availability Factor. The Monthly Availability Factor is measure of the Facility’s performance and shall in no event exceed 1.0. The factor shall be calculated as follows:

$$\text{Monthly Availability Factor} = \frac{\sum_1^{H_T} (\text{Metered Output} + \text{MWH}_{\text{excused}})}{\text{Net Rated Output Capacity} \times H_T}$$

where:

- Metered Output = Metered Output up to scheduled amount;
- MWH excused = MWH not delivered up to rated capacity but excused according to Section 8.3(a)
- Net Rated Output Capacity= Facility’s output capability following a Capacity Test.
- H_T = Total hours Facility obligated to deliver pursuant to Section 2.

10.3 Energy Payment. Energy payment shall be only for Metered Output, delivered by the Seller and received by the Buyer at the Delivery Point. The energy payment shall be calculated as follows:

$$\text{Energy Payment} = \sum_1^{\text{Hr}} \text{Delivered Energy} \times \text{Contract Price}$$

Where:

H_T = All hours of the billing month.

Contract Price is the price (\$/MWH) specified in Section 10.1.

Delivered Energy means the lower of scheduled or metered amounts less Delivery Losses.

Delivery Losses means all electrical losses occurring between the CAISO approved revenue meter and the Delivery Point and electrical losses occurring over the CAISO grid as such losses are assigned by the CAISO to the Facility including if applicable, but not limited to:

- a. If the CAISO approved revenue meter is not installed on the high voltage side of the Facility’s substation bus bar, transformer and other electrical losses occurring between the CAISO approved revenue meter and the high voltage side of the Facility’s substation bus bar;
- b. Any electrical losses between the high voltage side of the Facility’s substation bus bar and the CAISO grid, including the following if applicable: DLF or TLF.

DLF means a measure of all net electrical losses as determined by the CPUC associated with the transmission of electric energy through the electric system from the high voltage side of the Facility’s substation bus bar to the interface with the CAISO grid, also known as the distribution loss factor.

TLF (for resources outside of the CAISO grid) means a measure of all net electrical losses, as determined by the Transmission Provider, associated with the transmission of electric energy through the electric system from the high voltage side of the Facility’s substation bus bar to the interface with the CAISO grid, also known as the transmission loss factor.

; and

- c. Electrical losses determined by utilizing the GMM, or TMM if applicable, assigned to the Facility.

GMM(s) means the generation meter multipliers as determined by the CAISO representing the calculation of all electrical losses assigned to the Facility associated with the transmission of electric energy delivered by the Facility over the CAISO grid, which values are, as of the Effective Date, posted by CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

TMM means the tie meter multipliers as determined by the CAISO representing the calculation of all electrical losses over the CAISO grid associated with the transmission of electric energy delivered at a CAISO Control Area boundary, which values are, as of the Effective Date, posted by the CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

- 10.4 CAISO Charges. Seller shall assume all liability and pay for all imbalance charges attributable to it and inter-zonal congestion charges. Seller shall also assume all liability and reimburse Buyer for any Penalties (as defined below) incurred by Buyer as a result of Seller’s failure to abide by the CAISO Tariff and all applicable protocols. The Parties shall cooperate to eliminate imbalances and minimize Penalties to the extent possible. Seller shall promptly notify Buyer as soon as possible of any material imbalance that is occurring or has occurred. Such notification shall not impact Seller’s responsibilities for payment for all imbalance and inter-zonal congestion charges and Penalties under this Agreement. Notwithstanding anything to the contrary which may be contained herein, Seller shall be entitled to any and all credits and/or payments made by CAISO to Seller or its Scheduling Coordinator in accordance with the CAISO Tariff and all applicable protocols.
- 10.5 “Penalties” shall be defined as any fees, liabilities, assessments, or similar charges assessed by the CAISO.
- 10.6 Test Energy. [The parties to negotiate test energy terms and pricing here.]

11.0 Reserved.

12.0 Facility Schedule. The Facility Milestones are the following:

No.	Task	Milestone Date
	Maintain Facility’s position in the CAISO interconnection queue	From the Effective Date
	Completion of Design	
	Material Environmental Permits	
	EPC Contract, Overall Project Schedule, Construction Schedule To evidence Seller’s ability to achieve the Commercial Operation by the Commercial Operation Date.	
	Land Rights. Deliver to Buyer documentation in form and substance acceptable to Buyer evidencing Seller’s good and marketable title in fee simple to the Facility site free and clear of all liens and encumbrances except for customary exceptions which are acceptable to Buyer in its sole judgment or a valid leasehold interest in the Facility site for the duration of the Term of this Agreement. Any lease of the Facility site shall be subject to the prior review and approval of Buyer, which approval may not be unreasonably withheld or delayed.	
	Executed Participating Generator Agreement with CAISO.	
	Executed Meter Service Agreement with CAISO.	
	Engineering, Procurement and Construction Agreement(s) are in full force and effect.	
	Issuance of a final unconditional notice to proceed to complete the Facility.	

12.1 Buyer’s Right to Monitor. Buyer may exercise its due diligence responsibilities via the following:

12.1.1 Buyer shall have the right to review Facility design drawings and documents.

12.1.2 Buyer may inspect the Facility’s construction site or on-site Seller data and information pertaining to the Facility during business hours upon reasonable notice.

12.1.3 Within seven (7) days after the close of each calendar quarter (or more frequently upon request by Buyer) until the date of Commercial

Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit F: Quarterly Progress Reports to Buyer as may be modified from time to time to meet applicable CPUC requirements. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller’s construction progress.

12.2 Milestone Completion Notice. No later than seven (7) days after completion of each milestone set forth in Section 12.0, Seller shall submit written notice to inform Buyer of milestone completion. Seller must provide accompanying documentation (including copies of applicable agreements redacted, permits and certificates) sufficient to demonstrate evidence of such milestone completion.

13.0 Facility Delays.

13.1 Missed Milestones. If Seller misses three or more milestones set forth in Section 12.0 or misses any one by more than 90 days except as a result of Force Majeure, Seller shall submit to Buyer, within ten (10) days of such missed milestone date, a remedial action plan (the “Remedial Action Plan”).

13.2 Missed Commercial Operation Deadline. Seller shall cause the Facility to achieve Commercial Operation on or before the scheduled Commercial Operation Deadline of mm/dd/yyyy. If Commercial Operation occurs after the scheduled Commercial Operation Deadline, Seller shall pay Buyer delay damages equal to [_____] for each day or portion of a day that the Commercial Operation occurs after the scheduled Commercial Operation Deadline, up to a total of [----] days. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Deadline. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to delay in achieving the Commercial Operation on or before the scheduled Commercial Operation Deadline would be difficult or impossible to predict with certainty, (b) the daily delay damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the daily delay damages set forth in this section are the exclusive remedy for Seller’s delay in achieving Commercial Operation by the scheduled Commercial Operation Deadline but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether

13.3 Remedial Action Plan/Additional Event of Default. For purposes of Section 13.1 and Section 13.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of Seller’s course of action and plan to achieve all milestones set forth in Section 12.0 and Commercial Operation by the Commercial Operation Deadline. Approval of Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent milestones and Commercial Operation by the Commercial Operation Deadline. Buyer at its sole discretion may reject any

Remedial Action Plan submitted under Sections 13.1 or 13.2 and declare an Event of Default.

14.0 Operating Procedures. No later than forty-five (45) days before the date of Commercial Operation, and from time to time as reasonably determined necessary by the Parties, the Parties shall meet to address how each Party will perform its respective obligations under this Agreement, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Scheduled Maintenance Outage reporting; (4) procedures for delivery forecasting; (5) procedures for record keeping; (6) scheduling procedures if applicable; and (7) invoicing and payment procedures; provided, that the failure to agree on Operating Procedures will not relieve the Parties of their respective obligations under this Agreement.

15.0 Maintenance.

15.1 Scheduled Maintenance Outages. Seller shall operate, maintain, and arrange Scheduled Maintenance Outages for the Facility in accordance with Good Utility Practices. Seller shall be limited to _____ hours of Scheduled Maintenance Outages per year.

15.1.1 No later than forty-five (45) days before the start of each calendar year, Seller shall provide Buyer with a timetable of Scheduled Maintenance Outages for the following twelve (12) months. Buyer may accept or reject such schedules but shall not unreasonably withhold or delay approval. If Seller reasonably determines that it is necessary to change a Scheduled Maintenance Outage, Seller shall notify Buyer of the proposed change at least five (5) days before the outage begins. Buyer shall promptly respond to such notice and may request reasonable modifications in the schedule for the outage. Seller shall use Good Utility Practices not to schedule Scheduled Maintenance Outages during Summer Months (as defined below). “Summer Months” shall be defined as July, August, September and October.

15.1.2 A “Scheduled Maintenance Outage” means a planned shut down of any part of the Facility scheduled by Seller in accordance with this Section that affects Seller’s ability to provide Output from the Facility to Buyer under this Agreement.

15.2 Emergency Periods. At Buyer’s request, Seller shall use commercially reasonable efforts to deliver Output during CAISO declared emergency periods. In the event the Seller has previously scheduled a Scheduled Maintenance Outage coincident with an emergency, Seller shall use commercially reasonable efforts to reschedule the Scheduled Maintenance Outage.

15.3 Maintenance Log. Seller shall maintain a maintenance log for the Facility. The log shall include but not be limited to information on power production, fuel

consumption and efficiency (if applicable), availability, maintenance (both breakdown and preventative) performed, outages, changes in operating status, inspections, manufacturer recommended services and replacement, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Information maintained pursuant to this Paragraph shall be kept for 2 years and provided to Buyer electronically, within 30 days of Buyer's request.

- 16.0 Scheduling and Scheduling Coordinator. Seller or Seller's designee shall be the Scheduling Coordinator for the Facility and shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Period. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and CAISO tariff or its successor, and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. Subject to Article 10, in the event that the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified replaced or terminated (collectively, the "Program Modifications"), Seller and Buyer hereby agree to comply with such Program Modifications and, to the extent practical, to implement the necessary Program Modifications in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.

Notwithstanding anything to the contrary herein, in the event Seller makes a change to its schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer's on-duty scheduling coordinator. Within two hours of the scheduling change due to a Forced Outage, Seller shall submit Exhibit G: Outage Notification Form to the Buyer in accordance with the instructions shown on the form. Seller shall keep Buyer informed of any developments that will affect either the duration of the outage or the availability of the Facility during or after the end of the outage.

- 16.1 Annual Delivery Forecast. No later than forty-five (45) days before the beginning of each calendar year, Seller shall provide a non-binding forecast of each month's average-day deliveries of Output, by hour, for the following calendar year.
- 16.2 Monthly Delivery Forecast. Ten Business Days before the beginning of each month, Seller shall provide a non-binding forecast of each day's average deliveries of Output, by hour, for the following month ("Monthly Delivery Forecast").
- 16.3 Daily Delivery Schedules. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, Seller shall cause the Facility's

Scheduling Coordinator (as defined in the CAISO tariff) to provide Buyer with a copy of a binding hourly schedule of deliveries of Output for each hour of the immediately succeeding day concurrent with delivery of the same to CAISO. A schedule provided in a day prior to any non-Business Day(s) shall include schedules for the immediate day, each succeeding non-Business Day and the next Business Day. Seller shall provide Buyer with a copy of any and all updates to such schedule indicating a change in scheduled Output from the then current schedule which is provided to CAISO.

- 17.0 Dispatch Down/Curtailment. Seller shall reduce deliveries for (a) curtailments ordered directly or indirectly from the CAISO or (b) scheduled or unscheduled maintenance on Buyer's facilities that prevents Buyer from taking Output at the Delivery Point. [NOTE to bidders, if you have indicated in your offer that your resource can accommodate economic dispatch down at Buyer's request, we will negotiate such language here.]
- 18.0 Delivery and Metering. All deliveries of Output shall be metered in real-time basis at the Delivery Point. A copy of hourly metered and hourly scheduled information shall be included in each monthly invoice. All meters and equipment used for the measurement of Output shall be provided, owned, maintained, inspected, tested and read at no cost to Buyer by the Seller.
- 18.1 CAISO Agreements. Seller shall enter into a Participating Generator Agreement and a Meter Service Agreement with the CAISO and shall comply with the CAISO Tariff and standards applicable to metering. All meters and equipment used for the measurement of deliveries shall be provided, owned, maintained, inspected and tested at no cost to Buyer. To facilitate monthly settlement processes, Seller shall authorize Buyer to view the Facility's CAISO on-line meter data by identifying Buyer as an authorized user with "read only" privileges on Schedule 3 of Seller's Meter Service Agreement with the CAISO.
- 18.2 Testing and Calibration. Seller shall perform or cause to be performed, at its expense, annual testing and calibration of the electric meters in accordance with Good Industry Practice and the CAISO Tariff. Seller shall give Buyer reasonable advance notice of any inspection, testing or calibration of the electric meters. Buyer shall have the right to have a representative or designee present at such inspection, test or calibration of the electric meters. Buyer shall have the right to require, at Buyer's expense, except as required below, a test of any of the electric meters not more often than two (2) times every twelve (12) months.
- 18.3 Inaccurate Meters. If any of the electric meters is deemed to be inaccurate under the Meter Service Agreement, deliveries shall be measured by reference to Seller's check-meters, if installed and registering accurately, or the meter readings for the period of inaccuracy shall be adjusted as far as can be reasonably ascertained by Seller from the best available data, subject to review and approval by Buyer. If the period of the inaccuracy cannot be ascertained reasonably, any such adjustment shall be for a period equal to one-half of the time elapsed since

the preceding test by applying the percentage of inaccuracy so found. Seller shall promptly cause such electric meters to be corrected and, where such inaccuracy was determined pursuant to a test required by Buyer, Seller shall bear the expense of any such test.

- 18.4 Delivered MWh Adjustments. In the event that, due to correction for inaccurate electric meters deemed to be inaccurate under the Meter Service Agreement, the amount of Output is increased or decreased, the revised quantity of Output shall be used for purposes of calculating the Energy Payment. If any of such amounts for any period have already been calculated using the previous quantity of Output, they shall be recalculated using the revised quantity of Output. If the recalculation increases any amount payable by Seller to Buyer or decreases any amount payable by Buyer to Seller, Seller shall pay to Buyer the amount of such increase or decrease. If the recalculation increases any amount payable by Buyer to Seller or decreases any amount payable by Seller to Buyer, Buyer shall pay to Seller the amount of such increase or decrease.

19.0 SEP Awards, Contingencies

Seller's Termination Right

- (a) If Seller's Bid Price exceeds the Market Price Referent, Seller may seek a PGC Funding Award from the California Energy Commission, or its successor agency ("CEC"), for an amount (in \$ per MWh) equal to the positive difference derived by subtracting (a) the Market Price Referent (in \$ per MWh) from (b) the Bid Price (in \$ per MWh) ("PGC Fund Amount"). To the extent that Seller seeks such PGC Fund Award, Seller shall use best efforts to comply with all funding criteria and obtain the PGC Fund Amount and Buyer shall reasonably support Seller's efforts. If Seller does not obtain a PGC Funding Confirmation or PGC Funding Award by 11:59 p.m. Pacific Standard Time on the 120th day from the date on which Buyer files this Transaction for CPUC Approval ("Funding Termination Deadline"), then Seller may unilaterally terminate this Transaction prior to the Funding Termination Deadline effective as of the date on which Buyer receives Seller's written notice of termination. If Seller exercises this termination right, neither Buyer nor Seller shall be subject to liability of any kind.
- (b) At any time prior to the Funding Termination Deadline, if applicable, Seller shall send to Buyer within ten (10) days of (i) obtaining a PGC Funding Confirmation or PGC Funding Award, written notice of such confirmation or award and a copy of the final funding award agreement entered into by the California Energy Commission, or its successor agency ("CEC") and Seller, if the funding award agreement has been granted at that time, or (ii) receiving written notice from the CEC denying Seller's application for the requested PGC Fund Amount, a copy of such notice and a written statement from Seller, in which Seller shall (A) waive its termination rights under this Section 19 or (B) notify Buyer that the Transaction is terminated, pursuant to the terms of this Confirmation. If Seller has

the right to terminate this Transaction, but fails to send written notice of termination by the Funding Termination Deadline, then Seller’s termination right per this Section 19 shall be deemed waived in its entirety

“Bid Price” means the price as bid by Seller in response to the RFP or such other price as may be arrived at through negotiation.

“Market Price Referent” means the market price referent applicable to this Agreement, as determined by the CPUC in accordance with Public Utilities Code Section 399.15(c).

“Public Goods Charge Funding” or “PGC Funds” means any supplemental energy payments, pursuant to Public Utilities Code Section 399.15, as shall be modified or amended from time to time.

“PGC Funding Award” means the final award of allocated PGC Funds from the CEC to Seller, pursuant to Section [25743(a) of the Public Resource Code], as shall be modified or amended from time to time.”

“PGC Funding Confirmation” means a written notice from the CEC to the Seller acknowledging Seller’s request for PGC Funds and the availability of such funds for Seller in a future PGC Funding Award.

20. PGC Funding Termination Event

(a) PGC Funding Revocation. If at any time after Seller obtains a PGC Funding Confirmation or PGC Funding Award, (i) the PGC Funding Confirmation or PGC Funding Award is revoked in whole or in part by the CEC for reasons not caused by Seller’s action or inaction, (ii) such revocation occurs prior to the issuance of a PGC Funding Award or during the term of the PGC Funding Award, and (iii) Seller has not received a financial benefit in the form of tax credits or any other source of public funding or credit directly related to the Product sold under this Confirmation, which benefit would offset the loss incurred from the revocation of the PGC Funding Confirmation or PGC Funding Award, then Seller shall have the right to terminate this Transaction, subject to Buyer’s Right of First Refusal Option. If Seller exercises this termination right neither Buyer nor Seller shall be subject to liability arising from such termination.

Not more than ten (10) days from the Seller’s receipt of written notification regarding revocation of the PGC Funding Confirmation or PGC Funding Award in whole or part, Seller shall notify Buyer in writing of the revocation of the PGC Funding Confirmation or PGC Funding Award, certify it has not received an offsetting financial benefit per clause (iii) above, and certify that such revocation is not due to Seller’s action or inaction. Seller shall also provide Buyer with a copy of such CEC notification. (“Revocation Notice”). Seller shall specify in its Revocation Notice what percentage of lost PGC funding it is willing to accept to continue to perform under this Transaction (not exceeding 100%).

(b) Right of First Refusal Option.

(i) Option. Buyer, in its sole discretion, shall have the right, but not the obligation, to pay to Seller the percentage of lost PGC funding specified in its Revocation Notice (“Lost PGC Funds”) and Seller shall continue performing under the Transaction for the remaining term of the Transaction (the “Option”). Buyer shall have 30 days from its receipt of the Revocation Notice to exercise the Option (“Exercise Period”), subject to Option Approval, as defined below.

(ii) Exercise of Option. If Buyer chooses to exercise the Option, Buyer shall send written notice to Seller stating that Buyer is exercising the Option, conditioned upon Buyer’s receipt of Option Approval, as defined below, within 180 days of date on which Buyer received the Revocation Notice. The effectiveness of the Option exercise shall be subject to Buyer’s receipt of a final, non-appealable order issued by the CPUC, satisfactory to Buyer, approving Buyer’s exercise of the Option and recovery of costs associated with the payment of the percentage of lost PGC Funding (“Option Approval”). The date on which Buyer provides written notice of its Option exercise to Seller shall be the “Exercise Date.” Buyer shall file an advice filing or application seeking the Option Approval within 30 days of the Exercise Date.

(iii) Payment. Prior to Buyer’s receipt of Option Approval, Buyer shall pay Seller the Lost PGC Funds, which would have been due to Seller on a monthly basis for the period between the Exercise Date and the next invoice following the date on which the Option Approval is issued. Upon receipt of Option Approval Buyer shall continue paying Seller’s Lost PGC Funds on a monthly basis until the expiration of the term of Seller’s PGC Funding Award, or Reinstatement of Seller’s PGC funding, whichever comes first.

(iv) Seller’s Termination Right. Seller may terminate the Transaction in accordance with subSection (a) above upon the occurrence of any of the following events: (A) Buyer provides written notice to Seller rejecting the exercise of the Option, (B) the Option expires without being exercised, (C) Buyer fails to seek Option Approval within 30 days of the Exercise Date, or (D) Buyer fails to obtain Option Approval within 180 days of Buyer’s receipt of the Revocation Notice. If Seller then terminates the Transaction, such termination shall be effective 30 days from the date on which Seller notifies Buyer of such termination. Both Parties shall continue to perform under this Transaction until the effectiveness of any such termination by Seller.

(c) Reinstatement of PGC Funding. If the PGC Funding Award is reinstated in its entirety, including retroactive payments for lost PGC Funds, at anytime before (i) Seller’s termination of this Transaction or (ii) Buyer’s exercise of the Option, then Seller shall no longer be permitted to terminate this Transaction, pursuant to Section 20(a), and both Parties shall continue to perform under this Transaction. If the PGC Funding Award is reinstated in whole or in part at anytime after Buyer

has exercised the Option, then Buyer shall be relieved of all further obligations to pay any of Seller’s lost PGC Funds, which will be covered by the reinstated PGC Funding Award. If PGC Funding Award is reinstated in whole or in part on a retroactive basis after Buyer has exercised the Option, then Buyer shall have the right to offset against payments due to Seller that portion of such award amount equivalent to the lost PGC Funds paid by Buyer to Seller between the period in which the PGC Funds were revoked and reinstated. Seller shall notify Buyer in writing of any such reinstatement of PGC Funds within 10 days of receiving notice of such reinstatement from the CEC, CPUC, or other regulatory agency responsible for the PGC Funds program, which notice shall include a copy of such notice.

IN WITNESS WHEREOF, the Parties have caused this Confirmation Letter to be duly executed as of the date first above written.

Seller: _____ Buyer: San Diego Gas & Electric
Company _____

Signature: _____ Signature: _____

By: _____ By: _____

Title: _____ Title: _____

**CONFIRMATION LETTER
(intermittent As-Available)**

This Confirmation Letter (“Confirmation”) is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement, dated mm/dd/yyyy (the “Master Agreement”), between _____ (“Seller”) and **San Diego Gas & Electric Company** (“Buyer”), and constitutes part of and is subject to the terms and provisions of such Master Agreement (collectively, the “Agreement”). The parties have agreed to this Agreement in good faith and shall implement it in good faith. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

1.0 Effectiveness of Confirmation Letter. Except for the Seller’s obligations listed in Section 1.1 below, all obligations of the Parties are conditioned upon the satisfaction or waiver of the conditions precedent as set forth in this Section 1.0.

1.1 Prior to the conditions precedent being satisfied or waived as set forth in this Section 1.0, Seller has the obligation to diligently pursue development of the Facility, achieve the applicable milestones, in accordance with Sections 11.0, that have due dates occurring prior to the deadlines for satisfaction or waiver of the conditions precedent set forth in this Section 1.0, and deliver the Quarterly Progress Report required in Section 11.1.3. Upon a breach by Seller of its obligations under this Section 1.1, Buyer may declare an Event of Default and terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the collateral posted under Section 8.4(a) of the Cover Sheet. Buyer may use such collateral to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to Seller’s breach of its obligations of this Section 1.1 would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for Seller’s breach of its obligations under this Section 1.1 but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, a breach by Seller of a representation or warranty.

1.2 CPUC Approval. The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval on or before [mm/dd/yyyy]. The Parties agree to cooperate and use all reasonable efforts to obtain the CPUC Approval as soon as is practicable. Should the CPUC issue an order approving this Agreement with conditions or modifications that materially alter the commercial aspects of this Agreement, the Parties shall have ten (10) Business Days from the mailing date of such order to provide the other Party written notice of the issuing Party’s acceptance or rejection of the CPUC order as issued; provided, however, if a Party fails to provide written notification of its acceptance or rejection to the other Party within such ten (10) day period, that Party’s silence

shall be deemed to constitute acceptance of the CPUC order as issued and agreement by such Party that this condition has been satisfied, upon the CPUC Approval Date. If a notice of rejection is sent, the parties agree to use good faith efforts to renegotiate this Agreement. If, within sixty (60) days, no agreement is reached, either party may terminate this Agreement upon delivery of notice to the other party. For purposes of this Agreement, the “CPUC Approval Date” shall be defined as the first Business Day after the date on which the CPUC order approving this Agreement becomes final and no longer subject to any appeal.

- 1.3 Interconnection Agreement. No later than [mm/dd/yyyy], Buyer and Seller shall have agreed to and approved of (in each party’s sole discretion) the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission’s then current orders and rulemakings. If the Parties have not approved of such date or costs before [mm/dd/yyyy], either Party shall have the right to terminate this Agreement by sending the other Party prior written notice.
- 2.0 Product. Output (defined in Section 3.1) delivered on an As-Available basis which includes all associated Capacity Attributes and Green Attributes (as those terms are defined in the Cover Sheet). “As Available” means, with respect to a Transaction, that Seller shall deliver to Buyer and Buyer shall purchase at the Delivery Point the Product from the Units, in accordance with the terms of this Agreement and subject to the excuses for performance specified in this Agreement.
- 3.0 Facility. The Output (defined below) will be supplied from the following generation assets only (collectively, the “Facility” or the “Units”):

Facility Name: _____
Site Name: _____
Facility Physical Address: _____
Technology Type: _____
Specific Unit Description: _____
Facility Total Nameplate Capacity: _____

- 3.1 “Output” means all electrical energy produced from the Facility, net of electrical energy used to operate the Facility that is generated by the Facility, which may, on an instantaneous basis, be greater or less than the total nameplate rated Output of _____ MW and an annual estimated Output of _____ MWh.
- 3.2 The Facility must meet Commercial Operation by the Commercial Operation Deadline. “Commercial Operation Deadline” with respect to a Facility shall be no later than mm/dd/yyyy, as extended by reason of Force Majeure or as may otherwise be extended by written agreement signed by both parties.

3.3 “Commercial Operation” means that (a) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as Exhibit E; (b) Seller shall have delivered and Buyer shall have accepted in its reasonable discretion completed Certificates of Commercial Operation from the Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below); (c) Seller shall have delivered a/an [insert type of credit support] as accepted by Buyer in accordance with Section 8 of the Master Agreement; and (d) Seller has received all local, state and federal licenses, permits and other approvals as may be required by law for the construction, operation and maintenance of the Facility, including approvals, if any, required under the California Environmental Quality Act for the Facility and related interconnection facilities.

3.4 “Licensed Professional Engineer” means a person acceptable to Buyer in its reasonable judgment who (i) is licensed to practice engineering in the state (ii) has training and experience in the [insert type of renewable technology] power industry, (iii) has no economic relationship, association, or nexus with the Seller, (iv) is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility, and (v) is licensed in an appropriate engineering discipline for the required certification being made.

4.0 Delivery Point. The Delivery Point is _____. In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for the Delivery Point or in the event the Delivery Point is otherwise modified by the CAISO, the new “Delivery Point” shall be a valid scheduling point that is either:

- a) The Buyer’s load aggregation point, if defined by the CAISO; or
- b) If a Buyer load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designed by Buyer as most closely representing Buyer’s bundled customer load.

5.0 Delivery Term. The Parties shall specify the period of Product delivery for the “Delivery Term,” as defined herein, by checking one of the following boxes:

(Check one)

- delivery shall be for a period of ten (10) years.
- delivery shall be for a period of fifteen (15) years.
- delivery shall be for a period of twenty (20) years.
- delivery shall be for a period of _____ years.

If the “Non-standard Delivery” contract term is selected, Parties need to apply to the CPUC justifying the need for non-standard delivery.

5.1 “Delivery Term” shall begin on the date of Commercial Operation and continue for the time period specified above.

5.2 “Contract Year” shall mean any of the twelve (12) consecutive months starting with the first day of the month following the date of Commercial Operation.

6.0 Output Requirements.

6.1 Contract Quantity. During the Delivery Term, Seller shall deliver, and Buyer shall receive and pay for, the energy from the Facility as more fully described in Section 9. In no event shall Seller have the right to procure electric energy from sources other than the Facility for sale and delivery pursuant to this Agreement. Station Service Power - Retail (defined below) shall be provided by the local service provider and the electrical usage shall be metered separately from the Output metered at the Delivery Point.

6.2 “Station Service Power - Retail” means electrical energy used to operate the Facility other than electrical energy that is generated by the Facility.

7.0 Performance Guarantees / Excuses for Failure to Perform.

7.1 Energy Production Guarantees. The Buyer shall in its sole discretion have the right to declare an Event of Default if Seller fails to achieve the Guaranteed Energy Production in any [12 month period] [or] [24 month period] and such failure is not excused by the reasons set forth in subSections (ii), (iii), or (v) of Section 7.2 of this Agreement, “Excuses for Failure to Perform.”

Guaranteed Energy Production = _____ MWh.

7.2 Seller Excuses. Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement in the event that Seller fails to deliver the Product to Buyer for any of the following reasons:

- i. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller’s negligence or willful misconduct;
- ii. Force Majeure;
- iii. by the Buyer’s failure to perform;
- iv. by Scheduled Maintenance Outages of the specified units;
- v. a reduction in Output as ordered under terms of the dispatch down and Curtailment provisions (including CAISO or Buyer’s system emergencies); or
- vi. [the unavailability of landfill gas which was not anticipated as of the date this Confirmation was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided; OR

insufficient wind power for the specified units to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the specified units' technical specifications; OR
the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the date this Confirmation was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.]

- 7.3 Buyer Excuses. The performance of the Buyer to receive the Product may be excused only (i) during periods of Force Majeure, (ii) by the Seller's failure to perform or (iii) during dispatch down periods.

Dispatch down periods will be treated in accordance with Section 17 of this Confirmation.

8.0 Exclusivity/Option to Purchase.

- 8.1 Exclusivity. At no time shall Seller sell or otherwise dispose of Output or Green Attributes from the Facility to any third party except in the case of an Event of Default of Buyer.
- 8.2 Right of First Refusal. If, at any time during the term of this Agreement, Seller or any of its affiliates intends to install new facilities using ____ [generally describe fuel] supplies from ____ [generally describe the Facility] or any expansion thereof to produce additional energy beyond that produced by the Facility (the "New Facilities Energy"), it shall first offer, or shall cause its affiliate to offer, the New Facilities Energy to Buyer by delivering notice to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail (each, an "Option Election Notice"). Except to the extent otherwise noted in the Option Election Notice, any such New Facilities Energy shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall, or shall cause its affiliate to, promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. If Buyer does not accept in writing the offered terms and conditions within thirty (30) days after receiving the Option Election Notice, Seller or its affiliate may enter into an agreement to sell the New Facilities Energy to a third party on terms and conditions no more favorable to the

third party than those offered to Buyer. If Seller or its affiliate wishes to enter into an agreement with a third party on terms more favorable to Buyer than those previously offered to Buyer, Seller shall, or shall cause its affiliate to, first offer the revised terms and conditions to Buyer under this Section, and Buyer shall have an additional thirty (30) days after receiving the revised Option Election Notice to accept the revised offer. If Buyer accepts an offer made under this Section, Seller shall, or shall cause its affiliate to, within a further sixty (60) days enter into with Buyer a power purchase agreement in substantially the same form as this Agreement, but incorporating such changes as are expressly identified in the terms and conditions in the Option Election Notice.

9.0 Monthly Payments.

9.1 Contract Price. The Contract Price shall be as follows:

Contract Year	Contract Price (\$/MWh)

Note: SDG&E is utilizing Time of Delivery (“TOD”) factors for non-baseload resources. The Contract Price will be adjusted as shown below to reflect the relative value of the Output during the indicated time period. SDG&E reserves the right to contract baseload resources under flat or TOD-adjusted pricing.

	Summer July 1 – October 31	Winter November 1 – June 30
On-Peak	Weekdays 11am – 7pm 1.6293	Weekdays 1pm - 9pm 1.1916
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400	Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790
Off-Peak*	All other hours 0.8833	All other hours 0.7928
*All hours during NERC holidays are off-peak.		

9.2 Energy Payment. As long as Amendment 42 is in effect or has not materially changed, on or about the 5th day of each month, the Parties will compare Delivered Energy (defined in 9.4) to scheduled energy for the preceding month.

Buyer shall pay for all energy on a monthly basis in accordance with the following:

9.2.1.1 Over Deliveries. In the event that Delivered Energy for such month is equal to or greater than scheduled energy for such month, Buyer shall pay for the scheduled energy at the Contract Price. Buyer shall receive all Green Attributes for all Output in such month regardless of whether it was sold into the CAISO.

9.2.1.2 Under Deliveries. In the event that scheduled energy for such month is greater than Delivered Energy for such month, Buyer shall pay for (i) the Delivered Energy at the Contract Price, and (ii) the incremental amount of energy equal to the scheduled energy minus Delivered Energy (“Incremental Energy”) at the lower of the Contract Price or the monthly average imbalance price applied by the CAISO and paid by the Seller with respect to imbalance charges for Participating Intermittent Resources (“Imbalance Price”).

9.2.1.3 Monthly billing for the Incremental Energy will be done using the last available Imbalance Price. Beginning with the first month’s invoice following the month in which the actual Imbalance Price becomes available for the applicable month, there shall be a true-up of the Imbalance Price payable in the monthly invoice. Notwithstanding the foregoing provisions of this paragraph, if either, (a) Amendment 42 is not in effect or (b) Amendment 42 is materially changed each of Seller or Buyer shall have the right at its sole discretion to discontinue the settlement arrangements as described in this paragraph and shall continue performing under this Agreement in accordance with Section 9.2.1.4.

9.2.1.4 In the event that either Party discontinues settlement arrangements as described above, Seller and Buyer will use commercially reasonable efforts to modify this Agreement to arrive at a mutually agreeable amendment that will provide a scheduling or other arrangement for the delivery of energy from the Facility to Buyer. Regardless of whether such an amendment is agreed upon, each of the Parties’ obligations hereunder shall continue in force and effect and until such time as a mutually agreeable amendment is reached Seller shall be paid on the monthly basis the lower of scheduled or Delivered Energy.

9.3 CAISO Charges. Seller shall assume all liability and pay for all imbalance charges attributable to it and inter-zonal congestion charges. Seller shall also assume all liability and reimburse Buyer for any Penalties (as defined below) incurred by Buyer as a result of Seller’s failure to abide by the CAISO Tariff and

all applicable protocols. Both parties shall cooperate to eliminate imbalances and minimize Penalties to the extent possible. Seller shall promptly notify Buyer as soon as possible of any material imbalance that is occurring or has occurred. Such notification shall not impact Seller’s responsibilities for payment for all imbalance charges attributable to it and inter-zonal congestion charges and Penalties under this Agreement. Notwithstanding anything to the contrary which may be contained herein, Seller shall be entitled to any and all credits and/or payments made by CAISO to Seller or its Scheduling Coordinator in accordance with the CAISO Tariff and all applicable protocols.

9.3.1 “Penalties” shall be defined as any fees, liabilities, assessments, or similar charges assessed by the CAISO.

9.4 “Delivered Energy” means the metered energy less Delivery Losses. “Delivery Losses” means all electrical losses occurring between the CAISO approved revenue meter and the Delivery Point and electrical losses occurring over the CAISO grid as such losses are assigned by the CAISO to the Facility including if applicable, but not limited to:

a. If the CAISO approved revenue meter is not installed on the high voltage side of the Facility’s substation bus bar, transformer and other electrical losses occurring between the CAISO approved revenue meter and the high voltage side of the Facility’s substation bus bar;

b. Any electrical losses between the high voltage side of the Facility’s substation bus bar and the CAISO grid, including the following if applicable DLF or TLF

“DLF” means a measure of all net electrical losses as determined by the CPUC associated with the transmission of electric energy through the electric system from the high voltage side of the Facility’s substation bus bar to the interface with the CAISO grid, also known as the distribution loss factor.

“TLF” (for resources outside of the CAISO grid) means a measure of all net electrical losses, as determined by the Transmission Provider, associated with the transmission of electric energy through the electric system from the high voltage side of the Facility’s substation bus bar to the interface with the CAISO grid, also known as the transmission loss factor.

; and

c. Electrical losses determined by utilizing the GMM, or TMM if applicable, assigned to the Facility.

“GMM(s)” means the generation meter multipliers as determined by the CAISO representing the calculation of all electrical losses assigned to the Facility associated with the transmission of electric energy delivered by the Facility over the CAISO grid, which values are, as of the Effective Date, posted by the CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

“TMM” means the tie meter multipliers as determined by the CAISO representing the calculation of all electrical losses over the CAISO grid associated with the transmission of electric energy delivered at a CAISO Control Area boundary, which values are, as of the Effective Date, posted by the CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

9.5 Test Energy. [The parties to negotiate test energy terms and pricing here.]

10.0 Reserved.

11.0 Facility Schedule. The Facility Milestones are the following:

No.	Task	Milestone Date
	Maintain Facility’s position in the CAISO interconnection queue	From the Effective Date
	Completion of Design	
	Material Environmental Permits	
	EPC Contract, Overall Project Schedule, Construction Schedule To evidence Seller’s ability to achieve the Commercial Operation by the Commercial Operation Date.	
	Land Rights. Deliver to Buyer documentation in form and substance acceptable to Buyer evidencing Seller’s good and marketable title in fee simple to the Facility site free and clear of all liens and encumbrances except for customary exceptions which are acceptable to Buyer in its sole judgment or a valid leasehold interest in the Facility site for the duration of the Term of this Agreement. Any lease of the Facility site shall be subject to	

	the prior review and approval of Buyer, which approval may not be unreasonably withheld or delayed.	
	Executed Participating Generator Agreement with CAISO.	
	Executed Meter Service Agreement with CAISO.	
	Engineering, Procurement and Construction Agreement(s) are in full force and effect.	
	Issuance of a final unconditional notice to proceed to complete the Facility.	

11.1 Buyer’s Right to Monitor. Buyer may exercise its due diligence responsibilities via the following:

11.1.1 Buyer shall have the right to review Facility design drawings and documents.

11.1.2 Buyer may inspect the Facility’s construction site or on-site Seller data and information pertaining to the Facility during business hours upon reasonable notice.

11.1.3 Within seven (7) days after the close of each calendar quarter (or more frequently upon request by Buyer) until the date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit F: Quarterly Progress Reports to Buyer as may be modified from time to time to meet applicable CPUC requirements. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller’s construction progress.

11.2 Milestone Completion Notice. No later than seven (7) days after completion of each milestone set forth in Section 11.0, Seller shall submit written notice to inform Buyer of milestone completion. Seller must provide accompanying documentation (including copies of applicable agreements redacted, permits and certificates) sufficient to demonstrate evidence of such milestone completion.

12.0 Facility Delays.

12.1 Missed Milestones. If Seller misses three or more milestones set forth in Section 11.0 or misses any one by more than 90 days except as a result of Force Majeure, Seller shall submit to Buyer, within ten (10) days of such missed milestone date, a remedial action plan (the “Remedial Action Plan”).

12.2 Missed Commercial Operation Deadline. Seller shall cause the Facility to achieve Commercial Operation on or before the scheduled Commercial Operation Deadline of mm/dd/yyyy. If Commercial Operation occurs after the scheduled Commercial Operation Deadline, Seller shall pay Buyer delay damages equal to [] for each day or portion of a day that the

Commercial Operation occurs after the scheduled Commercial Operation Deadline, up to a total of [----] days. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Deadline. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to delay in achieving Commercial Operation on or before the scheduled Commercial Operation Deadline would be difficult or impossible to predict with certainty, (b) the daily delay damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the daily delay damages set forth in this section are the exclusive remedy for Seller's delay in achieving Commercial Operation by the scheduled Commercial Operation Deadline but shall not otherwise act to limit any of Buyer's rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether.

- 12.3 Remedial Action Plan/Additional Event of Default. For purposes of Section 12.1 and Section 12.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of Seller's course of action and plan to achieve all milestones set forth in Section 11.0 and Commercial Operation by the Commercial Operation Deadline. Approval of a Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent milestones and achieving Commercial Operation by the Commercial Operation Deadline. Buyer at its sole discretion may reject any Remedial Action Plan submitted under Section 12.1 or 12.2 and declare an Event of Default.
- 13.0 Operating Procedures. No later than forty-five (45) days before the Commercial Operation, and from time to time as reasonably determined necessary by the Parties, the Parties shall meet to address how each Party will perform its respective obligations under this Agreement, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Scheduled Maintenance Outage reporting; (4) procedures for delivery forecasting; (5) procedures for record keeping; (6) scheduling procedures if applicable; and (7) invoicing and payment procedures; provided, that the failure to agree on Operating Procedures will not relieve the Parties of their respective obligations under this Agreement.
- 14.0 Maintenance.
- 14.1 Scheduled Maintenance Outages. Seller shall operate, maintain, and arrange Scheduled Maintenance Outages for the Facility in accordance with Good Utility Practices. Seller shall be limited to _____ hours of Scheduled Maintenance Outages per year.
- 14.1.1 No later than forty-five (45) days before the start of each calendar year, Seller shall provide Buyer with a timetable of Scheduled Maintenance Outages for the following twelve (12) months. Buyer shall promptly respond to such notice and may request reasonable modifications in the schedule for the outage. Seller shall use best efforts in accordance with

Good Utility Practices not to schedule Scheduled Maintenance Outages during Summer Months (as defined below). “Summer Months” shall be defined as July, August, September and October.

14.1.2 A “Scheduled Maintenance Outage” means a planned shut down of any part of the Facility scheduled by Seller in accordance with this Section that affects Seller’s ability to provide Output from the Facility to Buyer under this Agreement.

14.2 Emergency Periods. At Buyer’s request, Seller shall use commercially reasonable efforts to deliver Output during CAISO declared emergency periods. In the event the Seller has previously scheduled a Scheduled Maintenance Outage coincident with an emergency, Seller shall use commercially reasonable efforts to reschedule the Scheduled Maintenance Outage.

14.3 Maintenance Log. Seller shall maintain a maintenance log for the Facility. The log shall include but not be limited to information on power production, fuel consumption and efficiency (if applicable), availability, maintenance (both breakdown and preventative) performed, outages, changes in operating status, inspections, manufacturer recommended services and replacement, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Information maintained pursuant to this paragraph shall be kept for two years and provided to Buyer electronically, within 30 days of Buyer’s request.

15.0 Participating Intermittent Resources. Seller shall cause the Facility to become a Participating Intermittent Resource (as defined in the CAISO Tariff) including negotiating and executing a CAISO Participating Generator Agreement, Meter Service Agreement for CAISO Metered Entities and a Letter of Intent to become a Participating Intermittent Resource (collectively, the “Program Agreements”). Seller and Buyer shall comply with Amendment 42 and all applicable protocols issued by CAISO relating to Participating Intermittent Resources, including the EIRP, for the term of the Delivery Term.

16.0 Scheduling and Scheduling Coordinator.

Seller or Seller’s designee shall be the Scheduling Coordinator for the Facility and shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Term in accordance with Amendment 42 and the EIRP. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output consistent with Amendment 42 and the EIRP. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and CAISO tariff or its successor, and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing

a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. Subject to Article 9, in the event that Amendment 42 or the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified replaced or terminated (collectively, the "Program Modifications"), Seller and Buyer hereby agree to comply with such Program Modifications and, to the extent practical, to implement the necessary Program Modifications in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.

Notwithstanding anything to the contrary herein, in the event Seller makes a change to its schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer's on-duty scheduling coordinator. Within two hours of the scheduling change due to Forced Outage, Seller shall submit Exhibit G: Outage Notification Form to the Buyer in accordance with the instructions shown on the form. Seller shall keep Buyer informed of any developments that will affect either the duration of the outage or the availability of the Facility during or after the end of the outage.

- 16.1 Annual Delivery Schedules. No later than forty-five (45) days before the beginning of each calendar year, Seller shall provide a non-binding forecast of each month's average-day deliveries of Output, by hour, for the following calendar year.
- 16.2 Monthly Delivery Schedules. Ten Business Days before the beginning of each month, Seller shall provide a non-binding forecast of each day's average deliveries of Output, by hour, for the following month ("Monthly Delivery Forecast").
- 16.3 Daily Delivery Schedules. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, Seller shall cause the Facility's Scheduling Coordinator (as defined in the CAISO tariff) to provide Buyer with a copy of a non-binding hourly forecast of deliveries of Output for each hour of the immediately succeeding day concurrent with delivery of the same to CAISO. A forecast provided in a day prior to any non-Business Day(s) shall include forecasts for the immediate day, each succeeding non-Business Day and the next Business Day. Seller shall provide Buyer with a copy of any and all updates to such forecast indicating a change in forecasted Output from the then current CAISO forecast which is provided to CAISO under Amendment 42 and any and all scheduling protocols issued by CAISO.
- 17.0 Dispatch Down/Curtailment. Seller shall reduce deliveries for (a) curtailments ordered directly or indirectly by the CAISO or (b) scheduled and unscheduled maintenance on Buyer's facilities that prevents Buyer from taking Output at the Delivery Point. [NOTE to bidders, if you have indicated in your offer that your resource can accommodate economic dispatch down at Buyer's request, we will negotiate such language here.]

- 18.0 Delivery and Metering. All deliveries of Output shall be metered in real-time basis to reflect delivery to the Delivery Point. A copy of hourly metered and hourly scheduled information shall be included in each monthly invoice. All meters and equipment used for the measurement of Output shall be provided, owned, maintained, inspected, tested and read at no cost to Buyer by the Seller.
- 18.1 CAISO Agreements. Seller shall enter into a Participating Generator Agreement and a Meter Service Agreement with the CAISO and shall comply with the CAISO Tariff and standards applicable to metering. All meters and equipment used for the measurement of deliveries shall be provided, owned, maintained, inspected and tested at no cost to Buyer. To facilitate monthly settlement processes, Seller shall authorize Buyer to view the Facility’s CAISO on-line meter data by identifying Buyer as an authorized user with “read only” privileges on Schedule 3 of Seller’s Meter Service Agreement with the CAISO.
- 18.2 Testing and Calibration. Seller shall perform or cause to be performed, at its expense, annual testing and calibration of the electric meters in accordance with Good Industry Practice and the CAISO Tariff. Seller shall give Buyer reasonable advance notice of any inspection, testing or calibration of the electric meters. Buyer shall have the right to have a representative or designee present at such inspection, test or calibration of the electric meters. Buyer shall have the right to require, at Buyer’s expense, except as required below, a test of any of the electric meters not more often than two (2) times every twelve (12) months.
- 18.3 Inaccurate Meters. If any of the electric meters is deemed to be inaccurate under the Meter Service Agreement, deliveries shall be measured by reference to Seller’s check-meters, if installed and registering accurately, or the meter readings for the period of inaccuracy shall be adjusted as far as can be reasonably ascertained by Seller from the best available data, subject to review and approval by Buyer. If the period of the inaccuracy cannot be ascertained reasonably, any such adjustment shall be for a period equal to one-half of the time elapsed since the preceding test by applying the percentage of inaccuracy so found. Seller shall promptly cause such electric meters to be corrected and, where such inaccuracy was determined pursuant to a test required by Buyer, Seller shall bear the expense of any such test.
- 18.4 Delivered MWh Adjustments. In the event that, due to correction for inaccurate electric meters deemed to be inaccurate under the Meter Service Agreement, the amount of Output is increased or decreased, the revised quantity of Output shall be used for purposes of calculating the Energy Payment. If any of such amounts for any period have already been calculated using the previous quantity of Output, they shall be recalculated using the revised quantity of Output. If the recalculation increases any amount payable by Seller to Buyer or decreases any amount payable by Buyer to Seller, Seller shall pay to Buyer the amount of such increase or decrease. If the recalculation increases any amount payable by Buyer

to Seller or decreases any amount payable by Seller to Buyer, Buyer shall pay to Seller the amount of such increase or decrease.

19.0 SEP Awards, Contingencies.

Seller Termination Right

- (a) If Seller’s Bid Price exceeds the Market Price Referent, Seller may seek a PGC Funding Award from the California Energy Commission, or its successor agency (“CEC”), for an amount (in \$ per MWh) equal to the positive difference derived by subtracting (a) the Market Price Referent (in \$ per MWh) from (b) the Bid Price (in \$ per MWh) (“PGC Fund Amount”). To the extent that Seller seeks such PGC Fund Award, Seller shall use best efforts to comply with all funding criteria and obtain the PGC Fund Amount and Buyer shall reasonably support Seller’s efforts. If Seller does not obtain a PGC Funding Confirmation or PGC Funding Award by 11:59 p.m. Pacific Standard Time on the 120th day from the date on which Buyer files this Transaction for CPUC Approval (“Funding Termination Deadline”), then Seller may unilaterally terminate this Transaction prior to the Funding Termination Deadline effective as of the date on which Buyer receives Seller’s written notice of termination. If Seller exercises this termination right, neither Buyer nor Seller shall be subject to liability of any kind.
- (b) At any time prior to the Funding Termination Deadline, if applicable, Seller shall send to Buyer within ten (10) days of (i) obtaining a PGC Funding Confirmation or PGC Funding Award, written notice of such confirmation or award and a copy of the final funding award agreement entered into by the California Energy Commission, or its successor agency (“CEC”) and Seller, if the funding award agreement has been granted at that time, or (ii) receiving written notice from the CEC denying Seller’s application for the requested PGC Fund Amount, a copy of such notice and a written statement from Seller, in which Seller shall (A) waive its termination rights under this Section 19 or (B) notify Buyer that the Transaction is terminated, pursuant to the terms of this Confirmation. If Seller has the right to terminate this Transaction, but fails to send written notice of termination by the Funding Termination Deadline, then Seller’s termination right per this Section 19 shall be deemed waived in its entirety

“Bid Price” means the price as bid by Seller in response to the RFP or such other price as may be arrived at through negotiation.

“Market Price Referent” means the market price referent applicable to this Agreement, as determined by the CPUC in accordance with Public Utilities Code Section 399.15(c).

“Public Goods Charge Funding” or “PGC Funds” means any supplemental energy payments, pursuant to Public Utilities Code Section 399.15, as shall be modified or amended from time to time.

“PGC Funding Award” means the final award of allocated PGC Funds from the CEC to Seller, pursuant to Section [25743(a) of the Public Resource Code], as shall be modified or amended from time to time.

“PGC Funding Confirmation” means a written notice from the CEC to the Seller acknowledging Seller’s request for PGC Funds and the availability of such funds for Seller in a future PGC Funding Award.

20.0 PGC Funding Termination Event

- (a) PGC Funding Revocation. If at any time after Seller obtains a PGC Funding Confirmation or PGC Funding Award, (i) the PGC Funding Confirmation or PGC Funding Award is revoked in whole or in part by the CEC for reasons not caused by Seller’s action or inaction, (ii) such revocation occurs prior to the issuance of a PGC Funding Award or during the term of the PGC Funding Award, and (iii) Seller has not received a financial benefit in the form of tax credits or any other source of public funding or credit directly related to the Product sold under this Confirmation, which benefit would offset the loss incurred from the revocation of the PGC Funding Confirmation or PGC Funding Award, then Seller shall have the right to terminate this Transaction, subject to Buyer’s Right of First Refusal Option. If Seller exercises this termination right neither Buyer nor Seller shall be subject to liability arising from such termination.

Not more than ten (10) days from the Seller’s receipt of written notification regarding revocation of the PGC Funding Confirmation or PGC Funding Award in whole or part, Seller shall notify Buyer in writing of the revocation of the PGC Funding Confirmation or PGC Funding Award, certify it has not received an offsetting financial benefit per clause (iii) above, and certify that such revocation is not due to Seller’s action or inaction. Seller shall also provide Buyer with a copy of such CEC notification. (“Revocation Notice”). Seller shall specify in its Revocation Notice what percentage of lost PGC funding it is willing to accept to continue to perform under this Transaction (not exceeding 100%).

- (b) Right of First Refusal Option.

(i) Option. Buyer, in its sole discretion, shall have the right, but not the obligation, to pay to Seller the percentage of lost PGC funding specified in its Revocation Notice (“Lost PGC Funds”) and Seller shall continue performing under the Transaction for the remaining term of the Transaction (the “Option”). Buyer shall have 30 days from its receipt of the Revocation Notice to exercise the Option (“Exercise Period”), subject to Option Approval, as defined below.

(ii) Exercise of Option. If Buyer chooses to exercise the Option, Buyer shall send written notice to Seller stating that Buyer is exercising the Option, conditioned

upon Buyer’s receipt of Option Approval, as defined below, within 180 days of date on which Buyer received the Revocation Notice. The effectiveness of the Option exercise shall be subject to Buyer’s receipt of a final, non-appealable order issued by the CPUC, satisfactory to Buyer, approving Buyer’s exercise of the Option and recovery of costs associated with the payment of the percentage of lost PGC Funding (“Option Approval”). The date on which Buyer provides written notice of its Option exercise to Seller shall be the “Exercise Date.” Buyer shall file an advice filing or application seeking the Option Approval within 30 days of the Exercise Date.

(iii) Payment. Prior to Buyer’s receipt of Option Approval, Buyer shall pay Seller the Lost PGC Funds, which would have been due to Seller on a monthly basis for the period between the Exercise Date and the next invoice following the date on which the Option Approval is issued. Upon receipt of Option Approval Buyer shall continue paying Seller’s Lost PGC Funds on a monthly basis until the expiration of the term of Seller’s PGC Funding Award, or Reinstatement of Seller’s PGC funding, whichever comes first.

(iv) Seller’s Termination Right. Seller may terminate the Transaction in accordance with subSection (a) above upon the occurrence of any of the following events: (A) Buyer provides written notice to Seller rejecting the exercise of the Option, (B) the Option expires without being exercised, (C) Buyer fails to seek Option Approval within 30 days of the Exercise Date, or (D) Buyer fails to obtain Option Approval within 180 days of Buyer’s receipt of the Revocation Notice. If Seller then terminates the Transaction, such termination shall be effective 30 days from the date on which Seller notifies Buyer of such termination. Both Parties shall continue to perform under this Transaction until the effectiveness of any such termination by Seller.

(c) Reinstatement of PGC Funding. If the PGC Funding Award is reinstated in its entirety, including retroactive payments for lost PGC Funds, at anytime before (i) Seller’s termination of this Transaction or (ii) Buyer’s exercise of the Option, then Seller shall no longer be permitted to terminate this Transaction, pursuant to Section 20(a), and both Parties shall continue to perform under this Transaction. If the PGC Funding Award is reinstated in whole or in part at anytime after Buyer has exercised the Option, then Buyer shall be relieved of all further obligations to pay any of Seller’s lost PGC Funds, which will be covered by the reinstated PGC Funding Award. If PGC Funding Award is reinstated in whole or in part on a retroactive basis after Buyer has exercised the Option, then Buyer shall have the right to offset against payments due to Seller that portion of such award amount equivalent to the lost PGC Funds paid by Buyer to Seller between the period in which the PGC Funds were revoked and reinstated. Seller shall notify Buyer in writing of any such reinstatement of PGC Funds within 10 days of receiving notice of such reinstatement from the CEC, CPUC, or other regulatory agency

responsible for the PGC Funds program, which notice shall include a copy of such notice.

IN WITNESS WHEREOF, the Parties have caused this Confirmation Letter to be duly executed as of the date first above written.

Seller: _____ Buyer: San Diego Gas & Electric Company

Signature: _____ Signature: _____

By: _____ By: _____

Title: _____ Title: _____

CONFIRMATION LETTER
(non-intermittent As-Available)

This Confirmation Letter (“Confirmation”) is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement, dated mm/dd/yyyy (the “Master Agreement”), between _____ (“Seller”) and **San Diego Gas & Electric Company** (“Buyer”), and constitutes part of and is subject to the terms and provisions of such Master Agreement (collectively, the “Agreement”). The parties have agreed to this Agreement in good faith and shall implement it in good faith. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

1.0 Effectiveness of Confirmation Letter. Except for the Seller’s obligations listed in Section 1.1 below, all obligations of the Parties are conditioned upon the satisfaction or waiver of the conditions precedent as set forth in this Section 1.0.

1.1 Prior to the conditions precedent being satisfied or waived as set forth in this Section 1.0, Seller has the obligation to diligently pursue development of the Facility, achieve the applicable milestones, in accordance with Sections 11.0, that have due dates occurring prior to the deadlines for satisfaction or waiver of the conditions precedent set forth in this Section 1.0, and deliver the Quarterly Progress Report required in Section 11.1.3. Upon a breach by Seller of its obligations under this Section 1.1, Buyer may declare an Event of Default and terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the collateral posted under Section 8.4(a) of the Cover Sheet. Buyer may use such collateral to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to Seller’s breach of its obligations of this Section 1.1 would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for Seller’s breach of its obligations under this Section 1.1 but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, a breach by Seller of a representation or warranty.

1.2 CPUC Approval. The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval on or before [mm/dd/yyyy]. The Parties agree to cooperate and use all reasonable efforts to obtain the CPUC Approval as soon as is practicable. Should the CPUC issue an order approving this Agreement with conditions or modifications that materially alter the commercial aspects of this Agreement, the Parties shall have ten (10) Business Days from the mailing date of such order to provide the other Party written notice of the issuing Party’s acceptance or rejection of the CPUC order as issued; provided, however, if a Party fails to provide written notification of its acceptance or rejection to the other Party within such ten (10) day period, that Party’s silence shall be deemed to constitute acceptance of the CPUC order as issued and

agreement by such Party that this condition has been satisfied, upon the CPUC Approval Date. If a notice of rejection is sent, the parties agree to use good faith efforts to renegotiate this Agreement. If, within sixty (60) days, no agreement is reached, either party may terminate this Agreement upon delivery of notice to the other party. For purposes of this Agreement, the “CPUC Approval Date” shall be defined as the first Business Day after the date on which the CPUC order approving this Agreement becomes final and no longer subject to any appeal.

- 1.3 Interconnection Agreement. No later than [mm/dd/yyyy], Buyer and Seller shall have agreed to and approved of (in each party’s sole discretion) the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission’s then current orders and rulemakings. If the Parties have not approved of such date or costs before [mm/dd/yyyy], either Party shall have the right to terminate this Agreement by sending the other Party prior written notice.
- 2.0 Product. Output (defined in Section 3.1) delivered on an As-Available basis which includes all associated Capacity Attributes and Green Attributes (as those terms are defined in the Cover Sheet. “As Available” means, with respect to a Transaction, that Seller shall deliver to Buyer and Buyer shall purchase at the Delivery Point the Product from the Units, in accordance with the terms of this Agreement and subject to the excuses for performance specified in this Agreement.
- 3.0 Facility. The Output (defined below) will be supplied from the following generation assets only (collectively, the “Facility” or the “Units”):

Facility Name: _____
Site Name: _____
Facility Physical Address: _____
Technology Type: _____
Specific Unit Description: _____
Facility Total Nameplate Capacity: _____

- 3.1 “Output” means all electrical energy produced from the Facility, net of electrical energy used to operate the Facility that is generated by the Facility, which may, on an instantaneous basis, be greater or less than the total nameplate rated Output of _____ MW and an annual estimated Output of _____ MWh.
- 3.2 The Facility must meet Commercial Operation by the Commercial Operation Deadline. “Commercial Operation Deadline” with respect to a Facility shall be no later than mm/dd/yyyy, as extended by reason of Force Majeure or as may otherwise be extended by written agreement signed by both parties.
- 3.3 “Commercial Operation” means that (a) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as Exhibit E; (b) Seller shall have delivered and Buyer shall have

accepted in its reasonable discretion completed Certificates of Commercial Operation from the Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below); (c) Seller shall have delivered a/an [insert type of credit support] as accepted by Buyer in accordance with Section 8 of the Master Agreement; and (d) Seller has received all local, state and federal licenses, permits and other approvals as may be required by law for the construction, operation and maintenance of the Facility, including approvals, if any, required under the California Environmental Quality Act for the Facility and related interconnection facilities.

3.4 “Licensed Professional Engineer” means a person acceptable to Buyer in its reasonable judgment who (i) is licensed to practice engineering in the state (ii) has training and experience in the [insert type of renewable technology] power industry, (iii) has no economic relationship, association, or nexus with the Seller, (iv) is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility, and (v) is licensed in an appropriate engineering discipline for the required certification being made.

4.0 Delivery Point. The Delivery Point is _____. In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for -the Delivery Point or in the event the Delivery Point is otherwise modified by the CAISO, the new “Delivery Point” shall be a valid scheduling point - that is either:
a) The Buyer’s load aggregation point, if defined by the CAISO; or
b) If a Buyer load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designed by Buyer as most closely representing Buyer’s bundled customer load.

5.0 Delivery Term. The Parties shall specify the period of Product delivery for the “Delivery Term,” as defined herein, by checking one of the following boxes:

(Check one)

- _____ delivery shall be for a period of ten (10) years.
- _____ delivery shall be for a period of fifteen (15) years.
- _____ delivery shall be for a period of twenty (20) years.
- _____ delivery shall be for a period of _____ years.

If the “Non-standard Delivery” contract term is selected, Parties need to apply to the CPUC justifying the need for non-standard delivery.

5.1 “Delivery Term” shall begin on the date of Commercial Operation and continue for the time period specified above.

5.2 “Contract Year” shall mean any of the twelve (12) consecutive months starting with the first day of the month following the date of Commercial Operation.

6.0 Output Requirements.

- 6.1 Contract Quantity. During the Delivery Term, Seller shall deliver, and Buyer shall receive and pay for, the energy from the Facility as more fully described in Section 9. In no event shall Seller have the right to procure electric energy from sources other than the Facility for sale and delivery pursuant to this Agreement. Station Service Power - Retail (defined below) shall be provided by the local service provider and the electrical usage shall be metered separately from the Output metered at the Delivery Point.
- 6.2 “Station Service Power - Retail” means electrical energy used to operate the Facility other than electrical energy that is generated by the Facility.

7.0 Performance Guarantees / Excuses for Failure to Perform.

- 7.1 Energy Production Guarantees. The Buyer shall in its sole discretion have the right to declare an Event of Default if Seller fails to achieve the Guaranteed Energy Production in any [12 month period] [or] [24 month period] and such failure is not excused by the reasons set forth in subSections (ii), (iii), or (v) of Section 7.2 of this Agreement, “Excuses for Failure to Perform.”

Guaranteed Energy Production = _____ MWh.

- 7.2 Seller Excuses. Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement in the event that Seller fails to deliver the Product to Buyer for any of the following reasons:
- i. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller’s negligence or willful misconduct;
 - ii. Force Majeure;
 - iii. by the Buyer’s failure to perform;
 - vii. by Scheduled Maintenance Outages of the specified units;
 - viii. a reduction in Output as ordered under terms of the dispatch down and Curtailment provisions (including CAISO or Buyer’s system emergencies); or
 - ix. [the unavailability of landfill gas which was not anticipated as of the date this Confirmation was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided; OR
insufficient wind power for the specified units to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the specified units’ technical specifications; OR

the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the date this Confirmation was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.]

7.3 Buyer Excuses. The performance of the Buyer to receive the Product may be excused only (i) during periods of Force Majeure, (ii) by the Seller's failure to perform or (iii) during dispatch down periods. Dispatch down periods will be treated in accordance with Section 17 of this Confirmation.

8.0 Exclusivity/Option to Purchase.

8.1 Exclusivity. At no time shall Seller sell or otherwise dispose of Output or Green Attributes from the Facility to any third party except in the case of an Event of Default of Buyer.

8.2 Right of First Refusal. If, at any time during the term of this Agreement, Seller or any of its affiliates intends to install new facilities using ____ [generally describe fuel] supplies from ____ [generally describe the Facility] or any expansion thereof to produce additional energy beyond that produced by the Facility (the "New Facilities Energy"), it shall first offer, or shall cause its affiliate to offer, the New Facilities Energy to Buyer by delivering notice to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail (each, an "Option Election Notice"). Except to the extent otherwise noted in the Option Election Notice, any such New Facilities Energy shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall, or shall cause its affiliate to, promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. If Buyer does not accept in writing the offered terms and conditions within thirty (30) days after receiving the Option Election Notice, Seller or its affiliate may enter into an agreement to sell the New Facilities Energy to a third party on terms and conditions no more favorable to the third party than those offered to Buyer. If Seller or its affiliate wishes to enter into an agreement with a third party on terms more favorable to Buyer than those previously offered to Buyer, Seller shall, or shall cause its affiliate to, first offer the revised terms and conditions to Buyer under this Section, and Buyer shall have an additional thirty (30) days after receiving the revised Option Election Notice to accept the revised offer. If Buyer accepts an offer made under this Section, Seller shall, or shall cause its affiliate to, within a further sixty (60) days enter into with Buyer a power purchase agreement in substantially the same form as this Agreement, but incorporating such changes as are expressly identified in the terms and conditions in the Option Election Notice.

9.0 Monthly Payments.

9.1 Contract Price. The Contract Price shall be as follows:

Contract Year	Contract Price (\$/MWh)

Note: SDG&E is utilizing Time of Delivery (“TOD”) factors for non-baseload resources. The Contract Price will be adjusted as shown below to reflect the relative value of the Output during the indicated time period. SDG&E reserves the right to contract baseload resources under flat or TOD-adjusted pricing.

	Summer July 1 – October 31	Winter November 1 – June 30
On-Peak	Weekdays 11am – 7pm 1.6293	Weekdays 1pm - 9pm 1.1916
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400	Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790
Off-Peak*	All other hours 0.8833	All other hours 0.7928
*All hours during NERC holidays are off-peak.		

9.2 Energy Payment.

Energy Payment. Energy payment shall be only for Delivered Energy, delivered by Seller and received by Buyer. The energy payment shall be calculated as follows:

$$\text{Energy Payment} = \sum_1^{H_T} \text{Delivered Energy} \times \text{Contract Price}$$

Where:

H_T = All hours of the billing month.

Contract Price is the price specified in Section 9.1.

Delivered Energy means the lower of scheduled or metered amounts less Delivery Losses.

Delivery Losses means all electrical losses occurring between the CAISO approved revenue meter and the Delivery Point and electrical losses occurring over the CAISO grid as such losses are assigned by the CAISO to the Facility including if applicable, but not limited to:

- a. If the CAISO approved revenue meter is not installed on the high voltage side of the Facility's substation bus bar, transformer and other electrical losses occurring between the CAISO approved revenue meter and the high voltage side of the Facility's substation bus bar;
- b. Any electrical losses between the high voltage side of the Facility's substation bus bar and the CAISO grid, including the following if applicable: DLF or TLF.

DLF means a measure of all net electrical losses as determined by the CPUC associated with the transmission of electric energy through the electric system from the high voltage side of the Facility's substation bus bar to the interface with the CAISO grid, also known as the distribution loss factor.

TLF (for resources outside of the CAISO grid) means a measure of all net electrical losses, as determined by the Transmission Provider, associated with the transmission of electric energy through the electric system from the high voltage side of the Facility's substation bus bar to the interface with the CAISO grid, also known as the transmission loss factor.

; and

- c. Electrical losses determined by utilizing the GMM, or TMM if applicable, assigned to the Facility.

GMM(s) means the generation meter multipliers as determined by the CAISO representing the calculation of all electrical losses assigned to the Facility associated with the transmission of electric energy delivered by the Facility over the CAISO grid, which values are, as of the Effective Date, posted by CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

TMM means the tie meter multipliers as determined by the CAISO representing the calculation of all electrical losses over the CAISO grid associated with the transmission of electric energy delivered at a CAISO Control Area boundary, which values are, as of the Effective

Date, posted by the CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

9.2.1 CAISO Charges. Seller shall assume all liability and pay for all imbalance charges attributable to it and inter-zonal congestion charges. Seller shall also assume all liability and reimburse Buyer for any Penalties (as defined below) incurred by Buyer as a result of Seller’s failure to abide by the CAISO Tariff and all applicable protocols. The Parties shall cooperate to eliminate imbalances and minimize Penalties to the extent possible. Seller shall promptly notify Buyer as soon as possible of any material imbalance that is occurring or has occurred. Such notification shall not impact Seller’s responsibilities for payment for all imbalance and inter-zonal congestion charges and Penalties under this Agreement. Notwithstanding anything to the contrary which may be contained herein, Seller shall be entitled to any and all credits and/or payments made by CAISO to Seller or its Scheduling Coordinator in accordance with the CAISO Tariff and all applicable protocols.

9.2.2 “Penalties” shall be defined as any fees, liabilities, assessments, or similar charges assessed by the CAISO.

9.4 Test Energy. [The parties to negotiate test energy terms and pricing here.]

10.0 Reserved.

11.0 Facility Schedule. The Facility Milestones are the following:

No.	Task	Milestone Date
	Maintain Facility’s position in the CAISO interconnection queue	From the Effective Date
	Completion of Design	
	Material Environmental Permits	
	EPC Contract, Overall Project Schedule, Construction Schedule To evidence Seller’s ability to achieve the Commercial Operation by the Commercial Operation Date.	
	Land Rights. Deliver to Buyer documentation in form and substance acceptable to Buyer evidencing Seller’s good and marketable title in fee simple to the Facility site free and clear of all liens and encumbrances except for customary exceptions which are acceptable to Buyer in its sole judgment or a valid leasehold interest in the Facility site for the duration of the Term of this Agreement. Any lease of the Facility site shall be subject to	

	the prior review and approval of Buyer, which approval may not be unreasonably withheld or delayed.	
	Executed Participating Generator Agreement with CAISO.	
	Executed Meter Service Agreement with CAISO.	
	Engineering, Procurement and Construction Agreement(s) are in full force and effect.	
	Issuance of a final unconditional notice to proceed to complete the Facility.	

11.1 Buyer’s Right to Monitor. Buyer may exercise its due diligence responsibilities via the following:

15.1.1 Buyer shall have the right to review Facility design drawings and documents.

15.1.2 Buyer may inspect the Facility’s construction site or on-site Seller data and information pertaining to the Facility during business hours upon reasonable notice.

15.1.3 Within seven (7) days after the close of each calendar quarter (or more frequently upon request by Buyer) until the date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit F: Quarterly Progress Reports to Buyer as may be modified from time to time to meet applicable CPUC requirements. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller’s construction progress.

11.2 Milestone Completion Notice. No later than seven (7) days after completion of each milestone set forth in Section 11.0, Seller shall submit written notice to inform Buyer of milestone completion. Seller must provide accompanying documentation (including copies of applicable agreements redacted, permits and certificates) sufficient to demonstrate evidence of such milestone completion.

12.0 Facility Delays.

12.1 Missed Milestones. If Seller misses three or more milestones set forth in Section 11.0 or misses any one by more than 90 days except as a result of Force Majeure, Seller shall submit to Buyer, within ten (10) days of such missed milestone date, a remedial action plan (the “Remedial Action Plan”).

12.2 Missed Commercial Operation Deadline. Seller shall cause the Facility to achieve Commercial Operation on or before the scheduled Commercial Operation Deadline of mm/dd/yyyy. If Commercial Operation occurs after the scheduled Commercial Operation Deadline, Seller shall pay Buyer delay damages equal to [] for each day or portion of a day that the Commercial Operation occurs after the scheduled Commercial Operation

Deadline, up to a total of [----] days. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Deadline. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to delay in achieving Commercial Operation on or before the scheduled Commercial Operation Deadline would be difficult or impossible to predict with certainty, (b) the daily delay damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the daily delay damages set forth in this section are the exclusive remedy for Seller's delay in achieving Commercial Operation by the scheduled Commercial Operation Deadline but shall not otherwise act to limit any of Buyer's rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether.

- 12.3 Remedial Action Plan/Additional Event of Default. For purposes of Section 12.1 and Section 12.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of Seller's course of action and plan to achieve all milestones set forth in Section 11.0 and Commercial Operation by the Commercial Operation Deadline. Approval of a Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent milestones and achieving Commercial Operation by the Commercial Operation Deadline. Buyer at its sole discretion may reject any Remedial Action Plan submitted under Section 12.1 or 12.2 and declare an Event of Default.
- 13.0 Operating Procedures. No later than forty-five (45) days before the Commercial Operation, and from time to time as reasonably determined necessary by the Parties, the Parties shall meet to address how each Party will perform its respective obligations under this Agreement, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Scheduled Maintenance Outage reporting; (4) procedures for delivery forecasting; (5) procedures for record keeping; (6) scheduling procedures if applicable; and (7) invoicing and payment procedures; provided, that the failure to agree on Operating Procedures will not relieve the Parties of their respective obligations under this Agreement.
- 14.0 Maintenance.
- 14.1 Scheduled Maintenance Outages. Seller shall operate, maintain, and arrange Scheduled Maintenance Outages for the Facility in accordance with Good Utility Practices. Seller shall be limited to _____ hours of Scheduled Maintenance Outages per year.
- 14.1.1 No later than forty-five (45) days before the start of each calendar year, Seller shall provide Buyer with a timetable of Scheduled Maintenance Outages for the following twelve (12) months. Buyer shall promptly respond to such notice and may request reasonable modifications in the schedule for the outage. Seller shall use best efforts in accordance with Good Utility Practices not to schedule Scheduled Maintenance Outages during Summer Months (as defined below). "Summer Months" shall be defined as July, August, September and October.

14.1.2 A “Scheduled Maintenance Outage” means a planned shut down of any part of the Facility scheduled by Seller in accordance with this Section that affects Seller’s ability to provide Output from the Facility to Buyer under this Agreement.

14.2 Emergency Periods. At Buyer’s request, Seller shall use commercially reasonable efforts to deliver Output during CAISO declared emergency periods. In the event the Seller has previously scheduled a Scheduled Maintenance Outage coincident with an emergency, Seller shall use commercially reasonable efforts to reschedule the Scheduled Maintenance Outage.

14.3 Maintenance Log. Seller shall maintain a maintenance log for the Facility. The log shall include but not be limited to information on power production, fuel consumption and efficiency (if applicable), availability, maintenance (both breakdown and preventative) performed, outages, changes in operating status, inspections, manufacturer recommended services and replacement, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Information maintained pursuant to this paragraph shall be kept for two years and provided to Buyer electronically, within 30 days of Buyer’s request.

15.0 Scheduling and Scheduling Coordinator.

Seller or Seller’s designee shall be the Scheduling Coordinator for the Facility and shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Term. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and the CAISO Tariff or its successor, and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. Subject to Article 9, in the event that the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified replaced or terminated (collectively, the "Program Modifications"), Seller and Buyer hereby agree to comply with such Program Modifications and, to the extent practical, to implement the necessary Program Modifications in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.

Notwithstanding anything to the contrary herein, in the event Seller makes a change to its schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer’s on-duty scheduling coordinator. Within two hours of the scheduling change due to Forced Outage, Seller shall submit Exhibit G: Outage Notification Form to the Buyer in accordance with the instructions shown on the form. Seller shall keep Buyer informed

of any developments that will affect either the duration of the outage or the availability of the Facility during or after the end of the outage.

- 15.1 Annual Delivery Schedules. No later than forty-five (45) days before the beginning of each calendar year, Seller shall provide a non-binding forecast of each month's average-day deliveries of Output, by hour, for the following calendar year.
- 15.2 Monthly Delivery Schedules. Ten Business Days before the beginning of each month, Seller shall provide a non-binding forecast of each day's average deliveries of Output, by hour, for the following month ("Monthly Delivery Forecast").
- 15.3 Daily Delivery Schedules. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, Seller shall cause the Facility's Scheduling Coordinator (as defined in the CAISO Tariff) to provide Buyer with a copy of the required schedule of deliveries of Output for each hour of the immediately succeeding day concurrent with delivery of the same to CAISO. A schedule provided in a day prior to any non-Business Day(s) shall include schedules for the immediate day, each succeeding non-Business Day and the next Business Day. Seller shall provide Buyer with a copy of any and all updates to such schedule indicating a change in scheduled Output.
16. Dispatch Down/Curtailment. Seller shall reduce deliveries for (a) curtailments ordered directly or indirectly by the CAISO or (b) scheduled and unscheduled maintenance on Buyer's facilities that prevents Buyer from taking Output at the Delivery Point. [NOTE to bidders, if you have indicated in your offer that your resource can accommodate economic dispatch down at Buyer's request, we will negotiate such language here.]
17. Delivery and Metering. All deliveries of Output shall be metered in real-time basis to reflect delivery to the Delivery Point. A copy of hourly metered and hourly scheduled information shall be included in each monthly invoice. All meters and equipment used for the measurement of Output shall be provided, owned, maintained, inspected, tested and read at no cost to Buyer by the Seller.
 - 17.1 CAISO Agreements. Seller shall enter into a Participating Generator Agreement and a Meter Service Agreement with the CAISO and shall comply with the CAISO Tariff and standards applicable to metering. All meters and equipment used for the measurement of deliveries shall be provided, owned, maintained, inspected and tested at no cost to Buyer. To facilitate monthly settlement processes, Seller shall authorize Buyer to view the Facility's CAISO on-line meter data by identifying Buyer as an authorized user with "read only" privileges on Schedule 3 of Seller's Meter Service Agreement with the CAISO.
 - 17.2 Testing and Calibration. Seller shall perform or cause to be performed, at its expense, annual testing and calibration of the electric meters in accordance with Good Industry Practice and the CAISO Tariff. Seller shall give Buyer reasonable advance notice of any inspection, testing or calibration of the electric meters.

Buyer shall have the right to have a representative or designee present at such inspection, test or calibration of the electric meters. Buyer shall have the right to require, at Buyer's expense, except as required below, a test of any of the electric meters not more often than two (2) times every twelve (12) months.

- 17.3 Inaccurate Meters. If any of the electric meters is deemed to be inaccurate under the Meter Service Agreement, deliveries shall be measured by reference to Seller's check-meters, if installed and registering accurately, or the meter readings for the period of inaccuracy shall be adjusted as far as can be reasonably ascertained by Seller from the best available data, subject to review and approval by Buyer. If the period of the inaccuracy cannot be ascertained reasonably, any such adjustment shall be for a period equal to one-half of the time elapsed since the preceding test by applying the percentage of inaccuracy so found. Seller shall promptly cause such electric meters to be corrected and, where such inaccuracy was determined pursuant to a test required by Buyer, Seller shall bear the expense of any such test.
- 17.4 Delivered MWh Adjustments. In the event that, due to correction for inaccurate electric meters deemed to be inaccurate under the Meter Service Agreement, the amount of Output is increased or decreased, the revised quantity of Output shall be used for purposes of calculating the Energy Payment. If any of such amounts for any period have already been calculated using the previous quantity of Output, they shall be recalculated using the revised quantity of Output. If the recalculation increases any amount payable by Seller to Buyer or decreases any amount payable by Buyer to Seller, Seller shall pay to Buyer the amount of such increase or decrease. If the recalculation increases any amount payable by Buyer to Seller or decreases any amount payable by Seller to Buyer, Buyer shall pay to Seller the amount of such increase or decrease.
18. SEP Awards, Contingencies.

Seller Termination Right

- (a) If Seller's Bid Price exceeds the Market Price Referent, Seller may seek a PGC Funding Award from the California Energy Commission, or its successor agency ("CEC"), for an amount (in \$ per MWh) equal to the positive difference derived by subtracting (a) the Market Price Referent (in \$ per MWh) from (b) the Bid Price (in \$ per MWh) ("PGC Fund Amount"). To the extent that Seller seeks such PGC Fund Award, Seller shall use best efforts to comply with all funding criteria and obtain the PGC Fund Amount and Buyer shall reasonably support Seller's efforts. If Seller does not obtain a PGC Funding Confirmation or PGC Funding Award by 11:59 p.m. Pacific Standard Time on the 120th day from the date on which Buyer files this Transaction for CPUC Approval ("Funding Termination Deadline"), then Seller may unilaterally terminate this Transaction prior to the Funding Termination Deadline effective as of the date on which Buyer receives Seller's written notice of termination. If Seller exercises this termination right, neither Buyer nor Seller shall be subject to liability of any kind.

- (b) At any time prior to the Funding Termination Deadline, if applicable, Seller shall send to Buyer within ten (10) days of (i) obtaining a PGC Funding Confirmation or PGC Funding Award, written notice of such confirmation or award and a copy of the final funding award agreement entered into by the California Energy Commission, or its successor agency (“CEC”) and Seller, if the funding award agreement has been granted at that time, or (ii) receiving written notice from the CEC denying Seller’s application for the requested PGC Fund Amount , a copy of such notice and a written statement from Seller, in which Seller shall (A) waive its termination rights under this Section 19 or (B) notify Buyer that the Transaction is terminated, pursuant to the terms of this Confirmation. If Seller has the right to terminate this Transaction, but fails to send written notice of termination by the Funding Termination Deadline, then Seller’s termination right per this Section 19 shall be deemed waived in its entirety

“Bid Price” means the price as bid by Seller in response to the RFP or such other price as may be arrived at through negotiation.

“Market Price Referent” means the market price referent applicable to this Agreement, as determined by the CPUC in accordance with Public Utilities Code Section 399.15(c).

“Public Goods Charge Funding” or “PGC Funds” means any supplemental energy payments, pursuant to Public Utilities Code Section 399.15, as shall be modified or amended from time to time.

“PGC Funding Award” means the final award of allocated PGC Funds from the CEC to Seller, pursuant to Section [25743(a) of the Public Resource Code], as shall be modified or amended from time to time.

“PGC Funding Confirmation” means a written notice from the CEC to the Seller acknowledging Seller’s request for PGC Funds and the availability of such funds for Seller in a future PGC Funding Award.

19. PGC Funding Termination Event

- (a) PGC Funding Revocation. If at any time after Seller obtains a PGC Funding Confirmation or PGC Funding Award, (i) the PGC Funding Confirmation or PGC Funding Award is revoked in whole or in part by the CEC for reasons not caused by Seller’s action or inaction, (ii) such revocation occurs prior to the issuance of a PGC Funding Award or during the term of the PGC Funding Award, and (iii) Seller has not received a financial benefit in the form of tax credits or any other source of public funding or credit directly related to the Product sold under this Confirmation, which benefit would offset the loss incurred from the revocation of the PGC Funding Confirmation or PGC Funding Award, then Seller shall have the right to terminate this Transaction, subject to Buyer’s Right of First Refusal Option. If Seller exercises this termination right neither Buyer nor Seller shall be subject to liability arising from such termination.

Not more than ten (10) days from the Seller’s receipt of written notification regarding revocation of the PGC Funding Confirmation or PGC Funding Award

in whole or part, Seller shall notify Buyer in writing of the revocation of the PGC Funding Confirmation or PGC Funding Award, certify it has not received an offsetting financial benefit per clause (iii) above, and certify that such revocation is not due to Seller's action or inaction. Seller shall also provide Buyer with a copy of such CEC notification. ("Revocation Notice"). Seller shall specify in its Revocation Notice what percentage of lost PGC funding it is willing to accept to continue to perform under this Transaction (not exceeding 100%).

(b) Right of First Refusal Option.

(i) Option. Buyer, in its sole discretion, shall have the right, but not the obligation, to pay to Seller the percentage of lost PGC funding specified in its Revocation Notice ("Lost PGC Funds") and Seller shall continue performing under the Transaction for the remaining term of the Transaction (the "Option"). Buyer shall have 30 days from its receipt of the Revocation Notice to exercise the Option ("Exercise Period"), subject to Option Approval, as defined below.

(ii) Exercise of Option. If Buyer chooses to exercise the Option, Buyer shall send written notice to Seller stating that Buyer is exercising the Option, conditioned upon Buyer's receipt of Option Approval, as defined below, within 180 days of date on which Buyer received the Revocation Notice. The effectiveness of the Option exercise shall be subject to Buyer's receipt of a final, non-appealable order issued by the CPUC, satisfactory to Buyer, approving Buyer's exercise of the Option and recovery of costs associated with the payment of the percentage of lost PGC Funding ("Option Approval"). The date on which Buyer provides written notice of its Option exercise to Seller shall be the "Exercise Date." Buyer shall file an advice filing or application seeking the Option Approval within 30 days of the Exercise Date.

(iii) Payment. Prior to Buyer's receipt of Option Approval, Buyer shall pay Seller the Lost PGC Funds, which would have been due to Seller on a monthly basis for the period between the Exercise Date and the next invoice following the date on which the Option Approval is issued. Upon receipt of Option Approval Buyer shall continue paying Seller's Lost PGC Funds on a monthly basis until the expiration of the term of Seller's PGC Funding Award, or Reinstatement of Seller's PGC funding, whichever comes first.

(iv) Seller's Termination Right. Seller may terminate the Transaction in accordance with subSection (a) above upon the occurrence of any of the following events: (A) Buyer provides written notice to Seller rejecting the exercise of the Option, (B) the Option expires without being exercised, (C) Buyer fails to seek Option Approval within 30 days of the Exercise Date, or (D) Buyer fails to obtain Option Approval within 180 days of Buyer's receipt of the Revocation Notice. If Seller then terminates the Transaction, such termination shall be effective 30 days from the date on which Seller notifies Buyer of such termination. Both Parties shall continue to perform under this Transaction until the effectiveness of any such termination by Seller.

- (c) Reinstatement of PGC Funding. If the PGC Funding Award is reinstated in its entirety, including retroactive payments for lost PGC Funds, at anytime before (i) Seller's termination of this Transaction or (ii) Buyer's exercise of the Option, then Seller shall no longer be permitted to terminate this Transaction, pursuant to Section 20(a), and both Parties shall continue to perform under this Transaction. If the PGC Funding Award is reinstated in whole or in part at anytime after Buyer has exercised the Option, then Buyer shall be relieved of all further obligations to pay any of Seller's lost PGC Funds, which will be covered by the reinstated PGC Funding Award. If PGC Funding Award is reinstated in whole or in part on a retroactive basis after Buyer has exercised the Option, then Buyer shall have the right to offset against payments due to Seller that portion of such award amount equivalent to the lost PGC Funds paid by Buyer to Seller between the period in which the PGC Funds were revoked and reinstated. Seller shall notify Buyer in writing of any such reinstatement of PGC Funds within 10 days of receiving notice of such reinstatement from the CEC, CPUC, or other regulatory agency responsible for the PGC Funds program, which notice shall include a copy of such notice.

IN WITNESS WHEREOF, the Parties have caused this Confirmation Letter to be duly executed as of the date first above written.

Seller: _____ Buyer: San Diego Gas & Electric Company

Signature: _____ Signature: _____

By: _____ By: _____

Title: _____ Title: _____

CONTRACT DOCUMENTS

EEI COVER
EEI UNIT FIRM CONFIRMATION
EEI AS-AVAILABLE INTERMITTENT CONFIRMATION
EEI AS-AVAILABLE NON-INTERMITTENT CONFIRMATION
EEI EXHIBITS

*NOTE THAT ALL STANDARD TERMS ARE HIGHLIGHTED IN YELLOW

EXHIBIT B
FORM OF GUARANTY

GUARANTY

In consideration of San Diego Gas and Electric Company ("Company") entering into a power purchase agreement with [NAME OF COUNTERPARTY] (hereinafter referred to as "Applicant"), [NAME OF GUARANTOR], a [TYPE OF LEGAL ENTITY i.e. California corporation], (hereinafter referred to as "Guarantor") agrees with Company as follows:

1. The term "Obligations" shall mean all obligations, liabilities and indebtedness of any kind whatsoever arising in connection with _____ or arising in connection with or under any security agreement or other agreement between the Company and Applicant. The amount of Obligations existing from time to time shall be calculated after giving effect to all contractual netting arrangements between Applicant and the Company.

2. Guarantor unconditionally and irrevocably guarantees to Company the full, prompt and faithful payment and performance when due of each and all of the Obligations.

3. This is a continuing guaranty relating to the Obligations. Guarantor acknowledges that there is a continuing consideration to Guarantor for this Guaranty and therefore Guarantor waives and relinquishes the right to revoke or terminate this Guaranty as provided in California Civil Code Section 2815 except for the right to terminate this Guaranty in accordance with this paragraph 3. No termination of this Guaranty by Guarantor shall affect any Obligations outstanding or contracted or committed for as of the effective date of the termination, the payment of which Obligations shall continue to be guaranteed by Guarantor pursuant to this Guaranty notwithstanding such termination, and this Guaranty shall remain in full force and effect with respect to such Obligations until finally and irrevocably paid in full. Guarantor may terminate this Guaranty with respect to future Obligations only by delivering personally, by certified mail, postage prepaid and return receipt requested, or by confirmed facsimile transmission (fax), written notice thereof to Company, provided that such notice shall specify the effective date thereof, which effective date shall be no sooner than forty-five (45) days after Company's actual receipt of such notice, at the address set forth below (or to such new address or fax number as Company may designate hereafter in a notice to Guarantor):

San Diego Gas and Electric Company
555 W. Fifth Street
Attn: Major Markets 10E3, Credit Manager
Los Angeles, CA 90013
Fax No.: (213) 244-8316

4. Any of the Obligations may be amended, modified, waived, or increased (whether or not beyond any dollar limitation hereunder), further agreements may be entered into between Company and Applicant, Company may provide additional goods or services or credit to Applicant or increase or decrease the dollar value of such goods, services or credit, and further obligations (including, without limitation, the provision or pledging of security to Company for any obligation), indebtedness and liabilities may be entered into or incurred from time to time by Applicant and without further authorization from or notice to Guarantor and no such action shall terminate, release, impair, reduce, discharge, diminish or in any way affect any of the obligations of Guarantor hereunder or any security furnished by Guarantor or give Guarantor any recourse or defense against Company. Company need not inquire into the power of Applicant or the authority of its officers, directors, partners or agents acting or purporting to act in its behalf.

5. With respect to all Obligations, this is a guaranty of payment and performance and not of collection, and Guarantor waives and agrees not to assert or take advantage of:

(a) any right to require Company to proceed against Applicant or any other person or to resort to, proceed against or exhaust any security held by it at any time or to pursue any other remedy in its power before proceeding against any Guarantor;

(b) demand, presentment, protest and notice of any kind including, without limiting the generality of the foregoing, notice of nonperformance, protest, dishonor and acceptance of this Guaranty, notice under Section 9611 of the California Commercial Code, and notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of Applicant, Company, a guarantor under this or any other instrument, or creditor of Applicant or any other person whomsoever, in connection with any of the Obligations or any collateral for any of the Obligations or in connection with any of the Obligations; and

(c) any suretyship defenses and suretyship rights of every nature otherwise available under California law and the laws of any other state or jurisdiction, including, without limitation, all defenses and rights arising under Sections 2787 through 2855 of the California Civil Code (the "Suretyship Provisions") and any successor provisions to those Sections. Without limiting the generality of the foregoing, Guarantor acknowledges his, her or its understanding that the Suretyship Provisions provide various partial or complete defenses to the recovery by Company from Guarantor and/or grant Guarantor rights the enforcement of which could reduce or eliminate entirely Guarantor's liability hereunder to Company. Among the defenses and rights contained in the Suretyship Provisions are the following: (1) Section 2809 of the Civil Code, which provides, in part, that the obligation of a surety must not be either larger in amount or in other respects more burdensome than that of the principal; (2) Section 2810 of the Civil Code, which provides, in part, that a surety is not liable if for any reason other than the mere personal disability of the principal there is no liability upon the part of the principal at the time of execution of the contract, or the liability of the principal thereafter ceases; (3) Section 2819 of the Civil Code, which provides, in part, that a surety is exonerated if the creditor alters the original obligation of the principal without the consent of the surety; (4) Section 2845 of the Civil Code, which provides, in part, that a surety is exonerated to the extent that the creditor fails to proceed against the principal, or to pursue any other remedy in the creditor's power which the surety cannot pursue and which would lighten the surety's burden; (5) Section 2846 of the Civil Code, which provides that a surety may compel his principal to perform the obligation when due; (6) Section 2847 of the Civil Code, which provides, in part, that if a surety satisfies the principal obligation, or any part thereof, the principal is obligated to reimburse the surety for the amounts paid by the surety; (7) Section 2848 of the Civil Code, which provides, in part, that a surety, upon satisfaction of the obligation of the principal is entitled to enforce remedies which the creditor then has against the principal; (8) Section 2849 of the Civil Code, which provides, in part, that a surety is entitled to the benefit of security held by the creditor for the performance of the principal obligation held by the creditor; (9) Section 2850 of the Civil Code, which provides, in part, that whenever the property of a surety is hypothecated with property of the principal, the surety is entitled to have the property of the principal first applied to the discharge of the obligation; and (10) Section 2822 of the Civil Code, which provides, in part, for a right to have the principal designate the portion of any obligation to be satisfied by the surety in the event that the principal provides partial satisfaction of such obligation.

6. All existing and future indebtedness of Applicant to Guarantor ("Intercompany Obligations") is subordinated to all Obligations hereby guaranteed. All of Guarantor's right, title and interest in and to the Intercompany Obligations and rights to receive any payments of the Intercompany Obligations are hereby granted and assigned to Company as continuing security for the Obligations hereby guaranteed, and, in the event of any default in the payment of any of the Obligations when due and until the Obligations guaranteed hereby have been paid in full (a) at the Company's request, Applicant shall forthwith pay to the Company all or any part of such Intercompany Obligations and any capital

which Guarantor is entitled to withdraw until all of the Obligations guaranteed hereby have been paid in full, and (b) Guarantor shall pay to Company immediately any payments of such Intercompany Obligations received by Guarantor.

7. Guarantor agrees to pay all attorneys' fees (including without limitation, reasonably allocated fees of in-house counsel) and all other costs and expenses which may be incurred by Company in the enforcement of this Guaranty against Guarantor.

8. This Guaranty is not assignable by Guarantor without Company's consent. This Guaranty shall inure to the benefit of Company and its successors and assigns, including the assignees of any Obligations, and bind the heirs, executors, administrators, successors and permitted (if any) assigns of Guarantor. This Guaranty is assignable by Company with respect to all or any portion of the Obligations, and when so assigned Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by Company.

9. This Guaranty shall be governed by and construed in accordance with the laws of the State of California, without reference to its choice of law provisions. Guarantor hereby irrevocably and unconditionally agrees that any legal action or proceeding against Guarantor or any of Guarantor's property with respect to this Guaranty may be brought in the courts of the State of California in the County of San Diego or the courts of the United States in the County of San Diego, as Company may elect, and by executing and delivering this Guaranty Guarantor hereby submits to and accepts with regard to any such action or proceeding for himself, herself or itself and in respect of his, her or its property, generally, irrevocably and unconditionally, the jurisdiction of the above mentioned courts. Guarantor hereby irrevocably appoints the Secretary of State of the State of California as his, her or its agent for service of process in any suit or proceeding if the Guarantor is located outside the State of California at the time of service or cannot reasonably be located by Company. The foregoing, however, shall not limit the right of Company as it may elect to bring any legal action or proceeding or to obtain execution of judgment in any other appropriate jurisdiction including but not limited to any other jurisdiction in which Guarantor or his, her or its property is located.

10. Except as provided in any other written agreement now or at any time hereafter in force between Company and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with Company with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Company unless expressed herein.

11. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and, except for notice of termination of this Guaranty pursuant to paragraph 3 which shall be effective as provided therein, shall be given personally, by certified or registered mail, postage prepaid, return receipt requested, or by reliable overnight courier to the address of the Company set forth in paragraph 3 herein (or to such new address as Company may designate hereafter in a notice to Guarantor) in the case of a communication to the Company and to the address appearing next to Guarantor's signature on this Guaranty (or to such new address as Guarantor may designate hereafter in a notice to Company) in the case of a communication to Guarantor. Any notice served personally shall be deemed delivered upon receipt, and any notice served by certified or registered mail or by reliable overnight courier shall be deemed delivered on the date of receipt as shown on the addressee's registry or certification of receipt or on the date receipt is refused as shown on the records or manifest of the U.S. Postal Service or such courier.

12. Until all of the Obligations guaranteed hereby have been satisfied in full, Guarantor shall have no right of subrogation or reimbursement from the Applicant which Guarantor may have as a result of any payment by Guarantor under this Guaranty, and waives any right to enforce any remedy which

Company now has or may hereafter have against the Applicant as a result of such payment by Guarantor under this Guaranty and waives any right under section 2849 of the California Civil Code and any other benefit of or right to participate in any security now or hereafter held by Company.

13. All amounts payable by Guarantor hereunder shall be paid without set-off or counterclaim and without any deduction or withholding whatsoever unless and to the extent that Guarantor shall be prohibited by law from doing so, in which case Guarantor shall pay to Company such additional amount as shall be necessary to ensure that Company receives the full amount it would have received if no such deduction or withholding had been made.

14. If any portion of this Guaranty is held to be unenforceable by a court of competent jurisdiction, the remainder of this Guaranty shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty on [MONTH AND DAY], 2008.

GUARANTOR: [NAME OF GUARANTOR]

Signature

Title

Printed Name of Person Signing for Guarantor

Guarantor's Address

City, State, Zip

Guarantor's Phone No.

EXHIBIT C
FORM OF LETTER OF CREDIT

[DATE]

To: [Name and Address of Secured Party]

Re: Our Irrevocable Standby Letter of Credit No. _____
In the Amount of US _____

Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number _____ in favor of [name of Secured Party] (“Secured Party”), by order and for account of [name of Account Party] (“Account Party”), [address of Account Party], available at sight upon demand at our counters, at [location] for an amount of US\$ _____ [amount spelled out and xx/100 U.S. Dollars] against presentation one of the following documents:

1- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “[name of Account Party] (“Account Party”) is in default under the agreement between Secured Party and Account Party dated _____ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a “default”, “event of default” or similar term as defined in such agreement, any other agreement between Secured Party and Account Party, or otherwise). The amount due to Secured Party is US \$ _____.”

or

2- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “as of the close of business on _____ [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Secured Party, whether or not a default has occurred, is U.S. \$ _____.”

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Account Party.
- Partial and multiple drawings are permitted.
- Fax of Document 1 or 2 above acceptable.

This Letter of Credit expires on _____ at our counters.

We hereby engage with Secured Party that upon presentation of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1 or 2 above. If a document is so presented by 1:00 pm on any New York banking day, we will honor the same in full in immediately available New York funds on that day and, if so presented after 1:00 pm on a New York banking day, we will honor the same in full in immediately available New York funds by noon on the following New York banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500 ("UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 13(b) and 17 of the UCP, in which case the terms of this Letter of Credit shall govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.

[Name of Bank]

Authorized Signature(s)

EXHIBIT D

RESOURCE ADEQUACY

Seller and Buyer agree that throughout the Delivery Term the Parties shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable Buyer to use the Facility Total Net Capacity to satisfy Buyer's Resource Adequacy Requirements.

EXHIBIT E
COMMERCIAL OPERATION CERTIFICATE

The undersigned, _____ (“EPC Contractor”), _____ (“_____ Supplier”), _____ (“Licensed Professional Engineer”) and _____ (“Owner”) make the following certifications to San Diego Gas & Electric Company (“SDG&E”), dated as of _____. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Sale Agreement dated _____ between Owner and SDG&E (the “Agreement”).

[Major Generation Equipment] Supplier hereby certifies that:

1. The _____ comprising the Facility have been erected and installed at the project site and have been commissioned as required under the Supply and Installation Agreement (“_____ Supply Agreement”) dated as of _____, by and between _____ Supplier and Owner and each such _____ has passed the performance testing required to be performed pursuant to the _____ Supply Agreement.
2. The Warranty Period under the Warranty Agreement (“Warranty Agreement”) dated as of _____, by and between _____ Supplier and Owner has commenced.

EPC Contractor hereby certifies that:

All requirements necessary to achieve [Commercial Operation/Substantial Completion] as set forth in the agreement between the EPC Contractor and Owner dated ____ (“EPC Contract”) have been completed and the Facility has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [*minimum performance guarantees*].

Owner hereby certifies that:

1. Except for punch list items that would not materially affect the performance, reliability or safe operation of the Facility, the Facility has been completed in accordance with all applicable specifications and is ready for continuous commercial operation in compliance with all applicable laws and governmental approvals. The Facility has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [*insert minimum performance guarantees*], and complete test reports have been submitted to Buyer.

2. The Operation and Maintenance Agreement (O&M Agreement), by and between Owner and _____ dated as of _____ has commenced.
3. Owner has a valid leasehold or real property interest in the Facility Site for a term of at least [____] years from the Commercial Operation date.
4. The interconnection facilities have been completed in accordance with applicable specifications, tariffs, laws and governmental approvals to enable power generated by the Facility to be received at the Delivery Point.
5. Owner has obtained all governmental approvals necessary for the continuous commercial operation of the Facility and the Facility is in compliance with all such governmental approvals and all other applicable laws.

Licensed Professional Engineer certifies that:

1. We have read the Agreement, the [_____] Supply Contract, and the EPC Contract and we understand the requirements for Commercial Operation under the Agreement, the specifications and performance testing requirements under the [_____] Supply Contract, and the requirements for [Commercial Operation/Substantial Completion] under the EPC Contract.
2. We have reviewed the material and data made available to us by the Owner, the [_____] Supplier, and the EPC Contractor for the Facility.
3. To the extent practical, we have reviewed the engineering, procurement, construction and performance testing for the Facility and in the course of this review we have not discovered any material errors or omissions in the work performed to date.
4. We have reviewed the certificates of Owner, [_____] Supplier, and EPC Contractor above, and find the representations provided to be correct in all material respects.
5. We have reviewed all governmental approvals and permits identified by the Owner as being required for the construction and operation of the Facility and are of the opinion that the Facility as completed is in compliance in all material respects with the environmental and technical requirements contained therein.
6. Based on our review of the aforementioned information and of information provided to us by others which we have not independently verified, we are of the opinion that, as of, Commercial Operation has occurred as defined in the Agreement.

Executed this ___ day of ___, 200_

_____ **SUPPLIER**

a _____ corporation

By: _____

Name:

Title:

EPC CONTRACTOR

a _____ corporation

By: _____

Name:

Title:

OWNER

a _____ limited liability company

By: _____

Name:

Title:

LICENSED PROFESSIONAL ENGINEER:

a _____ corporation

By: _____

Name:

Title:

ACCEPTED BY SDG&E

BY: _____

NAME: _____

TITLE: _____

DATE: _____

EXHIBIT F
FORM OF QUARTERLY PROGRESS REPORT

**Quarterly Progress Report
of**

[_____]

(“Seller”)

**provided to
San Diego Gas & Electric Company**

[Date]

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1.0 Instructions.

All capitalized terms used in this report shall have the meanings set forth below and any capitalized terms used in this report which are not defined below shall have the meanings ascribed thereto in the Master Power Purchase and Sale Agreement by and between _____ ("Seller") and San Diego Gas & Electric Company dated _____, 2004 (the "Agreement").

Seller shall review the status of each significant element of the Facility Schedule provided pursuant to Section 10.0 of the Confirmation and Seller shall identify such matters referenced in clauses (i)-(v) below as known to Seller and which in Seller's reasonable judgment are expected to adversely affect the Project or the Facility Schedule, and with respect to any such matters, shall state the actions which Seller intends to take to ensure that Conditions and the Milestones will be attained by their required dates. Such matters may include, but shall not be limited to:

(i) Any material matter or issue arising in connection with a Governmental Approval, or compliance therewith, with respect to which there is an actual or threatened dispute over the interpretation of a law or regulation, actual or threatened opposition to the granting of a necessary Governmental Approval, any organized public opposition, any action or expenditure required for compliance or obtaining approval that Seller is unwilling to take or make, or in each case which could reasonably be expected to materially threaten or prevent financing of the Project, attaining any Condition or Milestone, or obtaining any contemplated agreements with other parties which are necessary for attaining any Condition or Milestone or which otherwise reasonably could be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(ii) Any development or event in the financial markets or the independent power industry, any change in taxation or accounting standards or practices or in Seller's business or prospects which reasonably could be expected to materially threaten financing of the Project, attainment of any Condition or Milestone or materially threaten any contemplated agreements with other parties which are necessary for attaining any Condition or Milestone or could otherwise reasonably be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(iii) A change in, or discovery by Seller of, any legal or regulatory requirement which would reasonably be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(iv) Any material change in the Seller's schedule for initiating or completing any material aspect of Project;

(v) The status of any matter or issue identified as outstanding in any prior Quarterly Report and any material change in the Seller's proposed actions to remedy or overcome such matter or issue.

Seller shall complete, certify, and deliver this form Quarter Quarterly Progress Report to [____], together with all attachments and exhibits, with [3] copies of the Report delivered to [____] and [_____].

2.0 Executive Summary.

2.1 Major activities to be performed for each aspect of the Project during the current calendar quarter.

Please provide a brief summary of the Major¹ activities to be performed for each of the following aspects of the Project during the current calendar quarter:

- 2.1.1 Design
- 2.1.2 Engineering
- 2.1.3 Major Equipment procurement
- 2.1.4 Construction
- 2.1.5 Milestone report
- 2.1.6 Permitting (See Section 3.0)

2.2 Major activities scheduled to be performed in the previous calendar quarter but not completed as scheduled.

Please provide a brief summary of the Major activities which were scheduled to be performed in the previous calendar quarter and their status, including those activities that were not completed as scheduled:

- 2.2.1 Design
- 2.2.2 Engineering
- 2.2.3 Major Equipment procurement
- 2.2.4 Construction
- 2.2.5 Milestone report
- 2.2.6 Permitting

¹ For Purposes of this Report, “Major” shall mean any activity, event, or occurrence which may have a material adverse impact on the construction of the Facility or completion of the Project on a timely basis if such activity, event, or occurrence occurs or if such activity, event, or occurrence fails to occur as anticipated or scheduled, which material adverse impact includes, but is not limited to, Seller’s inability to achieve a Milestone Date.

3.0 Permitting.

The following describes each of the Major Governmental Approvals required for the construction of the Facility and the status of each:

3.1 State and/or federal Governmental Approvals.

Please describe each of the Major state and/or federal Governmental Approval (including the Permit to Construct issued by the San Diego County Air Pollution Control District) to be obtained by Seller (or EPC Contractor) and the status of each.

DESCRIPTION	STATUS

3.2 Local and/or county Governmental Approvals.

Please describe each of the Major local and/or county Governmental Approvals to be obtained by Seller and the status of each.

DESCRIPTION	STATUS

3.3 Permitting activities which occurred during the previous calendar quarter.

Please list all permitting activities which occurred during the previous calendar quarter.

3.4 Permitting activities occurring during the current calendar quarter.

Please list all permitting activities which are expected to occur during the current calendar quarter.

3.5 Permitting Notices received from EPC Contractor.

Please attach to this Quarterly Progress Report copies of any notices related to permitting activities received from EPC Contractor during the previous calendar quarter.

4.0 Design Activities.

4.1 Table of design schedule to be followed by Seller and its subcontractors.

The following table lists the design schedule to be followed by Seller and its subcontractors.

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE

4.2 Design activities to be performed during the current calendar quarter.

Please explain in detail the design activities which are expected to be performed during the current calendar quarter.

4.3 Table of design activities completed during the previous calendar quarter.

Please explain in detail the design activities which were completed during the previous calendar quarter.

5.0 Engineering Activities.

5.1 Table of engineering schedule to be followed by Seller and its subcontractors.

The following table lists the engineering schedule to be followed by Seller and its subcontractors:

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE

5.2 Engineering activities to be performed during the current calendar quarter.

Please explain in detail the engineering activities which are expected to be performed during the current calendar quarter.

5.3 Engineering activities completed during the previous calendar month.

Please explain in detail the engineering activities which were completed during the previous calendar quarter.

5.4 Three-month look-ahead engineering schedule.

Please provide a three-month look ahead engineering schedule.

6.0 Major Equipment Procurement.

6.1 Table of major equipment to be procured by Seller and its subcontractors.

The following table lists major equipment to be procured by Seller and its subcontractors:

EQUIPME NT DESCRIPT ION	MANUFACTU RER	MOD EL	CONTRAC TED DELIVERY DATE	ACTUAL DELIVER Y DATE	PROJECTE D INSTALLA TION DATE	ACTUAL INSTALLA TION DATE

6.2 Major Equipment procurement activities to be performed during the current calendar quarter.

Please explain in detail the major equipment procurement activities which are expected to be performed during the current calendar quarter.

6.3 Major Equipment procurement activities completed during the previous calendar quarter.

Please explain in detail the major equipment procurement activities which were completed during the previous calendar quarter.

7.0 Construction Activities.

7.1 Table of construction activities to be performed by Seller and its subcontractors.

The following tables lists construction activities to be performed by Seller and its subcontractors:

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE
Civil Progress			
Structural Progress			
[Steam] Generator Progress			
Piping Progress			
IC and Electrical Progress			
Subcontractor Progress			

7.2 Construction activities to be performed during the current calendar quarter.

Please explain in detail the construction activities which are expected to be performed during the current calendar quarter.

7.3 Construction activities completed during the previous calendar quarter.

Please explain in detail the construction activities which are expected to be performed during the previous calendar quarter.

7.4 EPC Contractor Monthly Progress Report.

Please attach a copy of the Monthly Progress Reports received during the previous calendar quarter from the EPC Contractor pursuant to the EPC Contract, certified by the EPC Contractor as being true and correct as of the date issued.

7.5 Three-month look-ahead construction schedule.

Please provide a three-month look ahead construction schedule.

8.0 Milestones.

8.1 Milestone schedule.

Please state the status and progress of each Milestone and identify any completed Milestone(s) for the previous calendar quarter.

8.2 Remedial Action Plan (applicable if Seller fails to achieve Milestone by the Milestone Date).

Please explain in detail each of the following aspects of Seller's remedial action plan:

8.2.1 Missed Milestone

8.2.2 Plans to achieve missed Milestone

8.2.3 Plans to achieve subsequent Milestone

8.2.4 Delays in engineering schedule

Please explain in detail any delays beyond the scheduled Milestone Dates stated in Section 5.1, any impact from the delays on the engineering schedule, and Seller's plans to remedy such impact.

8.2.5 Delays in Major Equipment procurement

Please explain in detail any delays beyond the contracted delivery date and/or the projected installation date stated in Section 6.1, any impact from the delays on Major Equipment procurement schedule, and Seller's plans to remedy such impact.

8.2.6 Delays in construction schedule

Please explain in detail any delays beyond the scheduled completion dates stated in Section 7.1, any impact from the delays on the construction schedule, and Seller's plans to remedy such impact.

9.0 Safety and Health Reports

9.1 Please list all accidents from the previous calendar quarter:

9.2 Any work stoppage from the previous calendar quarter:

9.3 Work stoppage impact on construction of the Facility:

I, _____, on behalf of and as an authorized representative of, do hereby certify that any and all information contained in the attached Seller's Quarterly Progress Report is true and accurate, and reflects, to the best of my knowledge, the current status of the construction of the Facility as of the date specified below.

By: _____

Name: _____

Title: _____

Date: _____

RPS Project Development Status Report			
Project Name			
Date			
Date of Latest Construction Progress Report from Counterparty:			
Project Owner/Counterparty:			
Technology:			
Capacity (MW):	Annual Energy (GWh/year):		
On-Line Date:	Term/Duration (years):		
Construction Start Date:	Point of Delivery:		
Location:			
Status At-A-Glance			
The below to be filled in w/ either: Completed, Acceptable, Unknown, or Concern. See Section B for a description of milestones. When the answer is "Concern" the milestone should be flagged with a notation number where additional detail is provided in Section A.			
Milestones	Status	Initial Completion Date	Projected Completion Date
Fuel/Resource Supply:			
Financing:			
Corporate Financing			
Project Financing			
Site Control (100%):			
Permitting:			
Engineering:			
Major Equipment Procurement:			
Construction:			
Startup Testing and Commissioning:			
Transmission:			
Transmission - Detail (see Section C)			
Dependent Transmission Upgrade(s):			
Scheduled Completion:			
Point of Interconnection:			
Early Interconnection:			
Gen-Tie Length:			
Gen-Tie Voltage:			
ISO Queue Position:			
Feasibility Study (FS):			
System Impact Study (SIS):			
Facilities Study (FAS):			
Remedial Action Plan:			
Additional Comments:			
Date of Preparation:			

APPENDIX C

LEAST COST BEST FIT (LCBF)
EVALUATION AND SELECTION PROCESS

I. Introduction

A. Note relevant language in statute and CPUC decisions approving LCBF process and requiring LCBF Reports

In accordance with Section 399.14 (a)(2)(B) of the Public Utilities Code, the Commission established in D.04-07-029 a process for evaluating “least-cost, best-fit” renewable resources for purposes of IOU compliance with RPS program requirements. In D.06-05-039, the Commission observed that “the RPS project evaluation and selection process within the LCBF framework cannot ultimately be reduced to mathematical models and rules that totally eliminate the use of judgment.”¹ It determined, however, that each IOU should provide an explanation of its “evaluation and selection model, its process, and its decision rationale with respect to each bid, both selected and rejected,” in the form of a report to be submitted with its short list of bids (the “LCBF Report”).² SDG&E’s LCBF Report is set forth below.

B. Goals of bid evaluation and selection criteria and processes

SDG&E’s goal is to achieve an overall resource portfolio comprised of 20% renewable resources by the year 2010. In order to account for potential contract failures, SDG&E has established a contingency requirement of 6%, resulting in a procurement target of 26%.

II. Bid Evaluation and Selection Criteria

A. Description of Criteria

Consistent with SDG&E’s 2008 Renewable Procurement Plan, SDG&E has no preferred resource or resource stack. Offers that met the 2008 RFO requirements will be evaluated on the basis of a least cost/best fit (“LCBF”) analysis. The following components of the LCBF analysis are discussed below:

- Market Valuation (the “All-In Price”)
- Portfolio Fit
- Credit and Collateral Requirements
- Project Viability
- Other Qualitative Factors

¹ D.06-05-039, *mimeo*, p. 42.

² *Id.* at p. 43. The Commission required the IOUs to file a preliminary version of their respective LCBF Reports in advance of their short-list submission date. (*See*, Scoping Memo and Ruling of Assigned Commissioner, dated August 21, 2006, Attachment A, pp. 14-15).

1. Market valuation (the “All-In Price”)

The All-In Price includes the following factors:

- i. Capacity and energy prices.
Both the offered capacity and energy prices are included in the All-In Price.
- ii. Time of use cost adjustment.
SDG&E established a time of use cost adjustment factor (“Bid Adjustment Factor”) to compensate for the pricing discrepancies between peaking and baseloaded projects in its least cost ranking. SDG&E calculates the Bid Adjustment Factor by multiplying the bidders’ expected time of delivery (“TOD”) profile MWh’s by SDG&E’s published TOD factors and then dividing the result by the bidder’s total annual MWh deliveries. Bid prices are then divided by the Bid Adjustment Factor resulting in prices equivalent to baseloaded prices. Baseloaded projects are assigned a Bid Adjustment Factor of 1.0 resulting in no price adjustments. Solar peaking facilities generally have a Bid Adjustment Factors higher than 1.0 resulting in lower levelized prices. Wind projects generally have Bid Adjustment Factors that are slightly less than 1.0 resulting in slightly higher levelized prices.
- iii. Transmission upgrade costs/credits (discussed at Section II(A)(4) below).
- iv. Resource Adequacy.
All bids will receive a Resource Adequacy (“RA”) adjustment to reflect the amount of additional RA capacity that is needed to equalize the RA value of the renewable offers which have an RA capacity that is less than 100% of nameplate capacity. SDG&E will use a value that is comparable to the capacity costs provided by offers with full RA capacity received in other RFO’s. The size of the RA adjustment for each renewable offer will be calculated in accordance with the methodology outlined by the CPUC for valuing the RA capacity of each resource type.
- v. Congestion cost adders.
Congestion costs will be developed using ABB’s Grid View model. The model provides hourly Locational Marginal Prices (“LMP”) for specific years for each of the bids. Congestion Costs (\$/MWh) will be calculated based on the difference between the hourly LMP at each generator’s injection point and the hourly LMP values for SDG&E’s Load Aggregation Point (“LAP”). The LMP values in the LAP will be weighted for all bus points within SDG&E’s service territory using approved CAISO allocation factors. SDG&E will subtract the LMPs for each generator’s injection point from the LMPs in SDG&E’s LAP and multiply the differences by the generator’s hourly production profile (MWh).
- vi. Duration equalization adders (“Begin Effects” and “End Effects”).

SDG&E will use Market Price Referent (“MPR”) proxies as market replacement costs to equalize bids of different starting periods and terms. SDG&E will calculate a 2008 MPR based on updated information (i.e. fuel costs, inflation rates) for a 10-year contract starting in January 2008. The levelized price will be de-escalated using an average rate of inflation. The de-escalated prices will be applied to all years prior to the beginning of each bid term for the Begin Effects. SDG&E will escalate the de-escalated prices to the end of the evaluation period and apply the values for each year after the bid terms for the End Effects. SDG&E will assume the same level of generation for each project as replacement energy during the Begin and End Effects. SDG&E will then levelize each bid from 2008 through the end of the evaluation period, putting all projects on equal terms.

vii. Debt equivalence adders (if applicable).

Using annual contract costs and MWh for each bid, SDG&E performs a debt equivalence calculation for each contract using the following methodology:

1. Assume 90% of the annual contract payments equal the capacity payment in each year.
2. In year one of the contract, discount the capacity payments in each year with a discount rate equal to 7% to determine the net present value (“NPV”) of the remaining capacity payments.
3. In subsequent years, discount the remaining capacity payment using the same calculation.
4. Multiply the NPV of the capacity payments by the CPUC adopted risk factor of 20%.

SDG&E then performs a calculation to rebalance SDG&E's capital structure to the authorized structure, by increasing equity by 49% (the equity component of the capital structure currently authorized by the CPUC) of the debt equivalence amount, and retiring an equal amount of debt. The associated revenue requirement is equal to the authorized equity percentage (currently 49%) of the debt equivalence amount multiplied by ((authorized return on equity * net to gross tax multiplier) – cost of debt to be offset and/or retired). SDG&E then calculates the NPV of the annual revenue requirements, determines a levelized annual payment amount over the analysis period, and divides by annual contract MWh to determine the cost adder.

2. Portfolio fit

SDG&E's Long Term Resource Plan stated that SDG&E does not have a preference for a particular product or technology type and that SDG&E has latitude in the resources that it selects. SDG&E does not, therefore, intend to select projects based on a pre-determined preference for the product type or technology type. However, time of delivery factors and resource adequacy adjustment are evaluated to determine the impact to SDG&E's portfolio. However, time of delivery factors and resource adequacy adjustments are included in the economic comparison of options, in order to ensure the least-cost best-fit selections for the portfolio.

3. Credit and collateral requirements

Each 2008 RFO respondent will be required to complete, execute and submit a credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. However, SDG&E does not analyze credit worthiness as part of its bid evaluation process.

4. Project Viability

SDG&E recognizes that in the overwhelming majority of cases bidders do not make significant expenditures on a project until a firm source of project revenues is secured, namely a PPA approved by the CPUC. Bidders often will not complete necessary development activities, such as definitive resource assessment, land acquisition, permitting, engineering, etc., until the CPUC approves the project. As a result, SDG&E must rely heavily on the reputation of the bidder and his development plan, as opposed to the completion of the necessary development activities, prior to selecting the bidder for the shortlist or signing the PPA. SDG&E has experience with relatively inexperienced developers who have successfully completed projects in a timely manner. Conversely, SDG&E is aware of projects sponsored by experienced and well capitalized developers that were not completed for various reasons.

During the shortlisting and negotiation process, SDG&E considers the bidder's plans and the likelihood that the project will receive financing. As project financing requires the completion of all development activities, the issuance of all permits and approvals, the execution of all necessary contracts and the existence of necessary legislation (e.g., PTC), it serves as a key indicator of a project's success.

At all times, SDG&E is mindful of the conditions precedent and milestones included in each PPA because they reflect the nature of the project, as well as development, financing and construction progress. Moreover, SDG&E requires the counterparty to submit detailed status reports each quarter. These reports include comprehensive information regarding project viability.

To the extent possible, SDG&E considers the following aspects of project viability during its shortlisting process:

- Project Status – SDG&E reviews and considers the description of plans, schedules and status of design, engineering, procurement, permitting, construction and other milestones.
- Transmission Availability – SDG&E examines the viability of necessary gen-ties and transmission system upgrades from cost, permitting and scheduling standpoints.
- Technology – As SDG&E views the RPS program as an opportunity to commercialize promising technologies, whether they are new technologies or enhancements of previously commercialized technologies, SDG&E assesses the technical viability based on available information and tracked manufacturing, procurement, installation, operations and maintenance and warranty activities.
- Developer Experience – SDG&E evaluates not only each bidder’s track record, but also their development plans and any potential competitive advantage each developer may have.
- Transmission Cost Adders

For offers for new projects or projects proposing to increase the size of existing facilities, SDG&E calculates costs for transmission network upgrades or additions, using the information provided through:

- i. Transmission Cost Ranking Reports (“TRCR”) approved by the CPUC and provided by the bid respondent; or
- ii. Transmission upgrade costs from a CAISO-approved completed System Impact Study for respondents that have completed such study for their proposed projects and are in the CAISO queue.

SDG&E anticipates that some bid respondents will fail to participate in a TRCR and will not provide a CAISO approved System Impact Study. SDG&E intends to consider these bids to be non-conforming. However, in order to determine whether the bid’s All-In Price could provide a benefit to ratepayers, SDG&E will use TRCR’s to estimate transmission costs for these projects. SDG&E will impute costs for these projects *only if* the total MW’s in the applicable TRCR cluster could accommodate the non-conforming offer. Projects that cannot not be evaluated for transmission cost adders will not be considered in the LCBF analysis.

SDG&E assigns a transmission cost adder of zero dollars (\$0) to projects proposing to interconnect to the distribution system because all such costs are attributable to the developer.

5. Other Qualitative Factors

SDG&E also may consider the following qualitative factors to differentiate offers with similar costs (in no particular order of preference):

- Location
- Benefits to minority and low income areas
- Resource diversity
- Environmental stewardship, which may include the environmental impacts of Respondent' proposed facility on California's water quality, use, and water resource management consistent with the CPUC's Water Action Plan, adopted December 15, 2005.

6. Impact of quantitative factors on the LCBF ranking process

The quantitative factors described in II(A)(1) (Market Evaluation) above, establish the ranking of each bid from lowest to highest All-In Price. In addition, SDG&E uses the size of potential Supplemental Energy Payments (SEP) as a quantitative factor in the selection of its shortlist. SDG&E anticipates a limited pool of funds to cover the above market cost of renewable energy contracts. SDG&E estimates the approximate amount of SEPs that would be available each year and uses that amount in ranking the bids for the shortlist.

B. Criteria Weightings

1. **If a weighting system is used, please describe how each LCBF component is assigned a quantitative weighting. Discuss the rationale for the weightings.**

SDG&E does not use a weighting system in its LCBF process.

2. **If a weighting system is not used, please describe how the LCBF evaluation criteria are used to rank bids.**

Bids are ranked using the quantitative factors described in Section II(A)(1) (Market Valuation) above. SDG&E then may consider qualitative factors, such as portfolio fit and project viability to differentiate bids with a similar All-In Price. This method makes it less likely that subjective bias will impact the ranking of a particular project.

3. **Discuss how the IOU LCBF methodology evaluates project commercial operation date relative to transmission upgrades required for the project.**

SDG&E compares the commercial operation date of each project with the date of the TRCR or CAISO study from which their costs were derived to make sure

that the commercial operation date occurs within the time frame contemplated by the TRCR or CAISO study.

4. **Discuss how the LCBF methodology takes into account bids that may be more expensive, but have a high likelihood of resulting in viable projects.**

SDG&E shortlists twice its estimated need, thus allowing for the possibility that a more expensive project could be more viable than a less expensive project. As described in Section II(A)(4) (Project Viability), since most bidders will not undertake many development activities until they have a CPUC-approved PPA in hand, SDG&E must rely on the reputation of the bidder and development plans in order to evaluate project viability. However, this approach is subjective at best, since SDG&E has experience with inexperienced developers who have successfully completed projects on time. Conversely, SDG&E is aware of projects sponsored by experienced and well capitalized developers that were not completed for various reasons.

C. Evaluation of utility-owned, turnkey, buyouts, and utility-affiliate projects

1. **Describe how utility-owned projects are evaluated against PPAs**

SDG&E's Processing Team (described below in Section III(A)) masks utility-owned projects so the Evaluation Team cannot distinguish between utility-owned and non-utility-owned projects. Using this process, utility-owned projects are evaluated using the same method as non-utility-owned turnkey projects (described below).

2. **Describe how turnkey projects are evaluated against PPAs**

SDG&E incorporates the turnkey cost, book and tax depreciation information into its cost of service model along with operating cost assumptions gathered from industry sources, relevant tax credit information (if applicable) and SDG&E's authorized rate of return plus a 0.5%-1.0% premium as may be allowed by the CPUC. The resulting calculation is then compared to the cost of a twenty-year PPA priced at the relevant MPR, including debt equivalence.

3. **Describe how buyout projects are evaluated against PPAs**

SDG&E incorporates the buyout price, book and tax depreciation information into its cost of service model along with operating cost assumptions gathered from industry sources, relevant tax credit information (if applicable) and SDG&E's authorized rate of return plus a 0.5%-1.0% premium as may be allowed by the CPUC. The resulting calculation is then added to the cost of the PPA at the bid price from the proposed in-service date to the date of the buyout, including debt equivalence. This sum is then compared to the cost of a twenty-year PPA priced at the relevant MPR, including debt equivalence.

4. **Describe how utility-affiliate projects are evaluated against non-affiliate projects**

SDG&E's Processing Team (described below in Section III(A)) masks affiliate bids so the Evaluation Team cannot distinguish between affiliate bids and non-affiliate bids. Using this process, affiliate projects are evaluated using the same method as non-affiliate projects.

III. Bid Evaluation and Selection Process

A. What is the process by which bids are received and evaluated, selected or rejected for shortlist inclusion, and further evaluated once on the shortlist?

Each offer received by SDG&E is typically reviewed by two teams, the Processing Team (“PT”) and the Evaluation Team (“ET”). The PT collects and documents all offers received by the bid due date. The specific tasks performed by the PT are set forth below.

On the Due Date:

1. Save offers and all incoming documents to a restricted, secured server.
2. Block website from accepting offers after the closing deadline.
3. Document each offer received in an Excel spreadsheet summarizing key characteristics such as: respondent name, alternative type, offer number, technology, price, type of facility, product type (as available, unit firm, peaking, or baseload), offer amounts (MW), contract terms (10 year, 15 year, 20 year), etc.
4. Review each of the offers to determine whether any offers have been received from a Sempra affiliate entity. In the event a bidder response is received from a Sempra affiliate entity, PT redacts all respondent distinguishing information in advance of forwarding all offers to the ET for analysis.
5. File hardcopies of each bid in fireproof, locked cabinets.
6. Follow-up with respondents who have not submitted hardcopies.
7. Verify that hardcopies are identical to the offers received electronically.
8. Place the forms and documents (including any masked affiliate bids) in a server for the ET to access.
9. The ET reviews the bids and performs the market valuation described above. Any requests for clarification must be channeled through the PT. ET members are prohibited from contacting any bidder before the short list is established.

B. What is the typical amount of time required for each part of the process?

The duration of the processing period is typically two weeks. The duration of the evaluation period is typically six to eight weeks.

C. How is the size of the shortlist determined?

The size of the shortlist is based upon twice SDG&E’s estimated need. Need will be estimated by using a probabilistic assessment of the success of projects under contract and in negotiations.

D. Are rejected bidders told why they were rejected? If so, what is the process?

SDG&E sends letters to rejected bidders once it has received conformation that shortlisted bidders have accepted their status on the shortlist.

E. Describe involvement of the Independent Evaluator

SDG&E holds weekly meetings with its ET and its Independent Evaluator (“IE”) to discuss the progress of the bid processing and evaluation. The IE provides feedback on every aspect of the RFO process, from the manner in which the bids are collected to the manner in which the evaluation criteria is applied to select a short list.

F. Describe involvement of the Procurement Review Group

SDG&E will brief its PRG during the course of RFO planning, bid review, and during the LCBF analysis. SDG&E will present the initial results of its bid evaluation process to its PRG for review before submitting its shortlist to the CPUC.

G. Discuss whether and how feedback on the solicitation process is requested from bidders (both successful and unsuccessful) after the solicitation is complete.

Although SDG&E does not specifically request feedback regarding the solicitation process, bidders are welcome to, and typically do, provide feedback by telephone or email. SDG&E's RFO inbox remains accessible to bidders even after the solicitation is closed.

APPENDIX D

2008 RPS PROCUREMENT PLAN
2003-2013

APPENDIX E

IMPORTANT CHANGES FROM 2004 THROUGH 2008

RPS Procurement Plan Changes

Type of Solicitations Held	2004	2005	2006	2007	2008
Ownership	<p>Included only one solicitation, which sought renewable bids from re-powered, upgraded or new renewable energy facilities offering unit firm or as-available products pursuant to two alternative types of agreements: (1) power purchase agreement with SDG&E buyout options; and (2) turnkey acquisition agreement.</p>	<p>Included two separate solicitations: (1) the Distributed Renewable Technologies RFO (the Distributed RFO) and (2) the All-Source RFO. The Distributed RFO solicited offers for from PV and stand-alone wind turbine developers to develop projects on land owned by SDG&E. The All-Source RFO solicited capacity and energy services from re-powered, upgraded or new renewable energy facilities offering unit firm or as-available products.</p>	<p>Included only one solicitation as opposed to the two solicitations held in 2005. The 2006 RFO solicited capacity and energy services from re-powered, upgraded or new renewable energy facilities offering unit firm or as-available products. Identified Resource Adequacy attributes as part of the product being offered to SDG&E</p>	<p>Included procurement of renewable resources from all source non-RPS RFO's</p>	<p>Emphasized the need to solicit short term agreements with terms from 1-9 years.</p>
	<p>Indicated that the solicitation would seek offers to provide SDG&E an option to assume ownership of new wind energy or solar photovoltaic renewable projects.</p>	<p>Indicated that its Distributed RFO would seek offers from PV and stand-alone wind turbine developers to develop projects on land owned by SDG&E. Pursuant to the Distributed Renewable Technologies RFO, SDG&E would consider ownership options for the PV projects and would require that respondents proposing wind units</p>		<p>Added consideration for SDG&E to build its own renewable generation by 2010</p>	

		<p>to install and convey the units to SDG&E on a turnkey basis. Requested section 851 limited exemption for installation of distributed renewable energy on SDG&E facilities</p>			
<p>Preference for In-Basin Projects</p>	<p>Indicated that SDG&E's solicitation would demonstrate a preference for projects located in our service area.</p>				
<p>Bid Evaluation</p>		<p>Because of transmission restraints, the 2005 RFO prohibited bids from certain areas of SDG&E's territory until SDG&E had developed a plan for accessing such resources.</p>	<p>The RFO solicited bids from anywhere in California, but indicated that the evaluation of such bids would include an analysis of the impact of congestion and transmission upgrade costs. The 2006 bid evaluation process also considered the value of the following new concepts: (1) offers that included curtailment possibilities; and (2) remarketing of renewable energy to other entities. (3) Resource Adequacy</p>	<p>Added Appendix C – SDG&E 2007 RPS RFO Processing and Evaluation</p>	<p>Added integration cost as part of the LCBF analysis</p>
<p>Independent Evaluator</p>			<p>SDG&E utilized the services of an Independent Evaluator (IE) for the 2006 RFO process. The 2006 Plan set forth SDG&E's intent to utilize the services of an Independent Evaluator (IE) for the 2006 RFO process</p>		

			and to include the IE's report with its advice letter fillings seeking Commission approval of any contracts resulting from such RFO process.		
Bilateral Negotiations		Indicated that SDG&E anticipated that it would seek approval for bilateral contracts during the 2006 bid cycle. SDG&E also required that bilateral projects be cost-effective when compared to past projects.	Indicated that SDG&E had not yet engaged in unsolicited offers and intended to encourage them to bid into later RFO. However, in 2005 SDG&E did indicate that it expected to utilize bilateral negotiations in future years as it continued to move aggressively toward the 20% goal.	Indicated the need for bilateral agreements to achieve 20% by 2010	
Procurement			Included procurement plan by resource type to achieve 20% in 2010	Added comments on procuring beyond 2010 to replace expired contracts	Added comments to over procure 24%-26% in order to provide a margin of safety in the event of failed contracts.
Flexible Compliance Mechanisms	Indicates the use of bilateral agreements and the ability to bank procurement in excess of the APT	Added table identifying banked procurement and supports the use of unbundled RECs		Added the ability to borrow from the banked procurement to make up for procurement shortfalls.	Added the ability to earmark contracts, carry forward shortfalls for 3 years, utilize unbundled RECs, and the ability to carry forward without limit any shortfall that is created by a) the failure of a developer to perform under contract, and b) any shortfall that resulted from a delay caused by the lack of transmission. Indicated the urgency for the

					<p>commission to establish flexible compliance rules for 2010 and encouraged workshops to identify other flexible compliance mechanisms.</p>
Compliance APT/IPT/GHG		<p>Added compliance with APT</p>	<p>Included IPT as part of compliance</p>	<p>Added consideration of applying renewable attribute for compliance with GHG emission performance</p>	
Transmission/congestion		<p>Identified potential transmission constraints within SDG&Es service territory.</p>	<p>Identified transmission constraints in east San Diego, Imperial Valley, and Tehachapi, that may have an impact on congestion.</p>		<p>Identified the need for the Sunrise Powrlink transmission line to be completed to enable renewable projects located in Imperial Valley, east San Diego county and northern Mexico to deliver to the California grid. Also, identified the transmission delay affecting the Pacific Wind project located in Tehachapi.</p>
Lessons Learned		<p>Identified i) the high cost of transmission to access renewables, ii) appearance of a sellers market, iii) need for new transmission and a REC trading program in order to achieve 20% by 2010</p>			<p>Identified problems with the TRCR process and recommended performing the transmission analysis on actual bids received in the RFO.</p>
Curtailment			<p>Included Terms in RFO allowing curtailment</p>		
Qualitative Factors			<p>Identified specific</p>		

Available Renewable Resources			<p>qualitative factors including Environmental Stewardship</p> <p>Identified the wind and biomass potential in San Diego County, Imperial Valley, and Tehachapi.</p>		<p>Identified resources located in the La Rumorosa area of Mexico</p>
Impediments to Reaching 20% by 2010				<p>Added impediments, which include transmission, restrictive FIN 46 rules, and debt equivalence</p>	<p>Identified the need for the Sunrise Powerlink and indicated that without this transmission line it is highly unlikely that SDG&E will achieve 20% by 2010.</p>
Delivery Point/CAISO Market Redesign	<p>Required bids to deliver to SP15</p>	<p>Expanded delivery to any CAISO delivery point</p>	<p>Expanded delivery to any point in California, but added that resources located outside the CAISO must have the ability to deliver to a CAISO point. Also, added the following requirement: For the PPA and during the PPA term of Alternative II, assuming the CAISO implements it Market Redesign Technology Upgrade (MRTU), the delivery point will be SDG&E's Load Aggregation Point or trading hub as defined by the CAISO as most closely representing SDG&E's bundled customer load. Any Locational Margin</p>		

RFO Changes

	2004	2005	2006	2007	2008
FIN 46		Added FIN 46 requirements.		Refined FIN 46 language as a result of negotiation experience.	
Development Specifications	SDG&E required that turnkey or PPA/Buyout photovoltaic and wind facilities be developed in conformance with provided specifications.	Only wind facilities were subject to development specification requirements.			Removed wind facility specs and ask bidder to provide.
Transmission Upgrade Costs		Added the requirement of TRCR participation or completed System Impact Study and description of transmission upgrade costs (in addition to interconnection costs).		Required bidders to identify the applicable TRCR cluster to which the project will interconnect in order to help SDG&E evaluate transmission upgrade costs.	
RMR Credit	Evaluation process credited local projects for their RMR value.	Evaluation process did not credit local projects for their RMR value.			
Confidentiality		Modified confidentiality provisions to clarify that SDG&E has the right to share bid information with SDG&E personnel on a "need to know" basis, or if required to share such information pursuant to any court process.		Added Contractors, Consultants and the Independent Evaluator to the list of parties with whom SDG&E may disclose confidential information.	
Pricing		Bidders providing baseload resources must provide pricing that reflects time of delivery.	Added the following pricing requirement: If energy will be delivered across the network of an entity		

	2004	2005	2006	2007	2008
			<p>not in the CAISO control area, the Respondent shall separately state its expected costs of obtaining such transmission service in its offer and shall include this cost in its offer price. Assuming the CAISO implements it Market Redesign Technology Upgrade (MRTU) as discussed in Section 7 "Resource Criteria", the Respondent shall also provide a line item cost or benefit in their offer assuming the energy is delivered to SDG&E's Load Aggregation Point instead of the point of interconnection with the CAISO grid.</p>		
Bid Evaluation		<p>Bids from the 2005 RPS RFO were evaluated along with bids from the Distributed Renewable Technologies RFO in accordance with CPUC direction and criteria established for the RPS Program. In all other years, SDG&E held only one renewable RFO per year.</p>			
Credit/Security			<p>Added the requirement that Shortlisted bidders provide a Project Development Fee</p>		

	2004	2005	2006	2007	2008
Pre-Bid Conference			<p>equal to \$3.00 per kW of Nameplate Capacity up to a maximum of \$100,000.</p> <p>No pre-bid conference was held for the 2006 RFO.</p>	SDG&E reinstated the pre-bidders conference based on feedback from bidders.	
Resource Adequacy			Offers must comply with Resource Adequacy (RA) requirements. SDG&E to retain rights to RA.		
Delivery Point	Required bids to deliver to SP15	Expanded delivery to any CAISO delivery point	<p>Expanded delivery to any point in California, but added that resources located outside the CAISO must have the ability to deliver to a CAISO point. Also, added the following requirement: For the PPA and during the PPA term of Alternative II, assuming the CAISO implements it Market Redesign Technology Upgrade (MRTU), the delivery point will be SDG&E's Load Aggregation Point or trading hub as defined by the CAISO as most closely representing SDG&E's bundled customer load. Any Locational Margin Price (LMP) benefit or cost will be the responsibility of the Respondent.</p>		

	2004	2005	2006	2007	2008
Ownership	Ownership limited to Solar PV and Wind located in SDG&E service territory and Geothermal located in Imperial Valley.	Expanded ownership to all renewable technology located in San Diego County or Imperial Valley.	SDG&E indicated that it would exercise any buyout option in year 4 and pay for it in year 5.	SDG&E indicated that it would exercise any buyout option in year 9 and pay for it in year 10 in order to allow sellers to fully capture PTC and SEP benefits over 10 years.	
Contract Term					Propose shorter contract terms of 1-9 years.

Comparison of 2004, 2005 and 2006 Model Documents

* A description of changes made to 2007 and 2008 Model Documents is provided at the end of this document.

Contract Section Reference	Original from 2004	New for 2005	New for 2006
EEI Cover			
Article One (b) Definitions Section 1.23 Force Majeure	<p>The following language was deleted:</p> <p>“mechanical breakdown or electrical equipment or failure of any machinery or operation, design, or maintenance of such machinery or equipment in a manner that is inconsistent with Good Utility Practice”</p>	<p>This section was revised to read: “breakage or malfunction of equipment (except to the extent that such failure was caused by an event that would otherwise satisfy the definition of a Force Majeure event as defined above)”</p> <p>Purpose for change from 2004: Force Majeure excuse relating to equipment failure limited.</p>	<p>Subitem (d) was added to this section defining “Force Majeure” for 2006 as follows:</p> <p>(d) Seller’s failure to obtain additional funds, including funds authorized by a state or the federal government or agencies thereof, to supplement the payments made by Buyer pursuant to this Agreement</p> <p>Purpose for change from 2005: Clarifies that a failure to receive governmental funds, like SEPs, are not considered a Force Majeure.</p>
Article Three (a) Obligations and Deliveries Section 3.1 Seller’s and Buyer’s Obligations	<p>The last sentence of this section was added to as follows:</p> <p>“except that Seller shall be responsible for the costs and/or charges necessary to schedule and deliver Output to the Delivery Point including (i) imbalance, (ii) electrical transmission losses (iii) and inter-zonal congestion.”</p>	<p>This section was deleted in its entirety.</p> <p>Purpose for change from 2004: The cost responsibility language was moved and specified elsewhere.</p>	
Article Three (b) Section 3.3 Force Majeure	<p>The last two paragraphs were added to this section as follows:</p> <p>“After the Commercial Operation Date, this Agreement may be terminated by the non-Claiming party with no further obligation to either party if a Force Majeure event prevents the performance of a material portion of the</p>	<p>The second to last paragraph in this section was revised to read as follows:</p> <p>“Before and after the date of Commercial Operation, this Agreement may be terminated by the non-Claiming party with no further obligation to either party if a Force Majeure event prevents the performance of a material</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
	<p>obligations hereunder and such Force Majeure is not resolved within eight (8) months after the notice given above.”</p> <p>“In the event that the Federal Energy Regulatory Commission or its successor imposes obligations or restrictions due to standard market design restructuring that directly or indirectly alter the relative economic positions of the Parties hereunder in a material detrimental way, then a Party so affected may, by written notice to the other Party, require that the Parties meet promptly to discuss in good faith whether the Transaction can be modified so as to re-impose the relative economic positions of the Parties held hereunder prior to such governmental action. Such notice shall describe the action taken, and shall provide reasonable particulars as to the manner and extent to which the economic position of the Party giving notice has been affected adversely. The Parties shall meet thereafter as soon as mutually convenient, using all commercially reasonable efforts during the thirty (30) day period following the initial meeting to consider appropriate changes to the Transaction. In the event that the Parties are unable to agree upon the modifications necessary to restore the relative economic balance between them by the end of such period, the affected party may terminate the Transaction under this Section 3.3 –Force Majeure.”</p>	<p>portion of the obligations hereunder and such Force Majeure is not resolved within eight (8) months after the notice given above.”</p> <p>Purpose for change from 2004: So that this Force Majeure termination right was also made applicable to the construction period.</p>	
<p>Article Three (c) Section 3.4 Environmental Attributes</p> <p>204459.v1</p>	<p>This section was set forth as follows:</p> <p>“Seller hereby provides and conveys all Environmental Attributes from the Unit(s) to Buyer as part of the Product being delivered,</p>	<p>This section has been removed in its entirety.</p> <p>Purpose for change from 2004: The provision moved to Confirm.</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
	<p>as such term is described in the applicable Transaction confirmation for the period set forth in such confirmation. Seller represents and warrants that Seller holds the rights to all Environmental Attributes from the Unit(s), and Seller agrees to convey and hereby conveys all such Environmental Attributes to Buyer as included in the delivery of the Product from the Unit(s).”</p>		
<p>Article Three (d) Section 3.5 Delivery Point</p>	<p>This new section was added as follows: “In the event the current definition of the Delivery Point set forth in the Transaction is modified by the CAISO or a successor control area operator/regional transmission operator, deliveries of Output by Seller shall continue but will be divided among the replacement nodes based on the proportion of former zonal retail load, regardless of supplier, that is located in each replacement zone or node, or as mutually agreed to by the Parties.”</p>	<p>This section has been removed in its entirety. Purpose of change from 2004: The concept of delivery point changes are addressed in Confirm instead.</p>	
<p>Article Ten (g) Publicity</p>	<p>“10.13 Publicity. No announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed.”</p>	<p>This section was changed as follows: “10.13 Publicity. Except as otherwise agreed to above in Sections 10.11 and 10.12, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed.”</p> <p>Purpose of change from 2005: This was a clarifying change so that this provision for publicity didn’t contradict the confidentiality provision.</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Section 8.2 Party B Credit Protection		<p>(a) Financial Information:</p> <p><input type="checkbox"/> <u>Option A</u></p> <p><input type="checkbox"/> <u>Option B</u> Specify:</p> <p><input checked="" type="checkbox"/> <u>Option C</u> Specify: <u>Unaudited Financial Statements</u></p>	<p>(a) Financial Information:</p> <p><input type="checkbox"/> Option A</p> <p><input type="checkbox"/> Option B Specify:</p> <p><input checked="" type="checkbox"/> Option C Specify: <u>Unaudited Financial Statements as attested to by an Officer of Party A</u></p> <p>Purpose for change from 2005: New requirement that financials are attested to by an officer in instances where they are not audited.</p>
Article One. General Definitions, Item (a)(6)	N/A	<p>Section 1.28 “Losses” shall be deleted in its entirety and replaced with the following:</p> <p>“Losses” means with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include the value of Environmental Attributes.</p>	<p>This section was revised for 2006 as follows:</p> <p>Section 1.28 “Losses” shall be deleted in its entirety and replaced with the following:</p> <p>“Losses” means with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of the applicable</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
			<p>Transaction and include the value of Resource Adequacy and Environmental Attributes.</p> <p>Purpose of change from 2005: Adds the value of resource adequacy to the determination of damages.</p>
Article One. General Definitions, Item (a)(14)	N/A	New for 2006	<p>The following section was added for 2006 as follows:</p> <p>Section 1.65 is added as follows:</p> <p>“Capacity Attributes” means any current or future defined characteristic, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific as to the location or any other attribute of the Facility, intended to value any aspect of the capacity of the Facility to produce Energy or ancillary services, including but not limited to any accounting construct so that the full Contract Capacity of the Facility may be counted toward a Resource Adequacy Requirement or any other measure by the CPUC, the CAISO, the FERC, or any other entity invested with the authority under federal or state law, to require Buyer to procure, or to procure at Buyer’s expense, Resource Adequacy or other such products.</p> <p>Purpose for change from 2005: Adds a definition of Capacity Attributes relating to new resource adequacy requirements.</p>
Article One. General Definitions, Item (a)(19)		New for 2006.	<p>Section 1.70 is added as follows:</p> <p>“Resource Adequacy” means the procurement obligation of load serving entities, including Buyer, as such obligations are described in CPUC D.04-10-035 and D.05-10-042 and subsequent CPUC decisions</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
			<p>addressing Resource Adequacy issues, as those obligations may be altered from time to time in the CPUC Resource Adequacy Rulemaking (R.)04-04-003 and (R.)05-12-013 or by any successor proceeding, and all other Resource Adequacy obligations established by any other entity, including the CAISO.</p> <p>Purpose for change from 2005: Added definition for new resource adequacy requirements.</p>
Article Three: Obligations and Deliveries, Item (c)		New for 2005	<p>Resource Adequacy. Add the following new Section 3.4:</p> <p>“During the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all of the Contract Capacity, including Capacity Attributes, from the Facility to enable Buyer to meet its Resource Adequacy or successor program requirements, as the CPUC, CAISO or other regional entity may prescribe (“Resource Adequacy Requirements”). Seller understands that the CPUC is currently in the process of developing requirements for Resource Adequacy and these requirements and the implementation thereof have not been finalized. Seller agrees that during the Delivery Term Seller shall, at a minimum, comply with the terms set forth in <u>Exhibit D</u> to enable Buyer to use all of the capacity, including Capacity Attributes, to be committed by Seller to Buyer pursuant to this Agreement to meet Buyer’s Resource Adequacy Requirements.</p> <p>Purpose for change from 2005: Add a Seller requirement that the product sold during the term includes resource adequacy.</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Article Three: Obligations and Deliveries, Item (d)		New for 2006	<p><u>Climate Action Registry</u>. The parties agree to add the following new Section 3.5:</p> <p>“Seller shall register the Facility with the California Climate Action Registry as may be required by the CPUC pursuant to Decision 06-02-032 and any subsequent order, but in any event, no later than the date of Commercial Operation.”</p> <p>Purpose for change from 2005: Adds a new requirement for Seller to register with the California Climate Action Registry.</p>
Article Three: Obligations and Deliveries, Item (e)		New for 2005	<p><u>WREGIS</u>. The parties agree to add the following new Section 3.6:</p> <p>“Prior to the date of Commercial Operation, Seller shall register the Facility in the Western Renewable Energy Generating Information System or any successor renewable energy tracking program (“WREGIS”), and take all other action necessary to ensure that the Energy and Environmental Attributes produced from the Facility are tracked for purposes of satisfying the requirements of the California Renewable Portfolio Standard. In the event that WREGIS is not in operation as of the date of Commercial Operation, Seller shall perform its obligations as required per this subsection, as soon as WREGIS is in operation.”</p> <p>Purpose of change from 2005: Language related to market redesign deleted and concept is now a part of the delivery period language, is SP-15 is the designated delivery point instead of a specific point on the grid, i.e. the meter location.</p> <p>Adds a requirement that Seller register to</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Article Eight: Credit and Collateral Requirements, Item (d)		<p>If the parties elect as being applicable on the Cover Sheet, the following new Section 8.4 shall be added:</p> <p>“8.4 To secure its obligations under this Agreement, in addition to satisfying any credit terms pursuant to the terms of Section [8.1 or 8.2] to the extent marked applicable, Seller agrees to deliver to Buyer (the “Secured Party”) within thirty (30) days of the date on which all of the conditions precedent set forth in Section ___ are either satisfied or waived, and Seller shall maintain in full force and effect (a) until the Commercial Operation date a [INSERT TYPE OF COLLATERAL] in the amount of \$ _____, the form of which shall be determined in [the sole discretion of] [or] [by] Buyer and (b) from the Commercial Operation date until the end of the Term [INSERT TYPE OF COLLATERAL] in the amount of \$ _____, the form of which shall be determined in the sole discretion of the Buyer. Any such security shall not be deemed a limitation of damages.”</p> <p>[NOTE: if the Letter of Credit is issued, the following language must be inserted:</p> <p>All Letters of Credit shall be subject to the following provisions:</p>	<p>participate in WREGIS for REC tag tracking purposes.</p> <p>The first sections (prior to (a)) have been revised for 2006 as follows:</p> <p>If the parties elect as being applicable on the Cover Sheet, the following new Section 8.4 shall be added:</p> <p>“8.4 To secure its obligations under this Agreement, in addition to satisfying any credit terms pursuant to the terms of Section 8.2 to the extent marked applicable, Seller agrees to deliver to Buyer (the “Secured Party”) (a) on or before the Effective Date and until Seller posts security required pursuant to subpart (b) a [INSERT TYPE OF COLLATERAL] in the amount of [\$ _____], the form of which shall be determined in the sole discretion of Buyer; (b) within thirty (30) days of the date on which all of the conditions precedent set forth in Section 1.0 of the Confirmation are either satisfied or waived, and Seller shall maintain in full force and effect until the Commercial Operation date a [INSERT TYPE OF COLLATERAL] in the amount of of [\$ _____], the form of which shall be determined in the sole discretion of Buyer; and (c) from the Commercial Operation date until the end of the Term [INSERT TYPE OF COLLATERAL] in the amount of [\$ _____], the form of which shall be determined in the sole discretion of the Buyer.</p> <p>Purpose of change from 2005: Adds a requirement to post a bid fee as security prior to all of the condition precedents being</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
			<p>satisfied or waived.</p> <p>Except as expressly provided elsewhere in this Agreement, the security posted under this Section 8.4 shall not be deemed a limitation of damages. Buyer shall return the unused portion of security posted under 8.4(a) to Seller promptly after termination of the Agreement by a Party because a condition precedent has not been satisfied or waived by its deadline as set forth in Section 1.0 of the Confirmation. Buyer shall return the unused portion of security posted under 8.4(c) to Seller promptly after the following have occurred: (a) the Term of the Agreement has ended; and (b) all payment obligations of the Seller arising under this Agreement, including compensation for Penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting).</p> <p>Purpose of change from 2005: Explains the terms for returning collateral.</p> <p>When cash is posted as security: Buyer shall pay interest on cash held as security at the Collateral Interest Rate. On or before each Interest Payment Date, Buyer shall transfer the Interest Amount due to Seller for such security in the form of cash by wire transfer to the bank account specified under “Wire Transfer” in the Cover Sheet.</p> <p>“Collateral Interest Rate” shall mean the rate per annum equal to the “Monthly” Commercial Paper rate (Prime, 3 months) published the prior month in the Federal</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
			<p>Reserve Statistical Release, or its successor publication.</p> <p>“Interest Payment Date” shall mean the last Business Day of each calendar year.</p> <p>“Interest Amount” shall mean, with respect to an Interest Period, the amount of interest derived from: (w) the sum of (i) the principal amount of security in the form of cash held by Buyer during that Interest Period, and (ii) the sum of all accrued and unpaid Interest Amounts accumulated prior to such Interest Period; multiplied by (x) the Collateral Interest Rate in effect on the first day of the Interest Period; multiplied by (y) the number of days in that Interest Period; (z) divided by 360.</p> <p>“Interest Period” means the monthly period beginning on the first day of each calendar month and ending on the last day of each month.</p> <p>Purpose of change from 2005: Adds terms to address cash as the posted security.</p> <p>When Letters of Credit are posted as security: all Letters of Credit shall be subject to the following provisions:</p>
Article Ten: Miscellaneous, Item (b)		New for 2006	<p>Section 10.2(xiv) is added for 2006 as follows:</p> <p>Section 10.2(xiv) shall be added as follows:</p> <p>“Seller covenants throughout the Delivery Term that it will take no action or permit any other person or entity (other than Buyer) to</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
			<p>take any action that would impair in any way Buyer's ability to rely on the Project in order to satisfy its Resource Adequacy Requirements"</p> <p>Purpose of change from 2005: Adds requirement that Seller covenants not to impair Buyer's rights to the resource adequacy benefits sold under the agreement.</p>
Article Ten: Miscellaneous, Item (e)		New for 2006	<p>Section 10.9 Audit. Section 10.9 is modified by adding the following at the end thereof:</p> <p>"The Parties agree that Generally Accepted Accounting Principles and SEC rules require Buyer to evaluate if Buyer must consolidate Seller's financial information. Buyer will require access to financial records and personnel to determine if consolidated financial reporting is required. If Buyer determines at any time that consolidation is required, Buyer shall require the following during every calendar quarter for the term of this Agreement:</p> <ul style="list-style-type: none"> a) Complete financial statements and notes to financial statements; b) Financial schedules underlying the financial statements, all within 15 days of the end of each quarter; and c) Access to records and personnel, so that Buyer's independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002).

Contract Section Reference	Original from 2004	New for 2005	New for 2006
			<p>Any information provided to Buyer shall be treated as confidential except that it may be disclosed for financial statement purposes.”</p> <p>Purpose of change from 2005: Adds FIN 46 audit rights.</p>
<p>Article Ten: Miscellaneous, Item (g)</p>		<p>RPS Confidentiality. Add a new section to Article 10 as follows:</p> <p>“10.12 RPS Confidentiality. Notwithstanding Section 10.11 of this Agreement at any time on or after the date on which the Buyer makes its advice filing letter seeking CPUC Approval of the Agreement either Party shall be permitted to disclose the following terms with respect to such Transaction: Party names, resource type, delivery term, project location, and project capacity. If Option B is checked on the Cover Sheet, neither Party shall disclose party name or project location, pursuant to this Section 10.12, until six months after such CPUC Approval.</p>	<p>This section has been revised for 2006 as follows:</p> <p>RPS Confidentiality. Add a new section to Article 10 as follows:</p> <p>“10.12 RPS Confidentiality. Notwithstanding Section 10.11 of this Agreement at any time on or after the date on which the Buyer makes its advice filing letter seeking CPUC Approval of the Agreement either Party shall be permitted to disclose the following terms with respect to such Transaction: Party names, resource type, delivery term, project location, estimated annual deliveries, and project capacity. If Option B is checked on the Cover Sheet, neither Party shall disclose party name or project location, pursuant to this Section 10.12, until six months after such CPUC Approval.</p> <p>Purpose of change from 2005: Adds estimated annual deliveries as required by the CPUC.</p>
<p>Section 10.13 Publicity</p>	<p>This Section 10.13 was added as follows: “No announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement</p>	<p>(10)(g) – Section 10.13 is prefaced with “Except as otherwise agreed to above in Sections 10.11 and 10.12”</p> <p>Purpose of change from 2004: Clarifying</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
	contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed.”	change so that this provision for publicity didn't contradict the confidentiality provision	
EEI Confirmation Letter (unit firm bids)			
Section 1.1 A new Section 1.1 was added in 2006, pushing down the numbering for subsequent subsections in this 1.0 group	N/A	New for 2006	<p>This section was added in 2006 as follows:</p> <p>Prior to the conditions precedent being satisfied or waived as set forth in this Section 1.0, Seller has the obligation to diligently pursue development of the Facility, achieve the applicable milestones, in accordance with Sections 1.1.0, that have due dates occurring prior to the deadlines for satisfaction or waiver of the conditions precedent set forth in this Section 1.0, and deliver the Quarterly Progress Report required in Section 1.1.1.3. Upon a breach by Seller of its obligations under this Section 1.1, Buyer may declare an Event of Default and terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the collateral posted under Section 8.4(a) of the Cover Sheet. Buyer may use such collateral to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to Seller's breach of its obligations of this Section 1.1 would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for Seller's breach of its obligations under this Section 1.1 but shall not otherwise act to limit any of Buyer's rights or remedies arising from any other Event of Default by</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Section 1.1 CPUC Approval (becomes Section 1.2 in 2006)	N/A	The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval.	<p>Seller, including, without limitation, a breach by Seller of a representation or warranty.</p> <p>Purpose of change from 2005: Bid fee added.</p> <p>The first sentence of this section was modified as follows:</p> <p>The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval on or before [mm/dd/yyyy].</p>
Section 1.2 Interconnection Agreement (Becomes Section 1.3 in 2006)	New for 2005	No later than mm/dd/yyyy, Buyer and Seller shall have agreed to the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission's then current orders and rulemakings. If the Parties are unable to agree on such date or costs before mm/dd/yyyy, either Party shall have the right to terminate this Agreement by sending the other Party prior written notice.	<p>Purpose of change from 2005: Outside date for CPUC approval added at the request of several sellers.</p> <p>No later than [mm/dd/yyyy], Buyer and Seller shall have agreed to and approved of (in each party's sole discretion) the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission's then current orders and rulemakings. If the Parties have not approved of such date or costs before [mm/dd/yyyy], either Party shall have the right to terminate this Agreement by sending the other Party prior written notice.</p>
Section 2.0 Product		<p>Purpose of change from 2004: Added mutual condition precedent for interconnection costs and dates.</p>	<p>Purpose of change from 2005: Clarifies standard for each party to determine costs and dates.</p> <p>A new sentence was added to the start of this section in 2006 as follows:</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
			<p>Initial sentence added to this section as follows:</p> <p>Output (defined in Section 3.1) delivered on a Unit Firm basis which includes all associated Capacity Attributes and Environmental Attributes (as those terms are defined in the Cover Sheet.</p> <p>Purpose of change from 2005: Clarifies that capacity attributes are included in the product being sold.</p>
Section 2.1 Unit Firm Delivery Profile	<p>Peaking: Monday-Friday (excluding NERC holidays) During July, August, September, October: 11 am – 7 pm During January – June and November – December: 1pm – 9pm</p>	<p>Peaking: Monday-Friday (excluding NERC holidays) During July, August, September, October: 11 am – 7 pm During November – December: 1pm – 9pm</p> <p>Purpose of change from 2004: Changed peak months</p>	
Section 3.1 Output	<p>“Output” means all electrical capacity and energy produced from the Facility, net of electrical capacity and energy used to operate the Facility that is generated by the Facility.</p>	<p>“Output” means all electrical energy produced from the Facility, net of electrical energy used to operate the Facility that is generated by the Facility, which may, on an instantaneous basis, be greater or less than the total nameplate rated Output of _____ MW and an annual estimated Output of _____ MWh.</p> <p>Purpose of change from 2004: Clarified definition of output.</p>	
Section 3.2 and former Section 3.3 Commercial Operation Date	<p>3.2 - The Facility must meet Commercial Operation by the Commercial Operation Date. The Commercial Operation Date shall be deemed to have occurred on the date the Buyer notifies the Seller that Commercial</p>	<p>Section 3.2 and former Section 3.3 were combined into one section (Section 3.2) as follows: 3.2 - The Facility must meet Commercial</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
	<p>operation has occurred, which Buyer determines in its reasonable discretion.</p> <p>3.3 - “<u>Commercial Operation Date</u>” with respect to the Facility shall be no later than mm/dd/yyyy, as extended pursuant to Section 12 of this Confirmation or as may otherwise be extended by written agreement signed by both parties.</p>	<p>Operation by the Commercial Operation Deadline. “<u>Commercial Operation Deadline</u>” with respect to a Facility shall be no later than mm/dd/yyyy, as extended by reason of Force Majeure or as may otherwise be extended by written agreement signed by both parties.</p> <p>Purpose of change from 2004: Clarifies deadline for commercial operations.</p>	
<p>New Section 3.3 and former Sections 3.4 and 3.5</p> <p>Commercial Operation</p>	<p>3.4 - “<u>Commercial Operation</u>” means that (a) Seller shall have delivered a completed Certificate of Commercial Operation (described below) in the form attached as Exhibit D; and (b) Seller has delivered a/an [insert type of credit support] as accepted by Buyer in accordance with Section 8 of the Master Agreement.</p> <p>3.5 - <u>Certificate of Commercial Operation</u>. Seller shall deliver a Certificate of Commercial Operation from the Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below). Buyer shall determine using its reasonable discretion whether the Certificate of Commercial Operation delivered by Seller complies as to form with the requirements of Exhibit D and whether the other requirements of this Section 3 have been met.</p>	<p>Section 3.3 and former Sections 3.4 and 3.5 were combined into one section (Section 3.3) as follows:</p> <p>3.3 - “<u>Commercial Operation</u>” means that (a) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as Exhibit D; (b) Seller shall have delivered and Buyer shall have accepted in its reasonable discretion completed Certificates of Commercial Operation from the Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below); (c) Seller shall have delivered a/an [insert type of credit support] as accepted by Buyer in accordance with Section 8 of the Master Agreement; and (d) Seller has received all local, state and federal licenses, permits and other approvals as may be required by law for the construction, operation and maintenance of the Facility, including approvals, if any, required under the California Environmental Quality Act for the Facility and related interconnection facilities.</p> <p>Purpose of change from 2004: (a) clarifies that the commercial generation certificate must be complete, not simply mailed to SDG&E, (b) requires buyer’s acceptance of</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Section 4.0 Interconnection (Changed to Delivery Point)	<p>The Delivery Point is described as follows:</p> <p>Distribution Area: Congestion Zone: Demand Zone: Load Group: Delivery Point: Delivery Point Address: Additional Information</p>	<p>commercial operation certificate) and (d) is new and adds a requirement that seller obtain all permits prior to being certified for commercial operation.</p> <p>The Delivery Point is _____. In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for the Delivery Point or in the event the Delivery Point is otherwise modified by the CAISO, the new "Delivery Point" shall be a valid scheduling point that is either:</p> <p>a) The Buyer's load aggregation point, if defined by the CAISO; or</p> <p>b) If a Buyer load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designed by Buyer as most closely representing Buyer's bundled customer load.</p> <p>Purpose of change from 2004: Market redesign language moved to confirm from cover and clarified that if the delivery point is SP-15, and not a meter location, and there is a change to the zone, SDG&E's load aggregation point will be the new delivery point.</p>	
Section 7.1 Pre-Commercial Operation Capacity Test		<p>No later than thirty (30) days prior to the pre-Commercial Operation Capacity Testing, Seller shall provide Buyer with complete capacity testing plan and schedule for the facility. The plan shall describe in detail the testing standard(s) to be used applicable to the technology of the project, justification for the adopted testing standards, conditions under which testing shall take place and testing procedures. The same plan shall be applied to all subsequent capacity tests unless notified otherwise by the Seller. The Net Rated Output Capacity for the first contract</p>	<p>This section was changed in 2006 as follows:</p> <p>No later than thirty (30) days prior to the pre-Commercial Operation Capacity Testing, Seller shall provide Buyer with complete capacity testing plan and schedule for the facility that is reasonably acceptable to Buyer. The plan shall describe in detail the testing standard(s) to be used applicable to the technology of the project, justification for the adopted testing standards, conditions under which testing shall take place and testing procedures. The same plan shall be</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Section 9.0 Exclusivity/ Option to Purchase	<p>At no time shall Seller sell or otherwise dispose of Output or Environmental Attributes from the Facility to any third party without Buyer's prior written consent. Upgrades to the Facility which are designed to increase the estimated annual Output for each Contract Year must be pre-approved by the Buyer in writing. If, at any time during the Delivery Period, Seller causes the Facility to produce additional Output due to the installation of additional units, Seller shall deliver notice (each, an "Option Election Notice") to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail. Except to the extent otherwise noted in the Option Election Notice, any such additional Output shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. Buyer shall have the exclusive option to purchase such additional Output. Such</p>	<p>year shall be the Facility's average capacity over all hours of the Pre-Commercial Operation Capacity Test. The Net Rated Output Capacity shall not be greater than the Contract Capacity, defined in Section 8.1.</p>	<p>applied to all subsequent capacity tests. The Net Rated Output Capacity for the first contract year shall be the Facility's average capacity over all hours of the Pre-Commercial Operation Capacity Test. The Net Rated Output Capacity shall not be greater than the Contract Capacity, defined in Section 8.1.</p> <p>The purpose of change from 2005: First sentence revision inserts reasonableness standard of approval. Third sentence revision fixes standard for tests.</p>
	<p>This section has been broken up into two sections; namely 9.1 – Exclusivity and 9.2 – Right of First Refusal:</p> <p><u>Exclusivity.</u> At no time shall Seller sell or otherwise dispose of Output or Environmental Attributes from the Facility to any third party except in the case of an Event of Default of Buyer.</p> <p>Purpose of change from 2004: Allows seller to sell output to a 3rd party if SDG&E is in default.</p> <p><u>Right of First Refusal.</u> If, at any time during the term of this Agreement, Seller or any of its affiliates intends to install new facilities using ____ [generally describe fuel] supplies from ____ [generally describe the Facility] or any expansion thereof to produce additional energy beyond that produced by the Facility (the "New Facilities Energy"), it shall first offer, or shall cause its affiliate to offer, the New Facilities Energy to Buyer by delivering notice to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail (each, an "Option</p>		

Contract Section Reference	Original from 2004	New for 2005	New for 2006
	<p>option may be exercised by countersigning such Option Election Notice and delivering the same to Seller within thirty (30) days after Seller sends Buyer an Option Election Notice. Such option shall terminate with respect to the units included in the Option Election Notice if it is not exercised within the 30-day period referred to in the immediately preceding sentence.</p>	<p>Election Notice”). Except to the extent otherwise noted in the Option Election Notice, any such New Facilities Energy shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall, or shall cause its affiliate to, promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. If Buyer does not accept in writing the offered terms and conditions within thirty (30) days after receiving the Option Election Notice, Seller or its affiliate may enter into an agreement to sell the New Facilities Energy to a third party on terms and conditions no more favorable to the third party than those offered to Buyer. If Seller or its affiliate wishes to enter into an agreement with a third party on terms more favorable to Buyer than those previously offered to Buyer, Seller shall, or shall cause its affiliate to, first offer the revised terms and conditions to Buyer under this Section, and Buyer shall have an additional thirty (30) days after receiving the revised Option Election Notice to accept the revised offer. If Buyer accepts an offer made under this Section, Seller shall, or shall cause its affiliate to, within a further sixty (60) days enter into with Buyer a power purchase agreement in substantially the same form as this Agreement, but incorporating such changes as are expressly identified in the terms and conditions in the Option Election Notice.</p> <p>Purpose of change from 2004: The first sentence of this section provides that</p>	

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Section 10.1 Contract Price	<p data-bbox="289 1218 349 1764">Contract Price. The Contract Price shall be as follows:</p> <table border="1" data-bbox="386 1323 646 1764"> <thead> <tr> <th data-bbox="391 1633 467 1753">Contract Year</th> <th data-bbox="391 1470 467 1627">Energy Price (\$/MWh)</th> <th data-bbox="391 1323 467 1459">Capacity Price (\$/MW)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>	Contract Year	Energy Price (\$/MWh)	Capacity Price (\$/MW)																<p data-bbox="289 651 349 1197">Contract Price. The Contract Price shall be as follows:</p> <table border="1" data-bbox="386 682 649 1186"> <thead> <tr> <th data-bbox="391 1018 467 1176">Contract Year</th> <th data-bbox="391 682 467 1008">Energy Price (\$/MWh)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table> <p data-bbox="690 672 950 1197">Note: SDG&E is utilizing Time of Delivery (“TOD”) factors for non-baseload resources. Energy prices will be adjusted as shown below to reflect the relative value of the energy during the indicated time period. SDG&E reserves the right to contract baseload resources under flat or TOD-adjusted pricing.</p> <table border="1" data-bbox="987 661 1485 1186"> <thead> <tr> <th data-bbox="992 1018 1071 1176"></th> <th data-bbox="992 871 1071 1008">Summer July 1 – October 31</th> <th data-bbox="992 661 1071 861">Winter November 1 – June 30</th> </tr> </thead> <tbody> <tr> <td data-bbox="1079 1018 1193 1176">On-Peak</td> <td data-bbox="1079 871 1193 1008">Weekdays 11am – 7pm 1.6293</td> <td data-bbox="1079 661 1193 861">Weekdays 1pm - 9pm 1.1916</td> </tr> <tr> <td data-bbox="1201 1018 1364 1176">Semi-Peak</td> <td data-bbox="1201 871 1364 1008">Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400</td> <td data-bbox="1201 661 1364 861">Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790</td> </tr> <tr> <td data-bbox="1372 1018 1453 1176">Off-Peak*</td> <td data-bbox="1372 871 1453 1008">All other hours 0.8833</td> <td data-bbox="1372 661 1453 861">All other hours 0.7928</td> </tr> </tbody> </table> <p data-bbox="1461 661 1485 1123">* All hours during NERC holidays are off-peak.</p>	Contract Year	Energy Price (\$/MWh)												Summer July 1 – October 31	Winter November 1 – June 30	On-Peak	Weekdays 11am – 7pm 1.6293	Weekdays 1pm - 9pm 1.1916	Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400	Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790	Off-Peak*	All other hours 0.8833	All other hours 0.7928	
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Section 10.3 Energy Payment		<p>Purpose for change from 2004: SDG&E added the option for Sellers to bid TOD pricing.</p> <p>Where: H_T = All hours of the billing month. Contract Price is the price (\$/MWH) specified in Section 9.1. Delivered Energy means the lower of scheduled or metered amounts less Delivery Losses. Delivery Losses means all electrical losses occurring between the CAISO approved revenue meter and the Delivery Point and electrical losses occurring over the CAISO grid as such losses are assigned by the CAISO to the Facility including if applicable, but not limited to:</p> <ol style="list-style-type: none"> a. If the CAISO approved revenue meter is not installed on the high voltage side of the Facility's substation bus bar, transformer and other electrical losses occurring between the CAISO approved revenue meter and the high voltage side of the Facility's substation bus bar; b. Any electrical losses between the high voltage side of the Facility's substation bus bar and the CAISO grid, including the following if applicable: DLF or TLF. <p>DLF means a measure of all net electrical losses as determined by the</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
		<p>CPUC associated with the transmission of electric energy through the electric system from the high voltage side of the Facility's substation bus bar to the interface with the CAISO grid, also known as the distribution loss factor.</p> <p>TLF (for resources outside of the CAISO grid) means a measure of all net electrical losses, as determined by the Transmission Provider, associated with the transmission of electric energy through the electric system from the high voltage side of the Facility's substation bus bar to the interface with the CAISO Grid, also known as the transmission loss factor.</p> <p>; and</p> <p>c. Electrical losses determined by utilizing the GMM, or TMM if applicable, assigned to the Facility.</p> <p>GMM(s) means the generation meter multipliers as determined by the CAISO representing the calculation of all electrical losses assigned to the Facility associated with the transmission of electric energy delivered by the Facility over the CAISO grid, which values are, as of the Effective Date, posted by CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.</p> <p>TMM means the tie meter multipliers as</p>	

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		<p>determined by the CAISO representing the calculation of all electrical losses over the CAISO grid associated with the transmission of electric energy delivered at an CAISO Control Area boundary, which values are, as of the Effective Date, posted by the CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.</p> <p>Purpose for the change from 2004: Delivery losses moved to this payment section.</p>																																											
Section 10.6 Test Energy		New for 2006	<p>This new section was added as follows:</p> <p>Test Energy. [The parties to negotiate test energy terms and pricing here.]</p> <p>Purpose of change from 2005: Provides seller the option to sell energy to SDG&E prior to commercial operation.</p>																																										
Section 12.0 Facility Schedule	N/A	<table border="1" data-bbox="1084 753 1308 1194"> <thead> <tr> <th>No.</th> <th>Task</th> <th>Milestone Date</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>	No.	Task	Milestone Date																						<table border="1" data-bbox="1091 142 1474 630"> <thead> <tr> <th>No.</th> <th>Task</th> <th>Milestone Date</th> </tr> </thead> <tbody> <tr> <td> </td> <td>Maintain Facility's position in the CAISO interconnection queue</td> <td>From the Effective Date</td> </tr> <tr> <td> </td> <td>Completion of Design</td> <td> </td> </tr> <tr> <td> </td> <td>Material Environmental Permits</td> <td> </td> </tr> <tr> <td> </td> <td>EPC Contract, Overall Project Schedule, Construction Schedule</td> <td> </td> </tr> <tr> <td> </td> <td>To evidence Seller's</td> <td> </td> </tr> </tbody> </table>	No.	Task	Milestone Date		Maintain Facility's position in the CAISO interconnection queue	From the Effective Date		Completion of Design			Material Environmental Permits			EPC Contract, Overall Project Schedule, Construction Schedule			To evidence Seller's	
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Purpose of change from 2005: Sets standard milestones.

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Section 12.1.3		<p>Within seven (7) days after the close of each calendar quarter until the date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit E: Quarterly Progress Reports to Buyer. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller's construction progress.</p>	<p>This section was revised in 2006 as follows:</p> <p>Within seven (7) days after the close of each calendar quarter (or more frequently upon request by Buyer) until the date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit F: Quarterly Progress Reports to Buyer as may be modified from time to time to meet applicable CPUC requirements. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller's construction progress.</p> <p>Purpose of change from 2005: Makes quarterly progress reports more flexible to comply with CPUC changes.</p>
Section 13.2 Missed Commercial Operation Date	<p>If the Commercial Operation Date is not met for reasons not attributable to Force Majeure, Exhibit F: The Late Commercial Operation Date Payment Concessions shall apply to the Energy Payment. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Date. If the Commercial Operation Date is not achieved by mm/dd/yyyy (as may be delayed on a day for day basis by Force Majeure for up to 180 days), then Buyer shall have the right in its sole discretion to declare an Event of Default.</p>	<p>Missed Commercial Operation Deadline. Seller shall cause the Facility to achieve Commercial Operation on or before the scheduled Commercial Operation Deadline of mm/dd/yyyy. If Commercial Operation occurs after the scheduled Commercial Operation Deadline, Seller shall pay Buyer delay damages equal to [] for each day or portion of a day that the Commercial Operation occurs after the scheduled Commercial Operation Deadline, up to a total of [----] days. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Deadline. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to delay in achieving Commercial Operation on or before the scheduled</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
		<p>Commercial Operation Deadline would be difficult or impossible to predict with certainty, (b) the daily delay damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the daily delay damages set forth in this section are the exclusive remedy for Seller's delay in achieving Commercial Operation by the scheduled Commercial Operation Deadline but shall not otherwise act to limit any of Buyer's rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether.</p> <p>Purpose for change from 2004: Specifies liquidated delay damages for unexcused delays in commercial operation in Confirmation instead of in exhibit.</p>	
Section 13.3 Remedial Action Plan/Additional Event of Default	<p>For purposes of Section 13.1 and Section 13.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of Seller's course of action and plan to achieve all milestones set forth in Section 12.0 and Commercial Operation Date. Seller shall obtain approval from Buyer (such approval not to be unreasonably withheld or delayed) with respect to remedial efforts detailed in Seller's Remedial Action Plan; provided, however, that such approval or withholding of approval shall not relieve Seller of its obligation to meet any subsequent milestones and Commercial Operation Date. Buyer at its sole discretion may reject any Remedial Action Plan submitted under Section 13.1 or 13.2 and declare an Event of Default.</p>	<p>For purposes of Section 13.1 and Section 13.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of Seller's course of action and plan to achieve all milestones set forth in Section 12.0 and Commercial Operation by the Commercial Operation Deadline. Approval of a Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent milestones and achieving Commercial Operation by the Commercial Operation Deadline. Buyer at its sole discretion may reject any Remedial Action Plan submitted under Section 13.1 or 13.2 and declare an Event of Default.</p> <p>Purpose of change from 2004: Clarifies Remedial Action Plan process.</p>	
Section 16.0 Scheduling and	N/A	Seller or Seller's designee shall be the Scheduling Coordinator for the Facility and	The last two sentences of the first paragraph in this section has been modified in 2006 as

<p>Contract Section Reference Scheduling Coordinator</p>	<p>Original from 2004</p>	<p>New for 2005</p> <p>shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Period. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and CAISO tariff or its successor, and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. In the event that the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified, replaced or terminated (collectively, the “Program Modifications”), Seller and Buyer hereby agree to comply with such Program Modifications and to implement the necessary Program Modifications. Any economic benefit from the Program Modifications shall inure solely to Buyer; <u>provided</u> that such benefit does not cause a detriment to Seller; and <u>provided, further</u>, that Seller shall be entitled to any and all benefit resulting from such Program Modifications which reduce, minimize and/or eliminate Penalties resulting from generation or energy imbalances so long as such benefit does not cause a detriment to Buyer.</p>	<p>New for 2006</p> <p>follows: Seller or Seller’s designee shall be the Scheduling Coordinator for the Facility and shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Period. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and CAISO tariff or its successor, and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. Subject to Article 10, in the event that the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified replaced or terminated (collectively, the “Program Modifications”), Seller and Buyer hereby agree to comply with such Program Modifications and, to the extent practical, to implement the necessary Program Modifications in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.</p> <p>The purpose of this change from 2005 was: Simplifies the process when there are changes to amendment 42.</p>
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**Confirmation Letter (intermittent As- Available)
In 2004, there was only an As-Available Confirmation Letter – no model form for Non-Intermittent)**

Contract Section Reference	Original from 2004	New for 2005	New for 2006
<p>Section 1.1 A new Section 1.1 was added in 2006, pushing down the numbering for subsequent sections in this 1.0 group</p>	<p>N/A</p>	<p>New for 2006</p>	<p>This section was added in 2006 as follows: Prior to the conditions precedent being satisfied or waived as set forth in this Section 1.0, Seller has the obligation to diligently pursue development of the Facility, achieve the applicable milestones, in accordance with Sections 1.1.0, that have due dates occurring prior to the deadlines for satisfaction or waiver of the conditions precedent set forth in this Section 1.0, and deliver the Quarterly Progress Report required in Section 1.1.1.3. Upon a breach by Seller of its obligations under this Section 1.1, Buyer may declare an Event of Default and terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the collateral posted under Section 8.4(a) of the Cover Sheet. Buyer may use such collateral to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to Seller's breach of its obligations of this Section 1.1 would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for Seller's breach of its obligations under this Section 1.1 but shall not otherwise act to limit any of Buyer's rights or remedies arising from any other Event of Default by Seller, including, without limitation, a breach by Seller of a representation or warranty.</p>
<p>Section 1.1 CPUC Approval (becomes</p>	<p>N/A</p>	<p>The first sentence of this section in 2005 reads as follows:</p>	<p>Purpose of change from 2005: Bid fee added. The first sentence of this section was modified as follows:</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Section 1.2 in 2006)		The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval.	The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval on or before [mm/dd/yyyy]. Purpose of change from 2005: Outside date for CPUC approval added at the request of several sellers.
Section 1.2 Interconnection Agreement (becomes Section 1.3 in 2006)	New for 2005	No later than mm/dd/yyyy, Buyer and Seller shall have agreed to the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission's then current orders and rulemakings. If the Parties are unable to agree on such date or costs before mm/dd/yyyy, either Party shall have the right to terminate this Agreement by sending the other Party prior written notice. Purpose of change from 2004: Added mutual condition precedent for interconnection costs and dates.	No later than [mm/dd/yyyy], Buyer and Seller shall have agreed to and approved of (in each party's sole discretion) the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission's then current orders and rulemakings. If the Parties have not approved of such date or costs before [mm/dd/yyyy], either Party shall have the right to terminate this Agreement by sending the other Party prior written notice. Purpose of change from 2005: Clarifies standard for each party to determine costs and dates.
Section 2.0 Product (formerly called "As Available" in 2005)	N/A	N/A – New sentence for 2006.	Initial sentence added to this section as follows: Output (defined in Section 3.1) delivered on an As-Available basis which includes all associated Capacity Attributes and Environmental Attributes (as those terms are defined in the Cover Sheet.

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Section 3.2 and former Section 3.3 Commercial Operation Date	<p>3.2 - The Facility must meet Commercial Operation by the Commercial Operation Date. The Commercial Operation Date shall be deemed to have occurred on the date the Buyer notifies the Seller that Commercial operation has occurred, which Buyer determines in its reasonable discretion.</p> <p>3.3 - “Commercial Operation Date” with respect to the Facility shall be no later than mm/dd/yyyy, as extended pursuant to Section 12 of this Confirmation or as may otherwise be extended by written agreement signed by both parties.</p>	<p>Section 3.2 and former Section 3.3 were combined into one section (Section 3.2) as follows:</p> <p>3.2 - The Facility must meet Commercial Operation by the Commercial Operation Deadline. “Commercial Operation Deadline” with respect to a Facility shall be no later than mm/dd/yyyy, as extended by reason of Force Majeure or as may otherwise be extended by written agreement signed by both parties.</p> <p>Purpose of change from 2004: Changes “Commercial Operation Date” to Commercial Operation Deadline”</p>	<p>Purpose of change from 2005: Clarifies that capacity attributes/resource adequacy is also sold as part of the product.</p>
New Section 3.3 and former Sections 3.4 and 3.5 Commercial Operation	<p>3.4 - “<u>Commercial Operation</u>” means that (a) Seller shall have delivered a completed Certificate of Commercial Operation (described below) in the form attached as Exhibit D; and (b) Seller has delivered a/an [insert type of credit support] as accepted by Buyer in accordance with Section 8 of the Master Agreement.</p> <p>3.5 - <u>Certificate of Commercial Operation</u>. Seller shall deliver a Certificate of Commercial Operation from the Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below). Buyer shall determine using its reasonable discretion whether the Certificate of Commercial Operation delivered by Seller complies as to form with the requirements of Exhibit D and whether the other requirements of this Section 3 have been met.</p>	<p>Section 3.3 and former Sections 3.4 and 3.5 were combined into one section (Section 3.3) as follows:</p> <p>3.3 - “<u>Commercial Operation</u>” means that (a) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as Exhibit D; (b) Seller shall have delivered and Buyer shall have accepted in its reasonable discretion completed Certificates of Commercial Operation from the Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below); (c) Seller shall have delivered a/an [insert type of credit support] as accepted by Buyer in accordance with Section 8 of the Master Agreement; and (d) Seller has received all local, state and federal licenses, permits and other approvals as may be required by law for the construction, operation and maintenance of the Facility,</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
		<p>including approvals, if any, required under the California Environmental Quality Act for the Facility and related interconnection facilities.</p> <p>Purpose of change from 2004: (a) clarifies that the commercial generation certificate must be complete, not simply mailed to SDG&E, (b) requires buyer's acceptance of commercial operation certificate) and (d) is new and adds a requirement that seller obtain all permits prior to being certified for commercial operation.</p>	
<p>Section 4.0 Interconnection (Changed to Delivery Point)</p>	<p>The Delivery Point is described as follows:</p> <p>Distribution Area: Congestion Zone: Demand Zone: Load Group: Delivery Point: Delivery Point Address: Additional Information</p>	<p>The Delivery Point is _____. In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for the Delivery Point or in the event the Delivery Point is otherwise modified by the CAISO, the new "Delivery Point" shall be a valid scheduling point that is either:</p> <p>b) The Buyer's load aggregation point, if defined by the CAISO; or</p> <p>b) If a Buyer load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designed by Buyer as most closely representing Buyer's bundled customer load.</p> <p>Purpose of change from 2004: Market redesign language moved to confirm from cover and clarified that if the delivery point is SP-15, and not a meter location, and there is a change to the zone, SDG&E's load aggregation point will be the new delivery point.</p>	
<p>Section 8.0 Exclusivity/ Option to Purchase</p>	<p>At no time shall Seller sell or otherwise dispose of Output or Environmental Attributes from the Facility to any third party without Buyer's prior written consent.</p>	<p>This section has been broken up into two sections; namely 8.1 – Exclusivity and 8.2 – Right of First Refusal:</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
	<p>Upgrades to the Facility which are designed to increase the estimated annual Output for each Contract Year must be pre-approved by the Buyer in writing. If, at any time during the Delivery Period, Seller causes the Facility to produce additional Output due to the installation of additional units, Seller shall deliver notice (each, an “Option Election Notice”) to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail. Except to the extent otherwise noted in the Option Election Notice, any such additional Output shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. Buyer shall have the exclusive option to purchase such additional Output. Such option may be exercised by countersigning such Option Election Notice and delivering the same to Seller within thirty (30) days after Seller sends Buyer an Option Election Notice. Such option shall terminate with respect to the units included in the Option Election Notice if it is not exercised within the 30-day period referred to in the immediately preceding sentence.</p>	<p><u>Exclusivity.</u> At no time shall Seller sell or otherwise dispose of Output or Environmental Attributes from the Facility to any third party except in the case of an Event of Default of Buyer.</p> <p>Purpose of change from 2004: Allows seller to sell output to a 3rd party if SDG&E is in default.</p> <p><u>Right of First Refusal.</u> If, at any time during the term of this Agreement, Seller or any of its affiliates intends to install new facilities using ___ [generally describe fuel] supplies from ___ [generally describe the Facility] or any expansion thereof to produce additional energy beyond that produced by the Facility (the “New Facilities Energy”), it shall first offer, or shall cause its affiliate to offer, the New Facilities Energy to Buyer by delivering notice to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail (each, an “Option Election Notice”). Except to the extent otherwise noted in the Option Election Notice, any such New Facilities Energy shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall, or shall cause its affiliate to, promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. If Buyer does not accept in writing the offered terms and conditions within thirty (30) days after receiving the Option Election Notice, Seller or its affiliate may enter into an agreement to sell the New Facilities Energy</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006																														
		<p>to a third party on terms and conditions no more favorable to the third party than those offered to Buyer. If Seller or its affiliate wishes to enter into an agreement with a third party on terms more favorable to Buyer than those previously offered to Buyer, Seller shall, or shall cause its affiliate to, first offer the revised terms and conditions to Buyer under this Section, and Buyer shall have an additional thirty (30) days after receiving the revised Option Election Notice to accept the revised offer. If Buyer accepts an offer made under this Section, Seller shall, or shall cause its affiliate to, within a further sixty (60) days enter into with Buyer a power purchase agreement in substantially the same form as this Agreement, but incorporating such changes as are expressly identified in the terms and conditions in the Option Election Notice.</p> <p>Purpose of change from 2004: The first sentence of this section provides that upgrades to facilities shall be offered to SDG&E. The last portion of this section is revised to clarify the process for accepted offer.</p>																															
Section 9.1 Contract Price	<p><u>Contract Price.</u> The Contract Price shall be as follows:</p> <table border="1" data-bbox="1154 1320 1414 1761"> <thead> <tr> <th>Contract Year</th> <th>Energy Price (\$/MWh)</th> <th>Capacity Price (\$/MW)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>	Contract Year	Energy Price (\$/MWh)	Capacity Price (\$/MW)																<p><u>Contract Price.</u> The Contract Price shall be as follows:</p> <table border="1" data-bbox="1154 678 1421 1173"> <thead> <tr> <th>Contract Year</th> <th>Energy Price (\$/MWh)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table> <p>Note: SDG&E is utilizing Time of Delivery</p>	Contract Year	Energy Price (\$/MWh)											
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		<p>(“TOD”) factors for non-baseload resources. Energy prices will be adjusted as shown below to reflect the relative value of the energy during the indicated time period. SDG&E reserves the right to contract baseload resources under flat or TOD-adjusted pricing.</p> <table border="1" data-bbox="418 655 922 1192"> <thead> <tr> <th></th> <th>Summer July 1 – October 31</th> <th>Winter November 1 – June 30</th> </tr> </thead> <tbody> <tr> <td>On-Peak</td> <td>Weekdays 11am – 7pm 1.6293</td> <td>Weekdays 1pm - 9pm 1.1916</td> </tr> <tr> <td>Semi-Peak</td> <td>Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400</td> <td>Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790</td> </tr> <tr> <td>Off-Peak*</td> <td>All other hours 0.8833</td> <td>All other hours 0.7928</td> </tr> </tbody> </table> <p>* All hours during NERC holidays are off-peak.</p> <p>Purpose for change from 2004: SDG&E added the option for Sellers to bid TOD pricing.</p>		Summer July 1 – October 31	Winter November 1 – June 30	On-Peak	Weekdays 11am – 7pm 1.6293	Weekdays 1pm - 9pm 1.1916	Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400	Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790	Off-Peak*	All other hours 0.8833	All other hours 0.7928	
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Section 9.4 “Delivered Energy”	New for 2005.	<p>“Delivered Energy” means the metered energy less Delivery Losses. “Delivery Losses” means all electrical losses occurring between the ISO approved revenue meter and the Delivery Point and electrical losses occurring over the ISO Grid as such losses are assigned by the ISO to the Facility including if applicable, but not limited to:</p> <p>a. If the ISO approved revenue meter is not installed on the high voltage side of</p>													

Contract Section Reference	Original from 2004	New for 2005	New for 2006
		<p>the Facility's substation bus bar, transformer and other electrical losses occurring between the ISO approved revenue meter and the high voltage side of the Facility's substation bus bar;</p> <p>b. Any electrical losses between the high voltage side of the Facility's substation bus bar and the ISO Grid, including the following if applicable DLF or TLF</p> <p>“DLF” means a measure of all net electrical losses as determined by the CPUC associated with the transmission of electric energy through the electric system from the high voltage side of the Facility's substation bus bar to the interface with the ISO Grid, also known as the distribution loss factor.</p> <p>“TLF” (for resources outside of the CAISO grid) means a measure of all net electrical losses, as determined by the Transmission Provider, associated with the transmission of electric energy through the electric system from the high voltage side of the Facility's substation bus bar to the interface with the ISO Grid, also known as the transmission loss factor.</p> <p>; and</p> <p>c. Electrical losses determined by utilizing the GMM, or TMM if applicable, assigned to the Facility.</p> <p>“GMM(s)” means the generation meter multipliers as determined by the ISO representing the calculation of all</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
		<p>electrical losses assigned to the Facility associated with the transmission of electric energy delivered by the Facility over the ISO Grid, which values are, as of the Effective Date, posted by the ISO on its website. The values used in the Agreement will be those appearing on the ISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.</p> <p>“TMM” means the tie meter multipliers as determined by the ISO representing the calculation of all electrical losses over the ISO Grid associated with the transmission of electric energy delivered at an ISO Control Area boundary, which values are, as of the Effective Date, posted by the ISO on its website. The values used in the Agreement will be those appearing on the ISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.</p> <p>Purpose for change from 2004: Addresses delivery losses.</p>	
9.5 Test Energy		New for 2006	<p>This new section was added as follows:</p> <p>Test Energy. [The parties to negotiate test energy terms and pricing here.]</p> <p>Purpose of change from 2005: Inserted option for seller to sell test energy to buyer, i.e. energy produced prior to commercial</p>

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Section 11.1.3	N/A	<p data-bbox="721 663 1057 1199">Within seven (7) days after the close of each calendar quarter until the date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit E: Quarterly Progress Reports to Buyer. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller's construction progress.</p>	<p data-bbox="721 163 789 632">This section was changed from 2005 as follows:</p> <p data-bbox="824 102 1260 632">Within seven (7) days after the close of each calendar quarter (or more frequently upon request by Buyer) until the date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit F: Quarterly Progress Reports to Buyer as may be modified from time to time to meet applicable CPUC requirements. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller's construction progress.</p> <p data-bbox="1295 128 1427 632">The purpose of the change from 2005 was: Provides more flexibility for additional or new progress reports based on CPUC requirements.</p>																
Section 12.2 Missed	If the Commercial Operation Date is not met for reasons not attributable to Force Majeure,	Missed Commercial Operation Deadline. Seller shall cause the Facility to achieve																	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Commercial Operation Date	<p>Exhibit F: The Late Commercial Operation Date Payment Concessions shall apply to the Energy Payment. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Date. If the Commercial Operation Date is not achieved by mm/dd/yyyy (as may be delayed on a day for day basis by Force Majeure for up to 180 days), then Buyer shall have the right in its sole discretion to declare an Event of Default.</p>	<p>Commercial Operation on or before the scheduled Commercial Operation Deadline of mm/dd/yyyy. If Commercial Operation occurs after the scheduled Commercial Operation Deadline, Seller shall pay Buyer delay damages equal to [] for each day or portion of a day that the Commercial Operation occurs after the scheduled Commercial Operation Deadline, up to a total of [---] days. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Deadline. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to delay in achieving Commercial Operation on or before the scheduled Commercial Operation Deadline would be difficult or impossible to predict with certainty, (b) the daily delay damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the daily delay damages set forth in this section are the exclusive remedy for Seller's delay in achieving Commercial Operation by the scheduled Commercial Operation Deadline but shall not otherwise act to limit any of Buyer's rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether.</p> <p>Purpose for change from 2004: Specifies liquidated delay damages for unexcused delays in commercial operation in Confirmation instead of in exhibit.</p>	
Section 12.3 Remedial Action Plan/Additional	<p>For purposes of Section 12.1 and Section 12.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of</p>	<p>For purposes of Section 12.1 and Section 12.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Event of Default	<p>Seller's course of action and plan to achieve all milestones set forth in Section 11.0 and Commercial Operation Date. Seller shall obtain approval from Buyer (such approval not to be unreasonably withheld or delayed) with respect to remedial efforts detailed in Seller's Remedial Action Plan; provided, however, that such approval or withholding of approval shall not relieve Seller of its obligation to meet any subsequent milestones and Commercial Operation Date. Buyer at its sole discretion may reject any Remedial Action Plan submitted under Section 12.1 or 12.2 and declare an Event of Default.</p>	<p>Seller's course of action and plan to achieve all milestones set forth in Section 11.0 and Commercial Operation by the Commercial Operation Deadline. Approval of a Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent milestones and achieving Commercial Operation by the Commercial Operation Deadline. Buyer at its sole discretion may reject any Remedial Action Plan submitted under Section 12.1 or 12.2 and declare an Event of Default.</p> <p>Purpose of change from 2004: Clarifies Remedial Action Plan process.</p>	
Section 14.1.1 Schedule Maintenance Outages	<p>No later than forty-five (45) days before the start of each calendar year, Seller shall provide Buyer with a timetable of Scheduled Maintenance Outages for the following twelve (12) months. Buyer may accept or reject such schedules but shall not unreasonably withhold or delay approval. If Seller reasonably determines that it is necessary to change a Scheduled Maintenance Outage, Seller shall notify Buyer of the proposed change at least ten (10) days before the outage begins. Buyer shall promptly respond to such notice and may request reasonable modifications in the schedule for the outage. Seller shall use Good Utility Practices not to schedule Scheduled Maintenance Outages during Summer Months (as defined below). "Summer Months" shall be defined as July, August, September and October.</p>	<p>No later than forty-five (45) days before the start of each calendar year, Seller shall provide Buyer with a timetable of Scheduled Maintenance Outages for the following twelve (12) months. Buyer shall promptly respond to such notice and may request reasonable modifications in the schedule for the outage. Seller shall use best efforts in accordance with Good Utility Practices not to schedule Scheduled Maintenance Outages during Summer Months (as defined below). "Summer Months" shall be defined as July, August, September and October.</p> <p>Purpose of change from 2004: Removes Buyer's ability to reject maintenance schedule and Seller's ability to change maintenance schedule with 10 days notice.</p>	
Section 16.0 Scheduling and Scheduling Coordinator	<p>Seller or Seller's designee shall be the Scheduling Coordinator for the Facility and shall be responsible for scheduling the forecast of Output to the Delivery Point</p>	<p>The first paragraph of this section is revised as follows:</p> <p>Seller or Seller's designee shall be the</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
	<p>during the Delivery Period in accordance with Amendment 42 and the EIRP. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output consistent with Amendment 42 and the EIRP. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. Subject to Section 9.0, in the event that Amendment 42 or the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified or terminated (collectively, the "Program Modifications"), Seller and Buyer hereby agree to comply with such Program Modifications and to implement the necessary Program Modifications. Any economic benefit from the Program Modifications shall inure solely to Buyer; <u>provided</u> that such benefit does not cause a detriment to Seller; and <u>provided, further</u>, that Seller shall be entitled to any and all benefit resulting from such Program Modifications which reduce, minimize and/or eliminate Penalties resulting from generation or energy imbalances so long as such benefit does not cause a detriment to Buyer.</p>	<p>Scheduling Coordinator for the Facility and shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Term in accordance with Amendment 42 and the EIRP. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output consistent with Amendment 42 and the EIRP. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and CAISO tariff or its successor, and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. Subject to Article 9, in the event that Amendment 42 or the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified replaced or terminated (collectively, the "Program Modifications"), Seller and Buyer hereby agree to comply with such Program Modifications and, to the extent practical, to implement the necessary Program Modifications in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.</p> <p>Purpose of changes from 2004: Simplifies process if Amendment 42 changes during the term.</p>	

<p>Contract Section Reference</p> <p>Section 18 Delivery and Metering</p>	<p>Original from 2004</p> <p>All deliveries of Output shall be metered in real-time basis at the Delivery Point. A copy of hourly metered and hourly scheduled information shall be included in each monthly invoice. All meters and equipment used for the measurement of Output shall be provided, owned, maintained, inspected, tested and read at no cost to Buyer by the Seller.</p>	<p>New for 2005</p> <p>All deliveries of Output shall be metered in real-time basis to reflect delivery to the Delivery Point. A copy of hourly metered and hourly scheduled information shall be included in each monthly invoice. All meters and equipment used for the measurement of Output shall be provided, owned, maintained, inspected, tested and read at no cost to Buyer by the Seller.</p> <p>Purpose of change from 2004: Clarifies that the meter read is adjusted to account for losses to the delivery point.</p>	<p>New for 2006</p>
<p>Confirmation Letter (non - intermittent As- Available)</p>			
<p>Preamble</p>	<p>N/A</p>	<p>This Confirmation Letter (“Confirmation”) is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement, dated mm/dd/yyyy (the “Master Agreement”), between _____ (“Seller”) and San Diego Gas & Electric Company (“Buyer”), and constitutes part of and is subject to the terms and provisions of such Master Agreement (collectively, the “Agreement”). Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.</p>	<p>This Confirmation Letter (“Confirmation”) is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement, dated mm/dd/yyyy (the “Master Agreement”), between _____ (“Seller”) and San Diego Gas & Electric Company (“Buyer”), and constitutes part of and is subject to the terms and provisions of such Master Agreement (collectively, the “Agreement”). The parties have agreed to this Agreement in good faith and shall implement it in good faith. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.</p> <p>Purpose for change from 2005: Required by CPUC.</p>
<p>Section 1.1</p>	<p>N/A</p>	<p>N/A. New for 2006.</p>	<p>Prior to the conditions precedent being satisfied or waived as set forth in this Section 1.0, Seller has the obligation to diligently pursue development of the Facility, achieve the applicable milestones, in accordance with Sections 11.0, that have due dates occurring prior to the deadlines for satisfaction or</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
			<p>waiver of the conditions precedent set forth in this Section 1.0, and deliver the Quarterly Progress Report required in Section 11.1.3. Upon a breach by Seller of its obligations under this Section 1.1, Buyer may declare an Event of Default and terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the collateral posted under Section 8.4(a) of the Cover Sheet. Buyer may use such collateral to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to Seller's breach of its obligations of this Section 1.1 would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for Seller's breach of its obligations under this Section 1.1 but shall not otherwise act to limit any of Buyer's rights or remedies arising from any other Event of Default by Seller, including, without limitation, a breach by Seller of a representation or warranty.</p>
Section 1.2 CPUC Approval (formerly Section 1.1 in 2005)	N/A	<p>The first sentence of this section for 2005 reads as follows:</p> <p>The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval.</p>	<p>Purpose of change from 2005: Bid fee added.</p> <p>The first sentence of this section was modified as follows:</p> <p>The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval on or before [mm/dd/yyyy].</p> <p>Purpose of change from 2005: Outside date for CPUC approval added at the request of several sellers.</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Section 1.3 Interconnection Agreement (formerly Section 1.2 in 2005)		<p>No later than mm/dd/yyyy, Buyer and Seller shall have agreed to the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission's then current orders and rulemakings. If the Parties are unable to agree on such date or costs before mm/dd/yyyy, either Party shall have the right to terminate this Agreement by sending the other Party prior written notice.</p>	<p>No later than [mm/dd/yyyy], Buyer and Seller shall have agreed to and approved of (in each party's sole discretion) the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission's then current orders and rulemakings. If the Parties have not approved of such date or costs before [mm/dd/yyyy], either Party shall have the right to terminate this Agreement by sending the other Party prior written notice.</p> <p>Purpose of change from 2005: Clarifies standard for each party to determine costs and dates.</p>
Section 2.0 Product (formerly called "As Available" in 2005)	N/A	N/A – New sentence for 2006.	<p>Initial sentence added to this section as follows:</p> <p>Output (defined in Section 3.1) delivered on an As-Available basis which includes all associated Capacity Attributes and Environmental Attributes (as those terms are defined in the Cover Sheet.</p> <p>Purpose of change from 2005: Clarifies that product includes capacity attributes/new resource adequacy benefits.</p>
Section 9.4 Test Energy	N/A	N/A – New for 2006.	<p>This new section was added as follows:</p> <p>Test Energy. [The parties to negotiate test energy terms and pricing here.]</p> <p>Purpose of change from 2005: Provides seller the option to sell power to buyer prior to commercial operation.</p>

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Section 11.1.3	N/A	<p data-bbox="686 663 1016 1199">Within seven (7) days after the close of each calendar quarter until the date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit E: Quarterly Progress Reports to Buyer. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller's construction progress.</p>	<p data-bbox="686 163 748 632">This section was changed from 2005 as follows:</p> <p data-bbox="784 100 1219 632">Within seven (7) days after the close of each calendar quarter (or more frequently upon request by Buyer) until the date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit F: Quarterly Progress Reports to Buyer as may be modified from time to time to meet applicable CPUC requirements. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller's construction progress.</p> <p data-bbox="1255 100 1349 632">The purpose of the change from 2005 was: Provides more flexibility for progress reports as may be required by CPUC.</p>									
Section 15.0 Scheduling and Scheduling Coordinator	N/A	<p data-bbox="1360 684 1422 1199">A new sentence was added to the end of the first paragraph in this section in 2006.</p>	<p data-bbox="1360 107 1455 632">A new sentence was added to the end of the first paragraph in this section in 2006 as follows:</p>									

Contract Section Reference	Original from 2004	New for 2005	New for 2006
			<p>Subject to Article 9, in the event that the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified replaced or terminated (collectively, the "Program Modifications"), Seller and Buyer hereby agree to comply with such Program Modifications and, to the extent practical, to implement the necessary Program Modifications in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.</p> <p>The purpose of this change from 2005 was: Allows for parties to negotiate changes if scheduling protocols changed.</p>
Exhibits			
Exhibit B Form of Guaranty, Item 8		<p>This Guaranty shall inure to the benefit of Company and its successors and assigns, including the assignees of any Obligations, and bind the heirs, executors, administrators, successors and assigns of Guarantor. This Guaranty is assignable by Company with respect to all or any portion of the Obligations, and when so assigned Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by Company.</p>	<p>This section was changed from 2005 model as follows:</p> <p>This Guaranty is not assignable by Guarantor without Company's consent. This Guaranty shall inure to the benefit of Company and its successors and assigns, including the assignees of any Obligations, and bind the heirs, executors, administrators, successors and permitted (if any) assigns of Guarantor. This Guaranty is assignable by Company with respect to all or any portion of the Obligations, and when so assigned Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by Company.</p> <p>Purpose for change from 2005: Guaranty template assignment provision clarified that Guarantor cannot assign without SDG&E's consent.</p> <p>This section was changed from 2005 model</p>
Exhibit B		This Guaranty shall be governed by and	

<p>Contract Section Reference Form of Guaranty, Item 9</p>	<p>Original from 2004</p>	<p>New for 2005</p> <p>construed in accordance with the laws of the State of California. Guarantor hereby irrevocably and unconditionally agrees that any legal action or proceeding against Guarantor or any of Guarantor's property with respect to this Guaranty may be brought in the courts of the State of California in the County of San Diego or the courts of the United States in the County of San Diego, as Company may elect, and by executing and delivering this Guaranty Guarantor hereby submits to and accepts with regard to any such action or proceeding for himself, herself or itself and in respect of his, her or its property, generally, irrevocably and unconditionally, the jurisdiction of the above mentioned courts. Guarantor hereby irrevocably appoints the Secretary of State of the State of California as his, her or its agent for service of process in any suit or proceeding if the Guarantor is located outside the State of California at the time of service or cannot reasonably be located by Company. The foregoing, however, shall not limit the right of Company as it may elect to bring any legal action or proceeding or to obtain execution of judgment in any other appropriate jurisdiction including but not limited to any other jurisdiction in which Guarantor or his, her or its property is located.</p>	<p>New for 2006</p> <p>as follows:</p> <p>This Guaranty shall be governed by and construed in accordance with the laws of the State of California, without reference to its choice of law provisions. Guarantor hereby irrevocably and unconditionally agrees that any legal action or proceeding against Guarantor or any of Guarantor's property with respect to this Guaranty may be brought in the courts of the State of California in the County of San Diego or the courts of the United States in the County of San Diego, as Company may elect, and by executing and delivering this Guaranty Guarantor hereby submits to and accepts with regard to any such action or proceeding for himself, herself or itself and in respect of his, her or its property, generally, irrevocably and unconditionally, the jurisdiction of the above mentioned courts. Guarantor hereby irrevocably appoints the Secretary of State of the State of California as his, her or its agent for service of process in any suit or proceeding if the Guarantor is located outside the State of California at the time of service or cannot reasonably be located by Company. The foregoing, however, shall not limit the right of Company as it may elect to bring any legal action or proceeding or to obtain execution of judgment in any other appropriate jurisdiction including but not limited to any other jurisdiction in which Guarantor or his, her or its property is located.</p> <p>The purpose of this change from 2005: Guaranty template choice of law clarified that conflicts of law shall not change the choice of law provision.</p>
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Contract Section Reference	Original from 2004	New for 2005	New for 2006
Exhibit B Form of Guaranty, Item 14		New for 2006	<p>If any portion of this Guaranty is held to be unenforceable by a court of competent jurisdiction, the remainder of this Guaranty shall remain in full force and effect.</p> <p>Purpose of change from 2005: Guaranty template updated to insert provision that if any portion of guaranty is determined to be unenforceable, the remainder of the guaranty stays in effect.</p>
Exhibit C Form of Letter of Credit (Item 1 under first paragraph)		<p>1- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “[name of Account Party] (“Account Party”) is in default under the agreement between Secured Party and Account Party dated _____ or under any transaction contemplated thereby (whether by occurrence of a “default”, “event of default” or similar term as defined in such agreement, any other agreement between Secured Party and Account Party, or otherwise). The amount due to Secured Party is US \$ _____.”</p>	<p>This section of Exhibit C was modified in 2006 as follows:</p> <p>1- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “[name of Account Party] (“Account Party”) is in default under the agreement between Secured Party and Account Party dated _____ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a “default”, “event of default” or similar term as defined in such agreement, any other agreement between Secured Party and Account Party, or otherwise). The amount due to Secured Party is US \$ _____.”</p> <p>Purpose for this change from 2005: Letter of Credit template updated to clarify draw certificate can be drawn on for failure to perform.</p>
Exhibit C Form of Letter of Credit (Item 2 under first paragraph)	<p>2- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “as of the close of business on _____ [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to</p>	<p>This section was revised in 2005 as follows:</p> <p>2- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “as of the close of</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
	<p>us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Secured Party is U.S. \$ _____.”</p>	<p>business on _____ [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Secured Party, whether or not a default has occurred, is U.S. \$ _____.”</p> <p>The purpose for the change from 2004: The draw certificate is clarified so that SDG&E can draw if the letter of credit is about to expire, and a default is not required in such case.</p>	
Exhibit C Form of Letter of Credit (last paragraph)	<p>This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500 (“UCP”), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 13(b) and 17 of the UCP, in which case the terms of this Letter of Credit shall govern.</p>	<p>There was no change to this provision in 2005.</p> <p>This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500 (“UCP”), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 13(b) and 17 of the UCP, in which case the terms of this Letter of Credit shall govern.</p>	<p>The 2006 model was revised as follows:</p> <p>This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500 (“UCP”), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 13(b) and 17 of the UCP, in which case the terms of this Letter of Credit shall govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.</p> <p>Purpose of change from 2005: Letter of credit updated to say matters not covered by UCP are governed by California law.</p>
Exhibit D Commercial Operation	<p>_____ Supplier hereby certifies that:</p> <p>1. The _____ comprising the Facility</p>	<p>This section was revised in 2005 as follows:</p> <p>[Major Generation Equipment] Supplier</p>	

<p>Contract Section Reference</p> <p>Certificate (First certification paragraph)</p> <p>This exhibit becomes Exhibit E in 2006.</p>	<p>Original from 2004</p> <p>have been erected and installed at the project site and have been commissioned as required under the Supply and Installation Agreement (“_____ Supply Agreement”) dated as of _____, by and between _____ Supplier and Owner with the commissioning certificates of _____ Supplier attached hereto.</p> <p>2. Each such _____ meets all criteria and has passed the initial testing required to be performed pursuant to the _____ Supply Agreement.</p> <p>3. Each such _____ has been synchronized with the electrical transmission grid and is available to generate and deliver power and has been placed in service by delivering such power to the electrical transmission grid.</p> <p>4. The Warranty Period under the Warranty Agreement (“Warranty Agreement”) dated as of _____, by and between _____ Supplier and Owner has commenced.</p> <p>EPC Contractor hereby certifies that:</p> <p>1. Such portion of the balance of plant that is essential for the operation of each _____ that is listed on Attachment _____ has been completed and operations have commenced.</p> <p>2. All Milestones necessary to achieve Commercial Operation set forth in Exhibit _____ of the agreement between the EPC Contractor and Owner dated _____ (“EPC Contract”) have been completed.</p>	<p>New for 2005</p> <p>hereby certifies that:</p> <p>1. The _____ comprising the Facility have been erected and installed at the project site and have been commissioned as required under the Supply and Installation Agreement (“_____ Supply Agreement”) dated as of _____, by and between _____ Supplier and Owner and each such _____ has passed the performance testing required to be performed pursuant to the _____ Supply Agreement.</p> <p>2. The Warranty Period under the Warranty Agreement (“Warranty Agreement”) dated as of _____, by and between _____ Supplier and Owner has commenced.</p> <p>Purpose for change from 2004: Representations of turbine supplier limited.</p>	<p>New for 2006</p>
<p>Exhibit D Commercial Operation Certificate (Second certification paragraph)</p> <p>This exhibit becomes Exhibit E in 2006.</p>	<p>EPC Contractor hereby certifies that:</p> <p>1. Such portion of the balance of plant that is essential for the operation of each _____ that is listed on Attachment _____ has been completed and operations have commenced.</p> <p>2. All Milestones necessary to achieve Commercial Operation set forth in Exhibit _____ of the agreement between the EPC Contractor and Owner dated _____ (“EPC Contract”) have been completed.</p>	<p>This section was revised in 2005 as follows:</p> <p>EPC Contractor hereby certifies that:</p> <p>All requirements necessary to achieve [Commercial Operation/Substantial Completion] as set forth in the agreement between the EPC Contractor and Owner dated _____ (“EPC Contract”) have been completed and the Facility has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [minimum performance guarantees].</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
	<p>3. All permits required to be obtained by EPC Contractor under Exhibit ___ of the EPC Contract are in full force and effect.</p> <p>4. The SDG&E Interconnection Facilities have been completed sufficiently to enable power generated by all of the _____ listed on Attachment ___ to be received at the Delivery Point.</p> <p>5. The Facility is able to generate electrical power reliably in the amounts required in accordance with the _____ manufacturing specifications and the engineering design specifications for the balance of plant.</p> <p>6. The as-builts provided accurately reflect the installed conditions of the Facility.</p> <p>Owner hereby certifies that:</p> <p>1. The Licensed Professional Engineer has countersigned this Certificate of Commercial Operation.</p> <p>2. The Operation and Maintenance Agreement (O&M Agreement), by and between Owner and _____ dated as of _____ has commenced.</p> <p>3. Owner has a valid leasehold or real property interest in the Facility Site for a term of at least 20 years from the last possible Commercial Operation Date.</p> <p>4. The Facility is able to generate electrical power reliably in the amounts required in accordance with the _____ manufacturing specifications and the engineering design specifications for the balance of plant.</p>	<p>Purpose for change from 2004: EPC certification corrected and limited.</p>	
<p>Exhibit D Commercial Operation Certificate (Third certification paragraph) This exhibit becomes Exhibit E in 2006.</p>		<p>This section is modified in 2005 as follows:</p> <p>The Owner hereby certified that:</p> <p>1. Except for punch list items that would not materially affect the performance, reliability or safe operation of the Facility, the Facility has been completed in accordance with all applicable specifications and is ready for continuous commercial operation in compliance with all applicable laws and governmental approvals. The Facility has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [<i>insert minimum performance guarantees</i>], and complete test reports have been submitted to Buyer.</p> <p>Purpose of change from 2004: Original Item 1 deleted since not necessary. New Item 1</p>	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
	<p>5. The as-builts provided accurately reflect the installed conditions of the Facility.</p>	<p>added to expand owner certification.</p> <p>2. The Operation and Maintenance Agreement (O&M Agreement), by and between Owner and _____ dated as of _____ has commenced.</p> <p>3. Owner has a valid leasehold or real property interest in the Facility Site for a term of at least [] years from the Commercial Operation date.</p> <p>4. The interconnection facilities have been completed in accordance with applicable specifications, tariffs, laws and governmental approvals to enable power generated by the Facility to be received at the Delivery Point.</p> <p>Purpose of change from 2004: Owner certification corrected as related to interconnection.</p> <p>5. Owner has obtained all governmental approvals necessary for the continuous commercial operation of the Facility and the Facility is in compliance with all such governmental approvals and all other applicable laws.</p> <p>The purpose of the change from 2004: Original Item 5 was deleted: Owner certification limited. New Item 5: Owner certification corrected as related to permits.</p> <p>The 2005 model was revised as follows:</p> <p>Licensed Professional Engineer certifies that:</p> <p>1. We have read the Agreement, the [] Supply Contract, and the EPC</p>	
Exhibit D Commercial Operation Certificate (Fourth certification paragraph)	<p>Licensed Professional Engineer certifies that:</p> <p>1. Each _____ is commissioned and tested according to the quality assurance documentation of the _____</p>		

Contract Section Reference	Original from 2004	New for 2005	New for 2006
<p>This exhibit becomes Exhibit E in 2006.</p>	<p>manufacturer.</p> <ol style="list-style-type: none"> 2. Each _____ has successfully completed the commissioning completion checklist of the _____ manufacturer. 3. Each _____ is delivering power to the Delivery Point on a regular basis. 4. The Facility is able to generate electrical power reliably in the amounts required in accordance with the _____ manufacturing specifications and the engineering design specifications for the balance of plant. 5. The as-builts provided accurately reflect the installed conditions of the Facility. <p>EPC Contractor and _____ Supplier hereby certify that Owner has control of the Facility.</p>	<p>Contract and we understand the requirements for Commercial Operation under the Agreement, the specifications and performance testing requirements under the [_____] Supply Contract, and the requirements for [Commercial Operation/Substantial Completion] under the EPC Contract.</p> <ol style="list-style-type: none"> 2. We have reviewed the material and data made available to us by the Owner, the [_____] Supplier, and the EPC Contractor for the Facility. 3. To the extent practical, we have reviewed the engineering, procurement, construction and performance testing for the Facility and in the course of this review we have not discovered any material errors or omissions in the work performed to date. 4. We have reviewed the certificates of Owner, [_____] Supplier, and EPC Contractor above, and find the representations provided to be correct in all material respects. 5. We have reviewed all governmental approvals and permits identified by the Owner as being required for the construction and operation of the Facility and are of the opinion that the Facility as completed is in compliance in all material respects with the environmental and technical requirements contained therein. 6. Based on our review of the aforementioned information and of information provided to us by others which we have not independently verified, we are of 	

Contract Section Reference	Original from 2004	New for 2005	New for 2006
Exhibit D Resource Adequacy		<p>the opinion that, as of, Commercial Operation has occurred as defined in the Agreement.</p> <p>Purpose for change from 2004: Engineer certifications corrected.</p> <p>New for 2006.</p>	<p>This exhibit has been added in 2006 as follows:</p> <p style="text-align: center;">EXHIBIT D</p> <p style="text-align: center;">RESOURCE ADEQUACY</p> <p>1. Seller and Buyer agree that throughout the Delivery Term the Parties shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable Buyer to use the RA Capacity to satisfy Buyer's Resource Adequacy Requirements. Such commercially reasonable actions may include, but are not limited to, the following:</p> <p style="margin-left: 40px;">A. Cooperating with and encouraging the regional entity, including the CAISO, if applicable, responsible for Resource Adequacy administration to certify or qualify the Contract Capacity for Resource Adequacy Requirements purposes. This includes following requirements the CPUC has established and may establish in the future, including calculation of RA Capacity over all hours required for Resource Adequacy Requirement eligibility, and delivery of the RA Capacity to the CAISO Interconnection Point; and</p> <p style="margin-left: 40px;">B. Negotiating in good faith to make necessary amendments, if any, to this Agreement to conform this Agreement to subsequent clarifications, revisions or</p>

Contract Section Reference	Original from 2004	New for 2005	New for 2006						
			<p>decisions of the CPUC or any other entity, including the CAISO, with respect to Resource Adequacy.</p> <p>2. CAISO Dispatch Requirements:</p> <p>A. Seller shall deliver the full Contract Capacity to the CAISO interconnection Point; and</p> <p>B. Seller shall commit the Facility to generate up to the full Contract Capacity, as ordered by the CAISO, unless the Facility (i) is subject to a partial or full Forced Outage, (ii) is undergoing a Planned Outage, or (iii) is affected by an event of Force Majeure.</p> <p>3. RA Capacity Delivery Point. The delivery point for the Facility, with respect to Buyer's Resource Adequacy Requirements, shall be [_____].</p> <p>Purpose for new Exhibit in 2006:</p> <p>New resource adequacy requirements so that Buyer obtains resource adequacy benefits with the purchase of the product.</p>						
Exhibit F	<table border="1"> <thead> <tr> <th data-bbox="1088 1585 1274 1774">Number of Days Commercial Operation Date is Delayed</th> <th data-bbox="1088 1344 1274 1585">Liquidated Damages</th> </tr> </thead> <tbody> <tr> <td data-bbox="1274 1585 1372 1774">1 – 90 days</td> <td data-bbox="1274 1344 1372 1585">To be Negotiated</td> </tr> <tr> <td data-bbox="1372 1585 1494 1774">91 – 180 days</td> <td data-bbox="1372 1344 1494 1585">To be Negotiated</td> </tr> </tbody> </table>	Number of Days Commercial Operation Date is Delayed	Liquidated Damages	1 – 90 days	To be Negotiated	91 – 180 days	To be Negotiated	This exhibit was deleted in 2005 because the delay damages included in credit section.	
Number of Days Commercial Operation Date is Delayed	Liquidated Damages								
1 – 90 days	To be Negotiated								
91 – 180 days	To be Negotiated								

Contract Section Reference	Original from 2004	New for 2005	New for 2006

New for 2007

1. The definition of Environmental Attributes was changed pursuant to D.07-02-011.
2. The following language (shown in blue underline) was added to the definition of CPUC Approval
"CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which contains the following terms:
(1) Approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer's administration of the Agreement;
(2) finds that any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), Decision 03-06-071, or other applicable law;
(3) finds that any procurement pursuant to this Agreement constitutes incremental procurement or procurement for baseline replenishment by Buyer from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation to increase its total procurement of eligible renewable energy resources that it may have pursuant to the California Renewables Portfolio Standard, CPUC Decision 03-06-071, or other applicable law;
(4) Finds that the cost of the contract between Buyer and developer are reasonable and in the public interest, and that approved payments are fully recoverable in rates over the life of the project.
(5) Finds that any cost of bringing generation from the delivery point to Buyer's load center is a transmission cost associated with procurement that will be recorded in the Energy Resource Recovery Account for rate recovery; and
(6) Finds that any indirect costs of renewables procurement identified in Section 399.15 (a)(2) shall be recovered in rates.
CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable."

New for 2008

1. The definition of Greet Attributes was changed pursuant to D.07-05-057.
2. SDG&E simplified the definition of Resource Adequacy provided at Exhibit D to the model contract.

APPENDIX F

MATRIX OF CPUC STANDARD TERMS AND CONDITIONS

Matrix of CPUC Standard Terms and Conditions

	CPUC Decision D.07-02-011	CPUC Decision D.07-05-057	2008 Language and Justification for Variation
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	CPUC Decision D.07-02-011	CPUC Decision D.07-05-057	2008 Language and Justification for Variation
<p>1) CPUC APPROVAL (MAY NOT BE MODIFIED)</p>			
<p>"CPUC Approval" shall be added as a new General Definition in Article One of the Agreement as follows:</p> <p>"CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which contains the following terms:</p> <p>(1) Approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer's administration of the Agreement.</p> <p>(2) finds that any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), Decision 03-06-071, or other applicable law;</p> <p>(3) finds that any procurement pursuant to this Agreement constitutes incremental procurement or procurement</p>			

	CPUC Decision D.07-02-011	CPUC Decision D.07-05-057	2008 Language and Justification for Variation
<p>for baseline replenishment by Buyer from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation to increase its total procurement of eligible renewable energy resources that it may have pursuant to the California Renewables Portfolio Standard, CPUC Decision 03-06-071, or other applicable law; and</p> <p>CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable."</p>			

	2008 Language and Justification for Variation	
<p>(2) DEFINITION AND OWNERSHIP OF RECS (MAY NOT BE MODIFIED)</p> <p>“Environmental Attributes” shall be added as a new General Definition in Article One of the Agreement as follows:</p> <p>“Environmental Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Unit(s), and its displacement of conventional energy generation. Environmental Attributes include but are not limited to:</p> <p>(1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4) and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the</p>	<p>CPUC Decision D.07-02-011</p> <p>As of February 15, 2007, the definition of “Environmental Attributes” was revised as follows, with certain words in bold to signify the changes made from earlier decision:</p> <p>“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its displacement of conventional Energy generation. Green Attributes include but are not limited to: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel</p>	<p>CPUC Decision D.07-05-057</p> <p>As of May 24, 2007, the following section of the definition of “Green Attributes” has been amended as follows:</p> <p>“Green Attributes include but are not limited to Renewable Energy Credits, as well as: ... (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights.”</p>

2008 Language and Justification for Variation	CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
		<p>on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere;</p> <p>(3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights and Renewable Energy Credits. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1)</p>	<p>ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on kWh basis and one Green Tag represents the Environmental Attributes associated with one (1) MWh of energy. Environmental Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Unit(s), (ii) production tax credits associated with the construction or operation of the energy projects and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular pre-existing pollutants or the promotion of local</p>

2008 Language and Justification for Variation	CPUC Decision D.07-05-057	CPUC Decision D.07-02-011
		<p>environmental benefits, or (iv) emission reduction credits encumbered or used by the Unit(s) for compliance with local, state, or federal operating and/or air quality permits. If Seller's Unit(s) is a biomass or landfill gas facility and Seller receives any tradable Environmental Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Environmental Attributes to ensure that there are zero net emissions associated with the production of electricity from such facility."</p> <p>New Section 3.4 shall be added to the Agreement as follows:</p> <p>"3.4 Environmental Attributes. Seller hereby provides and conveys all Environmental Attributes from the Unit(s) to Buyer as part of the Product being delivered, as such term is described in the applicable Transaction confirmation for the period set forth in such confirmation. Seller represents and warrants that Seller holds the rights to all Environmental Attributes from the Unit(s), and Seller agrees to convey and hereby conveys all such Environmental Attributes to Buyer as included in the delivery of the Product from the Unit(s)."</p>
	<p>MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Project, (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits. If the Project is a biomass or landfill gas facility and Seller receives any tradable Green Attributes based on the greenhouse gas</p>	

	CPUC Decision D.07-02-011	CPUC Decision D.07-05-057	2008 Language and Justification for Variation
	<p>reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project.”</p> <p>“3.4 Green Attributes. Seller hereby provides and conveys all Green Attributes from the Unit(s) to Buyer as part of the Product being delivered, as such term is described in the applicable Transaction confirmation for the period set forth in such confirmation. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Unit(s), and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Unit(s).</p>		

	CPUC Decision D.07-02-011	CPUC Decision D.07-05-057	2008 Language and Justification for Variation
<p>(3) SEP AWARDS, CONTINGENCIES (MAY NOT BE MODIFIED)</p> <p>The following provision shall be included as a standard term in the Confirmation(s) for the Transactions(s) entered into under the Agreement:</p> <p><u>“Seller Termination Right</u></p> <p>(a) If Seller’s Bid Price exceeds the Market Price Referent, Seller may seek a PGC Funding Award from the California Energy Commission, or its successor agency (“CEC”), for an amount (in \$ per MWh) equal to the positive difference derived by subtracting (a) the Market Price Referent (in \$ per MWh) from (b) the Bid Price (in \$ per MWh) (“PGC Fund Amount”). To the extent that Seller seeks such PGC Fund Award, Seller shall use best efforts to comply with all funding criteria and obtain the PGC Fund Amount and Buyer shall reasonably support Seller’s efforts. If Seller does not obtain a PGC Funding Confirmation or PGC Funding Award by 11:59 p.m. Pacific Standard Time on the 120th day from the date on which Buyer files this Transaction for CPUC Approval (“Funding Termination Deadline”), then Seller may unilaterally terminate this Transaction prior</p>			

2008 Language and Justification for Variation									

to the Funding Termination Deadline effective as of the date on which Buyer receives Seller's written notice of termination. If Seller exercises this termination right, neither Buyer nor Seller shall be subject to liability of any kind.

(b) At any time prior to the Funding Termination Deadline, if applicable, Seller shall send to Buyer within ten (10) days of (i) obtaining a PGC Funding Confirmation or PGC Funding Award, written notice of such confirmation or award and a copy of the final funding award agreement entered into by the California Energy Commission, or its successor agency ("CEC") and Seller, if the funding award agreement has been granted at that time, or (ii) receiving written notice from the CEC denying Seller's application for the requested PGC Fund Amount, a copy of such notice and a written statement from Seller, in which Seller shall (A) waive its termination rights under this Section __ or (B) notify Buyer that the Transaction is terminated, pursuant to the terms of this Confirmation. If Seller has the right to terminate this Transaction, but fails to send written notice of termination by the Funding Termination Deadline, then Seller's

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	<p>termination right per this Section ___ shall be deemed waived in its entirety</p> <p>“Bid Price” means the price as bid by Seller in response to the RFP or such other price as may be arrived at through negotiation.</p> <p>“Market Price Referent” means the market price referent applicable to this Agreement, as determined by the CPUC in accordance with Public Utilities Code Section 399.15(c).</p> <p>“Public Goods Charge Funding” or “PGC Funds” means any supplemental energy payments, pursuant to Public Utilities Code Section 399.15, as shall be modified or amended from time to time.</p> <p>“PGC Funding Award” means the final award of allocated PGC Funds from the CEC to Seller, pursuant to Section [25743(a) of the Public Resource Code], as shall be modified or amended from time to time.”</p> <p>“PGC Funding Confirmation” means a written notice from the CEC to the Seller acknowledging Seller’s request for PGC Funds and the availability of such funds for Seller in a future PGC Funding Award.</p> <p>The following provision shall be included as a standard term in the Confirmation(s) for the Transactions(s) entered into under the Agreement:</p> <p>“PGC Funding Termination Event”</p>			

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				<p>(a) PGC Funding Revocation. If at any time after Seller obtains a PGC Funding Confirmation or PGC Funding Award, (i) the PGC Funding Confirmation or PGC Funding Award is revoked in whole or in part by the CEC for reasons not caused by Seller's action or inaction, (ii) such revocation occurs prior to the issuance of a PGC Funding Award or during the term of the PGC Funding Award, and (iii) Seller has not received a financial benefit in the form of tax credits or any other source of public funding or credit directly related to the Product sold under this Confirmation, which benefit would offset the loss incurred from the revocation of the PGC Funding Confirmation or PGC Funding Award, then Seller shall have the right to terminate this Transaction, subject to Buyer's Right of First Refusal Option. If Seller exercises this termination right neither Buyer nor Seller shall be subject to liability arising from such termination.</p> <p>Not more than ten (10) days from the Seller's receipt of written notification regarding revocation of the PGC Funding Confirmation or PGC Funding Award in whole or part, Seller shall notify Buyer in writing of the revocation of the PGC</p>

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				<p>Funding Confirmation or PGC Funding Award, certify it has not received an offsetting financial benefit per clause (iii) above, and certify that such revocation is not due to Seller's action or inaction. Seller shall also provide Buyer with a copy of such CEC notification.</p> <p>("Revocation Notice"). Seller shall specify in its Revocation Notice what percentage of lost PGC funding it is willing to accept to continue to perform under this Transaction (not exceeding 100%).</p> <p>(a) Right of First Refusal Option.</p> <p>(i) Option. Buyer, in its sole discretion, shall have the right, but not the obligation, to pay to Seller the percentage of lost PGC funding specified in its Revocation Notice ("Lost PGC Funds") and Seller shall continue performing under the Transaction for the remaining term of the Transaction (the "Option"). Buyer shall have 30 days from its receipt of the Revocation Notice to exercise the Option ("Exercise Period"), subject to Option Approval, as defined below.</p> <p>(ii) Exercise of Option. If Buyer chooses to exercise the</p>

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					<p>Option, Buyer shall send written notice to Seller stating that Buyer is exercising the Option, conditioned upon Buyer's receipt of Option Approval, as defined below, within 180 days of date on which Buyer received the Revocation Notice. The effectiveness of the Option exercise shall be subject to Buyer's receipt of a final, non-appealable order issued by the CPUC, satisfactory to Buyer, approving Buyer's exercise of the Option and recovery of costs associated with the payment of the percentage of lost PGC Funding ("Option Approval"). The date on which Buyer provides written notice of its Option exercise to Seller shall be the "Exercise Date." Buyer shall file an advice filing or application seeking the Option Approval within 30 days of the Exercise Date.</p> <p>(iii) Payment. Prior to Buyer's receipt of Option Approval, Buyer shall pay Seller the Lost PGC Funds, which would have been due to Seller on a monthly basis for the period between the Exercise Date and the next invoice following the date on which the Option Approval is issued. Upon</p>

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	<p>receipt of Option Approval Buyer shall continue paying Seller's Lost PGC Funds on a monthly basis until the expiration of the term of Seller's PGC Funding Award, or Reinstatement of Seller's PGC funding, whichever comes first.</p> <p>(iv) Seller's Termination Right. Seller may terminate the Transaction in accordance with subsection (a) above upon the occurrence of any of the following events: (A) Buyer provides written notice to Seller rejecting the exercise of the Option, (B) the Option expires without being exercised, (C) Buyer fails to seek Option Approval within 30 days of the Exercise Date, or (D) Buyer fails to obtain Option Approval within 180 days of Buyer's receipt of the Revocation Notice. If Seller then terminates the Transaction, such termination shall be effective 30 days from the date on which Seller notifies Buyer of such termination. Both Parties shall continue to perform under this Transaction until the effectiveness of any such termination by Seller."</p>			<p>(C) REINSTATEMENT OF PGC</p>

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			<p>FUNDING. IF THE PGC FUNDING AWARD IS REINSTATED IN ITS ENTIRETY, INCLUDING RETROACTIVE PAYMENTS FOR LOST PGC FUNDS, AT ANYTIME BEFORE (i) SELLER'S TERMINATION OF THIS TRANSACTION OR (ii) BUYER'S EXERCISE OF THE OPTION, THEN SELLER SHALL NO LONGER BE PERMITTED TO TERMINATE THIS TRANSACTION, PURSUANT TO SECTION __ (A), AND BOTH PARTIES SHALL CONTINUE TO PERFORM UNDER THIS TRANSACTION. IF THE PGC FUNDING AWARD IS REINSTATED IN WHOLE OR IN PART AT ANYTIME AFTER BUYER HAS EXERCISED THE OPTION, THEN BUYER SHALL BE RELIEVED OF ALL FURTHER OBLIGATIONS TO PAY ANY OF SELLER'S LOST PGC FUNDS, WHICH WILL BE COVERED BY THE REINSTATED PGC FUNDING AWARD. IF PGC FUNDING AWARD IS REINSTATED IN WHOLE OR IN PART ON A RETROACTIVE BASIS AFTER BUYER HAS EXERCISED THE OPTION, THEN BUYER SHALL HAVE THE RIGHT TO OFFSET AGAINST PAYMENTS DUE TO SELLER THAT PORTION OF SUCH AWARD AMOUNT EQUIVALENT TO THE LOST PGC FUNDS PAID BY BUYER TO SELLER BETWEEN THE PERIOD IN WHICH THE PGC FUNDS WERE REVOKED AND REINSTATED. SELLER SHALL NOTIFY BUYER IN WRITING OF ANY SUCH REINSTATEMENT OF PGC FUNDS WITHIN 10 DAYS OF RECEIVING NOTICE OF SUCH REINSTATEMENT FROM THE CEC, CPUC, OR OTHER REGULATORY AGENCY RESPONSIBLE FOR THE PGC FUNDS PROGRAM, WHICH NOTICE SHALL INCLUDE A</p>

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<p>COPY OF THE SUCH NOTICE.</p> <p>(5) CONTRACT TERM (MAY NOT BE MODIFIED)</p> <p>The following provision shall be included as a standard term in the Confirmation(s) for the Transaction(s) entered into under the Agreement:</p> <p>“Delivery Term: The Parties shall specify the period of Product delivery for the “Delivery Term,” as defined herein, by checking one of the following boxes:</p> <p><input type="checkbox"/> Delivery shall be for a period of ten (10) years.</p> <p><input type="checkbox"/> Delivery shall be for a period of fifteen (15) years.</p> <p><input type="checkbox"/> Delivery shall be for a period of twenty (20) years.</p> <p><input type="checkbox"/> Non-standard Delivery shall be for a period of ____ years.”</p> <p>If the “Non-standard Delivery” contract term is selected, Parties need to apply to the CPUC justifying the need for non-standard delivery</p>																												
<p>(6) ELIGIBILITY (MAY NOT BE MODIFIED)</p> <p>The following new subsection 10.2(xiii) shall be added to the Agreement:</p> <p>“10.2(xiii) [Party __ or Seller], and, if applicable, its successors, represents and warrants throughout the term of</p>																												

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<p>the Delivery Term of each Transaction entered into under this Agreement that: (a) the Unit(s) qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (b) the Unit(s) output delivered to [Party __, or Buyer] qualifies under the requirements of the California Renewable Portfolio Standard."</p>									

(7) PERFORMANCE STANDARDS/ REQUIREMENTS (MAY BE MODIFIED BY PARTIES)

A. The following shall be included in the applicable post Commercial Operation Date performance standards/requirement provisions of the Agreement or Confirmation for "As Available" projects:

"Energy Production Guarantees

The Buyer shall in its sole discretion have the right to declare an Event of Default if Seller fails to achieve the Guaranteed Energy Production in any [12 month period] [or] [24 month period] and such failure is not excused by the reasons set forth in subsections (ii), (iii), or (v) of Section ___ of this Agreement, "Excuses for Failure to Perform."

Guaranteed Energy Production = _____MWh."

B. The following shall be included in the applicable performance standards/requirement provisions,

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<p>as “Excuses for Failure to Perform” in the Agreement or Confirmation for “As Available” projects:</p> <p>“Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement in the event that Seller fails to deliver the Product to Buyer for any of the following reasons:</p> <ul style="list-style-type: none"> i. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller’s negligence or willful misconduct; ii. Force Majeure; iii. by the Buyer’s failure to perform; iv. by scheduled maintenance outages of the specified units; v. a reduction in Output as ordered under terms of the dispatch down and Curtailment provisions (including CAISO or Buyer’s system emergencies); or vi [the unavailability of landfill gas which was not 				

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anticipated as of the date this [Confirmation] was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided; OR

insufficient wind power for the specified units to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the specified units' technical specifications; OR

the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the date this [Confirmation] was agreed to, which is not within the reasonable control of, or

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	<p>the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.]</p> <p>The performance of the Buyer to receive the Product may be excused only (i) during periods of Force Majeure, (ii) by the Seller's failure to perform or (iii) during dispatch down periods"</p> <p>C. The following shall be included in the applicable performance standards/ requirement provisions as "Excuses for Failure to Perform" in the Agreement or Confirmation for "Unit Firm" projects:</p> <p><u>"Net Rated Output Capacity.</u> If the Net Rated Output Capacity at the Commercial Operation Date or at the end of the first twelve (12) consecutive months after the Commercial Operation Date [and every twelve (12) consecutive months thereafter] is less than _____MW, Buyer shall have the right to declare an Event of Default. For subsequent contract years, Buyer shall trigger an Annual Capacity Test to determine each year's</p>			

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				<p>Net Rated Output Capacity by scheduling Deliveries from the facility for two consecutive weeks. Buyer shall provide Seller two (2) weeks notice of the Annual Capacity Test. For the second year and thereafter the Net Rated Output Capacity shall be the ratio of the sum of average hourly Energy Delivered for two (2) weeks divided by 336 hours (24 hours x 14 days). Energy Delivered shall exclude any energy greater than ___MW average in each hour. The resulting Net Rated Output Capacity shall remain in effect until the next Annual Capacity Test. The Net Rated Output Capacity shall not exceed the Contract Capacity of ___MW.</p> <p><u>Additional Event of Default.</u> It shall be an additional Event of Default if (i) the Availability Adjustment Factor is less than ___% for ___ consecutive months, or (ii) Net Rated Output</p> <p>Capacity falls below ___MW. In no event shall the Seller have the right to procure Energy from sources other than the Facility for sale and delivery pursuant to this Agreement.”</p> <p>D. The following shall be included in the applicable performance</p>

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standards/requirement provisions of the Agreement or Confirmation for "Unit Firm" projects:

"Seller shall be excused from achieving the Availability Adjustment Factor for the applicable time period, in the event that Seller fails to deliver the Product to Buyer for any of the following reason:

- i. during Force Majeure;
- ii. by Buyer's failure to perform; or,
- iii. a reduction in Output as ordered under terms of the dispatch-down and Curtailment provisions (including CAISO or Buyer's system emergencies.)

E. The following shall be included in the applicable performance standards/requirement provisions as "Excuses for Failure to Perform" in the Agreement or Confirmation for "Unit Firm," "Baseload," "Peaking," and "Dispatchable" Products:

"Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement, in the event that Seller fails to deliver the Product to Buyer for any of the following reason:

- iv. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit

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	<p>Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller's negligence or willful misconduct;</p> <ul style="list-style-type: none"> v. Force Majeure; vi. by the Buyer's failure to perform; vii. by scheduled maintenance outages of the specified units; or, a reduction in Output as ordered under terms of the dispatch down and Curtailment provisions (including CAISO or Buyer's system emergencies)." <p>The performance of the Buyer to receive the product may be excused only (i) during periods of Force Majeure, (ii) during periods of dispatch-down, or (iii) by the Seller's failure to perform."</p>			

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	<p>(8) PRODUCT DEFINITIONS (MAY BE MODIFIED BY PARTIES)</p> <p>The following new Product Definition shall be added to Schedule P of the EEI Agreement:</p> <p>“ <u>“ As Available”</u> means, with respect to a Transaction, that Seller shall deliver to Buyer and Buyer shall purchase at the Delivery Point the Product from the Units, in accordance with the terms of this Agreement and subject to the excuses for performance specified in this Agreement.”</p> <p>The “Unit Firm” Product Definition in Schedule P of the EEI Agreement shall be deleted in its entirety and replaced with the following:</p> <p>“<u>“Unit Firm”</u> means, with respect to a Transaction, that the Product subject to the Transaction is intended to be supplied from a specified generation asset or assets specified in the Transaction. The following Products shall be considered “Unit Firm” products:</p> <p>“<u>Peaking”</u> means with respect to a Transaction, a Product for which Delivery Periods coincide with Peak Periods, as defined by Buyer.</p> <p>“<u>Baseload”</u> means with respect to a Transaction, a Product for which Delivery levels are uniform for all Delivery Periods.</p>			

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<p>"Dispatchable" means with respect to a Transaction, a Product for which Seller makes available unit-contingent capacity for a Buyer to schedule and dispatch up or down at Buyer's option."</p>			

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<p>(9) NON-PERFORMANCE OR TERMINATION PENALTIES AND DEFAULT PROVISIONS (May be modified by parties)</p> <p>DEFAULT PROVISIONS</p> <p>The following provisions are offered as “Default Provisions” for the Agreement:</p> <p>Section 5.1 of the EEI Agreement shall be adopted in its entirety and included in the Agreement as follows:</p> <p>“5.1 <u>Events of Default</u>. An “Event of Default” shall mean, with respect to a Party (a “Defaulting Party”), the occurrence of any of the following:</p> <p>(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice;</p> <p>(b) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;</p> <p>(c) the failure to perform any material covenant or obligation set forth in this Agreement (except to the</p>			

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			<p>extent constituting a separate Event of Default, and except for such Party's obligations to deliver or receive the Product, the exclusive remedy for which is provided in Article Four) if such failure is not remedied within three (3) Business Days after written notice;</p> <p>(d) such Party becomes Bankrupt;</p> <p>(e) the failure of such Party to satisfy the creditworthiness/collateral requirements agreed to pursuant to Article Eight hereof;</p> <p>(f) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;</p>

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				<p>(g) if the applicable cross default section in the Cover Sheet is indicated for such Party, the occurrence and continuation of (i) a default, event of default or other similar condition or event in respect of such Party or any other party specified in the Cover Sheet for such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than the applicable Cross Default Amount (as specified in the Cover Sheet), which results in such indebtedness becoming, or becoming capable at such time of being declared, immediately due and payable or (ii) a default by such Party or any other party specified in the Cover Sheet for such Party in making on the due date therefore one or more payments, individually or collectively, in an aggregate amount of not less than the applicable Cross Default Amount (as specified in the Cover Sheet);</p> <p>(h) with respect to such Party's Guarantor, if any:</p> <p>(i) if any representation or</p>

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	<p>warranty made by a Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;</p> <p>(ii) the failure of a Guarantor to make any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within three (3) Business Days after written notice;</p> <p>(iii) a Guarantor becomes Bankrupt;</p> <p>(iv) the failure of a Guarantor's guaranty to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under each Transaction to which such guaranty shall relate without the written consent of the other Party; or</p> <p>(v) a Guarantor shall</p>			

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	<p>repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any guaranty.”</p> <p>Section 5.1 of the Agreement, as provided above, shall be modified as follows:</p> <p>Section 5.1(c) is amended by deleting the reference to “three (3) Business Days” and replacing it with “thirty (30) days;” and</p> <p>Sections 5.1(b) and 5.1(h)(i) are amended by adding the following at the end thereof: “ or with respect to the representations and warranties made pursuant to Section 10.2 of this Agreement or any additional representations and warranties agreed upon by the parties, any such representation and warranty becomes false or misleading in any material respect during the term of this Agreement or any Transaction entered into hereunder.””</p> <p>The following new “Events of Default” shall be included in Section 5.1 of the Agreement, as amended:</p> <p>Section 5.1 (i) is added as follows: “if at any time during the Term of Agreement, Seller delivers or attempts to deliver to the Delivery Point for sale under this Agreement electrical power that was not generated by the Unit(s)” ; and</p> <p>Section 5.1(j) is added as follows: “failure to meet the performance</p>			

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	<p>requirements agreed to pursuant to Section __ hereof.”</p> <p>NON- PERFORMANCE/ TERMINATION PENALITIES:</p> <p>The following modifications to Article One of the EEI Agreement are offered as “Non-Performance/Termination Penalties” for the Agreement:</p> <p>The definition of “Gains” shall be deleted in its entirety and replaced with the following:</p> <p>““Gains” means with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner.</p> <p>Factors used in determining economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties, including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid</p>			

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				<p>trading hubs (e.g., NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include the value of Environmental Attributes.”</p> <p>The definition of “Losses” shall be deleted in its entirety and replaced with the following:</p> <p>““Losses” means with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include value of Environmental Attributes.”</p>

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<p>The definition of "Costs" shall be deleted in its entirety and replaced with the following:</p> <p>"Costs" means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction".</p> <p>The definition of "Settlement Amount" shall be adopted in its entirety as follows:</p> <p>"1.56 "Settlement Amount" means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, such party incurs as a result of the liquidation of a Terminated Transaction pursuant to Section 5.2."</p> <p>Section 5.2 of the Agreement shall be deleted in its entirety and replaced with the following:</p> <p>"5.2 Declaration of Early Termination Date and Calculation of Settlement Amounts: If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the</p>			

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				<p>other Party (“Non-Defaulting Party”) shall have the right to (i) designate a day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an early termination date (“Early Termination Date”) to accelerate all amounts owing between the Parties and to liquidate and terminate all, but not less than all, Transactions (each referred to as a “Terminated Transaction”) between the Parties, (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance. The Non-defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages. The Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount.”</p> <p>Section 5.3 through 5.5 of the Agreement shall be adopted in their entirety. For reference Section 5.3 –</p>

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			<p>5.5 are as follows:</p> <p>“5.3 <u>Net Out of Settlement</u> Amounts. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single amount by: netting out (a) all Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article Eight, plus any or all other amounts due to the Defaulting Party under this Agreement against (b) all Settlement Amounts that are due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement, so that all such amounts shall be netted out to a single liquidated amount (the “Termination Payment”). If the Non-Defaulting Party’s aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment shall be zero.”</p> <p>5.4 <u>Notice of Payment of Termination Payment</u>. As soon as practicable after a</p>

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			<p>liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such calculation. The Termination Payment shall be made to the Non-Defaulting Party, as applicable, within two (2) Business Days after such notice is effective.</p> <p>5.5 <u>Disputes With Respect to Termination Payment.</u> If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer Performance Assurance to the Non-Defaulting Party in an amount equal to the Termination Payment."</p>

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CPUC Decision D.07-02-011														
CPUC Decision D.07-05-057														
		<p>(12) CREDIT TERMS (May be modified by parties)</p> <p>Sections 8.1 through 8.3 of the EEI Agreement shall be adopted in their entirety for inclusion in the Agreement as follows:</p> <p>“8.1 Party A Credit Protection. The applicable credit and collateral requirements shall be as specified on the Cover Sheet and shall only apply if marked as “Applicable” on the Cover Sheet.</p> <p>(a) Financial Information.</p> <p>Option A: If requested by Party A, Party B shall deliver (i) within 120 days following the end of each fiscal year, a copy of Party B’s annual report containing audited consolidated financial statements for such fiscal year and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of Party B’s quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as Party B diligently pursues the preparation, certification</p>												

2008 Language and Justification for Variation		CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
	<p>and delivery of the statements.</p> <p>Option B: If requested by Party A, Party B shall deliver (i) within 120 days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements for such fiscal year for the party(s) specified on the Cover Sheet and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of quarterly report containing unaudited consolidated financial statements for such fiscal quarter for the party(s) specified on the Cover Sheet. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements.</p> <p>Option C: Party A may request from Party B the information specified in the Cover Sheet.</p> <p>(b) Credit Assurances. If Party A has reasonable grounds to believe that Party B's creditworthiness or performance under this Agreement has become unsatisfactory, Party A will provide Party B with written notice requesting Performance</p>			

2008 Language and Justification for Variation		CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
				<p>Assurance in an amount determined by Party A in a commercially reasonable manner. Upon receipt of such notice Party B shall have three (3) Business Days to remedy the situation by providing such Performance Assurance to Party A. In the event that Party B fails to provide such Performance Assurance, or a guaranty or other credit assurance acceptable to Party A within three (3) Business Days of receipt of notice, then an Event of Default under Article Five will be deemed to have occurred and Party A will be entitled to the remedies set forth in Article Five of this Master Agreement.</p> <p>(c) Collateral Threshold. If at any time and from time to time during the term of this Agreement (and notwithstanding whether an Event of Default has occurred), the Termination Payment that would be owed to Party A plus Party B's Independent Amount, if any, exceeds the Party B Collateral Threshold, then Party A, on any Business Day, may request that Party B provide Performance Assurance in an amount equal to the amount by which the Termination Payment plus Party B's Independent Amount, if any, exceeds the Party B Collateral Threshold (rounding upwards for any fractional amount to the next Party B Rounding Amount) ("Party B Performance Assurance"), less any Party B Performance Assurance already</p>

2008 Language and Justification for Variation	CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
			<p>posted with Party A. Such Party B Performance Assurance shall be delivered to Party A within three (3) Business Days of the date of such request. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash), Party B, at its sole cost, may request that such Party B Performance Assurance be reduced correspondingly to the amount of such excess Termination Payment plus Party B's Independent Amount, if any, (rounding upwards for any fractional amount to the next Party B Rounding Amount). In the event that Party B fails to provide Party B Performance Assurance pursuant to the terms of this Article Eight within three (3) Business Days, then an Event of Default under Article Five shall be deemed to have occurred and Party A will be entitled to the remedies set forth in Article Five of this Master Agreement.</p> <p>For purposes of this Section 8.1(c), the calculation of the Termination Payment shall be calculated pursuant to Section 5.3 by Party A as if all outstanding Transactions had been liquidated, and in addition thereto, shall include all amounts owed but not yet paid by Party B to Party A, whether or not such amounts are due, for performance already provided pursuant to any and all Transactions.</p> <p>(d) Downgrade Event. If at any time there shall occur a Downgrade Event in respect of Party B, then</p>

2008 Language and Justification for Variation		CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
				<p>Party A may require Party B to provide Performance Assurance in an amount determined by Party A in a commercially reasonable manner. In the event Party B shall fail to provide such Performance Assurance or a guaranty or other credit assurance acceptable to Party A within three (3) Business Days of receipt of notice, then an Event of Default shall be deemed to have occurred and Party A will be entitled to the remedies set forth in Article Five of this Master Agreement.</p> <p>(e) If specified on the Cover Sheet, Party B shall deliver to Party A, prior to or concurrently with the execution and delivery of this Master Agreement a guarantee in an amount not less than the Guarantee Amount specified on the Cover Sheet and in a form reasonably acceptable to Party A.</p> <p>8.2 Party B Credit Protection. The applicable credit and collateral requirements shall be as specified on the Cover Sheet and shall only apply if marked as "Applicable" on the Cover Sheet.</p> <p>(a) Financial Information. Option A: If requested by Party B, Party A shall deliver (i) within 120 days following the end of each fiscal year, a copy of Party A's annual report containing audited consolidated financial statements for such fiscal year and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal</p>

2008 Language and Justification for Variation		CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
				<p>year, a copy of such Party's quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as such Party diligently pursues the preparation, certification and delivery of the statements.</p> <p>Option B: If requested by Party B, Party A shall deliver (i) within 120 days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements for such fiscal year for the party(s) specified on the Cover Sheet and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of quarterly report containing unaudited consolidated financial statements for such fiscal quarter for the party(s) specified on the Cover Sheet. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification,</p>

2008 Language and Justification for Variation		CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
	<p>such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements.</p> <p>Option C: Party B may request from Party A the information specified in the Cover Sheet.</p> <p>(b) Credit Assurances. If Party B has reasonable grounds to believe that Party A's creditworthiness or performance under this Agreement has become unsatisfactory, Party B will provide Party A with written notice requesting Performance Assurance in an amount determined by Party B in a commercially reasonable manner. Upon receipt of such notice Party A shall have three (3) Business Days to remedy the situation by providing such Performance Assurance to Party B. In the event that Party A fails to provide such Performance Assurance, or a guaranty or other credit assurance acceptable to Party B within three (3) Business Days of receipt of notice, then an Event of Default under Article Five will be deemed to have occurred and Party B will be entitled to the remedies set forth in Article Five of this Master Agreement.</p> <p>(c) Collateral Threshold. If at any time and from time to time during the term of this Agreement (and notwithstanding whether an Event of Default has occurred), the Termination Payment that would be</p>			

2008 Language and Justification for Variation	CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
			<p>owed to Party B plus Party A's Independent Amount, if any, exceeds the Party A Collateral Threshold, then Party B, on any Business Day, may request that Party A provide Performance Assurance in an amount equal to the amount by which the Termination Payment plus Party A's Independent Amount, if any, exceeds the Party A Collateral Threshold (rounding upwards for any fractional amount to the next Party A Rounding Amount) ("Party A Performance Assurance"), less any Party A Performance Assurance already posted with Party B. Such Party A Performance Assurance shall be delivered to Party B within three (3) Business Days of the date of such request. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash), Party A, at its sole cost, may request that such Party A Performance Assurance be reduced correspondingly to the amount of such excess Termination Payment plus Party A's Independent Amount, if any, (rounding upwards for any fractional amount to the next Party A Rounding Amount). In the event that Party A fails to provide Party A Performance Assurance pursuant to the terms of this Article Eight within three (3) Business Days, then an Event of Default under Article Five shall be deemed to have occurred and Party B will be entitled to the remedies set forth in Article</p>

2008 Language and Justification for Variation		CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
	<p>Five of this Master Agreement.</p> <p>For purposes of this Section 8.2(c), the calculation of the Termination Payment shall be calculated pursuant to Section 5.3 by Party B as if all outstanding Transactions had been liquidated, and in addition thereto, shall include all amounts owed but not yet paid by Party A to Party B, whether or not such amounts are due, for performance already provided pursuant to any and all Transactions.</p> <p>(d) Downgrade Event. If at any time there shall occur a Downgrade Event in respect of Party A, then Party B may require Party A to provide Performance Assurance in an amount determined by Party B in a commercially reasonable manner. In the event Party A shall fail to provide such Performance Assurance or a guaranty or other credit assurance acceptable to Party B within three (3) Business Days of receipt of notice, then an Event of Default shall be deemed to have occurred and Party B will be entitled to the remedies set forth in Article Five of this Master Agreement.</p> <p>(e) If specified on the Cover Sheet, Party A shall deliver to Party B, prior to or concurrently with the execution and delivery of this Master Agreement a guaranty in an amount not less than the Guarantee Amount specified on the Cover Sheet and in a form reasonably acceptable to Party B.</p>			

2008 Language and Justification for Variation	CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
			<p>8.3 Grant of Security Interest/Remedies. To secure its obligations under this Agreement and to the extent either or both Parties deliver Performance Assurance hereunder, each Party (a "Pledgor") hereby grants to the other Party (the "Secured Party") a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Secured Party, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Secured Party's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Non-Defaulting Party may do any one or more of the following: (i) exercise any of the rights and remedies of a Secured Party with respect to all Performance Assurance, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the Defaulting Party in the possession of the Non-Defaulting Party or its agent; (iii) draw on any</p>

2008 Language and Justification for Variation		CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
				<p>outstanding Letter of Credit issued for its benefit; and (iv) liquidate all Performance Assurance then held by or for the benefit of the Secured Party free from any claim or right of any nature whatsoever of the Defaulting Party, including any equity or right of purchase or redemption by the Defaulting Party. The Secured Party shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Pledgor's obligations under the Agreement (the Pledgor remaining liable for any amounts owing to the Secured Party after such application), subject to the Secured Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full."</p> <p>If the parties elect as being applicable on the Cover Sheet, the following new Section 8.4 shall be added to Article Eight of the EEI Master Agreement:</p> <p>To secure its obligations under this Agreement, in addition to satisfying any credit terms pursuant to the terms of Section [8.1 or 8.2] to the extent marked applicable, Seller agrees to deliver to Buyer (the "Secured Party") within thirty (30) days of the date on which all of the conditions precedent set forth in Section ___ are either satisfied or waived, and Seller shall maintain in full force and effect a) until the Commercial Operation Date a [INSERT TYPE OF COLLATERAL]</p>

CPUC Decision D.07-02-011	CPUC Decision D.07-05-057	2008 Language and Justification for Variation
<p>in the amount of \$____], the form of which shall be determined in [the sole discretion of] [or] [by] Buyer and (b) from the Commercial Operation Date until the end of the Term [INSERT TYPE OF COLLATERAL]in the amount of \$____], the form of which shall be determined [in the sole discretion of] [or][by] the Buyer. Any such security shall not be deemed a limitation of damages.</p>		
<p>(15) CONTRACT MODIFICATIONS (MAY MODIFY ONLY THOSE TERMS THAT ARE MODIFIABLE) The following provision of Section 10.8 of the EEI Agreement shall be adopted as follows: “Except to the extent herein provided for, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both parties.”</p>		
<p>(16) ASSIGNMENT (MAY NOT BE MODIFIED)</p>		
<p>Section 10.5 of the EEI Agreement, “Assignment,” shall be deleted in its entirety and replaced with the following: “Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld;</p>		

2008 Language and Justification for Variation	CPUC Decision D.07-05-057	CPUC Decision D.07-02-011	
<p>provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers and the financing provider(s) shall assume the payment and performance obligations provided under this Agreement with respect to the transferring Party provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.”</p>			
<p>(17) APPLICABLE LAW (MAY NOT BE MODIFIED)</p>			
<p>Section 10.6 of the EEI Master Agreement, “Governing Law,” shall be included in the Agreement and amended by deleting “NEW YORK” and inserting “CALIFORNIA” in place thereof.</p>			
<p>(18) APPLICATION OF PREVAILING WAGE (MAY BE MODIFIED)</p>			
<p>To the extent applicable, Seller shall comply with the prevailing wage</p>			

	CPUC Decision D.07-02-011	CPUC Decision D.07-05-057	2008 Language and Justification for Variation
requirements of Public Utilities Code section 399.14, subdivision (h).			

REDLINED DOCUMENTS

SAN DIEGO GAS & ELECTRIC COMPANY
~~2007~~2008 RENEWABLE PROCUREMENT
PLAN

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I. INTRODUCTION AND BACKGROUND

In accordance with the ~~rules~~Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”) and the ~~Opinion Conditionally Accepting Procurement Plans for 2007 RPS Solicitations, issued on February 15, 2007,~~ (the “2007 Plan Decision”) San Diego Gas & Electric Company (“SDG&E”) hereby submits its Amended 2007 Renewable Portfolio Standard (“RPS”) procurement plan and related documents (the “Amended Plan”) for 2007. In the Amended Scoping Memo and Ruling of Assigned Commissioner, issued on August 21, 2006, (the “Scoping Memo”), the Commission established Regarding 2008 RPS Procurement Plans (the “ACR”), issued on June 15, 2007, SDG&E hereby submits its 2008 RPS Procurement Plan (the “Plan”).

In the ACR, the Commission establishes a schedule for submission of draft ~~2007~~ RPS procurement plans 2008 Plans and ~~sets~~sets forth certain elements that must be included in all draft ~~2007 RPS~~ procurement plans (and draft RFOs, as appropriate). Specifically, Attachment C of the Scoping Memo directed that the draft Plan include, but not be limited to Plans. Attachment A of the ACR identifies the standard components of each Plan and directs that the Plans include additional information in the following:

format:

1. (A) An assessment of annual or multiyear portfolio supplies and demand to determine the optimal mix of renewable generation resources with deliverability characteristics that may include peaking, dispatchable, baseload, firm, and as-available capacity. **Overview:** An assessment and discussion of the optimal mix of RPS
(B) Provisions for employing available resources, use of compliance flexibility mechanisms established by the commission, and bid solicitation

(C) A bid solicitation setting forth the need for renewable generation of each deliverability characteristic, required online dates, and locational preferences, if any.” (Pub. Util. Code § 399.14(a)(3).)

Each RPS Procurement Plan shall also state all that is reasonable necessary to present a complete Plan. This shall include, but is not limited to:

~~1. A statement~~ **2. Program Metrics: Data and information** for each year from ~~2004~~ **2003** through ~~2010~~

2013 (with actuals, estimates or forecasts as needed or appropriate) of: ~~1.1 Actual and/or~~ forecast retail sales,

~~1.2 Baseline procurement and baseline procurement target,~~

~~1.3 Actual annual procurement and annual procurement target, annual procurement targets, RPS-eligible procurement, use of flexible compliance, reasonable use of a procurement margin of safety to account for potential contract failure and other contingencies~~

~~1.4 Actual increment procurement and incremental procurement target, and~~

3. Important Changes: A statement identifying and summarizing the important changes in each plan each year from 2004 through the 2008.

~~1.5 Any other relevant targets.~~

4. Standard Terms and Conditions (STCs): Specifically regarding STCs, a matrix that: (a) identifies each STC from Decision 04-06-014; (b) shows changes made to a STC by the Commission, if any (e.g., D.07-02-011, D.07-05-057); (c) states the parallel term in the 2008 Plan; (d) identifies any differences; (e) explains or justifies any variation from the STCs adopted in D.04-06-014, or as later modified by the Commission; and (f) provides any other information respondent believes necessary for the Commission to make an informed decision regarding any proposed changes from a Commission-adopted STC.

~~2.5. Lessons Learned: Identification and summary of lessons learned over the last few years² experience with the RPS program which lead to recommended changes for the 2007 procurement plan or cycle.~~

~~3. Statement~~ **6. Transmission, Flexible Delivery and Curtailability: A statement of specific considerations, if any, in the Plan to facilitate Program success** relative to: ~~3.1~~ **transmission,** ~~3.2~~ **experience with RPS generators willingness to propose or consider curtailability to facilitate acceptable bids or products, and** ~~3.3,~~ **experience with expanding**

deliverability from only the CAISO control area to anywhere in California, and experience with the current Transmission Ranking Cost Report process and recommended improvements for consideration, if any.

7. Prices and Collateral: A statement addressing whether or not, and how, the load serving entity (LSE) has required bidders to bid a range of prices for each contract based on a minimum of three levels of collateral.

4.8. Workplan to Research 20% By 2010: A showing on each LSE's workplan to reach 20% by 2010, including but not limited to: ~~4.1~~ identification of any impediments that remain to reaching 20% by ~~2010~~, 4.2 2010 and what the LSE is doing to address those impediments, ~~if anything.~~

5.9. Build Own Resources: A showing on the LSE's current consideration of whether or not to build its own renewable generation to reach 20% by 2010 (~~D.06-05-039, pp. 33-34~~).

~~6. A statement summarizing the changes in the 2007 Plan from the 2006 Plan.~~

10. Efforts to Coordinate: A statement that describes the efforts undertaken to coordinate the form and format of the 2008 Plans, plus improvements to the model contracts.

7.11. Other: Anything else necessary for a full and complete presentation of its 2008 ~~2007~~RPS Procurement Plan for the Commission's consideration, as recommended by the LSE respondent for Commission adoption.

~~SDG&E filed its draft Plan on September 25, 2006, and filed additional information supplementing its draft Plan on December 6, 2006. In its draft Plan, SDG&E provided all information requested by the Commission and explained that it continues to move aggressively toward the accelerated goal of 20% by 2010.~~

~~The Commission's 2007 Plan Decision conditionally approves SDG&E's Plan and requires SDG&E to make the following amendments to its Plan:~~

- ~~• Disclosures: Provide that financial disclosures are not required before creation of a shortlist. (D.07-02-011, p. 28).~~
- ~~• FIN 46(R)/Debt Equivalence Rate Adjustments: Amend Plan to make clear that ratemaking relief is to be addressed in the cost of capital proceeding or other appropriate proceeding, but not via Advice Letter. (D.07-02-011, pp. 30-32).~~
- ~~• Least Cost, Best Fit ("LCBF") Evaluation Criteria: Clearly and specifically state each quantitative and qualitative factor used in evaluation, including factors found~~

and declared important by the Legislature and in CPUC decisions. Include LCBF criteria and selection process description in a form that is consistent among the IOUs. Work with Energy Division on continuing development of one largely similar form, format and description. (D.07-02-011, pp. 37-38).

- Revised Contract Terms: Incorporate adopted definition of “Renewable Energy Credit” and “Environmental Attributes.” (D.07-02-011, pp. 39, 41-42).
- Additional Contract Revisions: Delete the sentence that references an Option B on the Cover Sheet, and update the Cover Sheet to remove reference to Option B. Ensure that the list of disclosable terms includes “online date and delivery point” in order to ensure consistency with D.06-06-066. (D.07-02-011, p. 44).
- Other Specific Amendments (D.07-02-011, p. 58):
 - a. SDG&E’s final Plan should employ careful explanation and use of acronyms (e.g., Procurement Plan, p. 21, “EPC”).
 - b. If specific proceedings are identified, SDG&E should ensure the list is complete and up to date (e.g., SDG&E should consider referencing R.06-05-027 at Procurement Plan, Appendix A, Proposed RFO, p. 14).
 - c. If specific laws and decisions are referenced, with web links, the list should be complete and up to date (e.g., SDG&E should consider adding SB 107, plus all other relevant Commission decisions at Procurement Plan, Appendix A, Proposed RFO, p. 14.)
 - d. Many documents are contained in one Appendix. (Procurement Plan, Appendix B, Form PPA.) Further organization (e.g., index) and/or tabbing would be helpful. Moreover, it appears to reference changes to the Edison Electric Institute (EEI) contract, but the EEI contract is not included (e.g., Cover Sheet, p. 13 references Section 10.6, but that Section is not elsewhere apparent).

In accordance with 2007 Plan Decision, the amendments described above have been incorporated into this Amended Plan and are reflected in the following documents attached hereto:

- Appendix A—Amended RFO
- Appendix B—Form PPA and related documents
- Appendix C—Description of bid evaluation criteria using Least Cost, Best Fit Written Report Template prepared by the Energy Division

12. Redlined Copy: A version of the 2008 Plan that is “redlined” to identify the changes from the 2007 Plan, with a copy for Energy Division, the Administrative Law Judge and any party who requests a copy.

In D.07-02-011, the Commission conditionally approved SDG&E’s Plan. The final version of SDG&E’s 2007 plan (as amended per the Commission’s direction) is largely replicated here as SDG&E’s 2008 Plan, with material differences highlighted in Section 3.

1. OVERVIEW

SDG&E submits its 2008 RPS Procurement Plan with the goal of achieving 20% of renewable energy by 2010. In order to accomplish this, SDG&E has identified the need for flexible compliance mechanisms in the years 2010 and later, the need to solicit short-term contracts in SDG&E’s 2008 RFO and the need for new transmission lines to access renewable resources. SDG&E intends to use short-term contracts to cover certain shortfalls in 2010 and 2011. If flexible compliance and transmission are not available, it is highly unlikely that SDG&E will achieve the 20% mandate by 2010.

H.

**1.1 SDG&E FORECAST OF SUPPLY AND DEMAND OF RPS RESOURCES
AND COMPLIANCE WITH ANNUAL PROCUREMENT TARGETS**

SDG&E's Annual Procurement Target ("APT") for ~~2007 is 909,936 MWH~~2008 is set forth in the RPS Compliance Plan that is to be filed concurrently with this 2008 RPS Procurement Plan. SDG&E projects that it will ~~procure a total of 1,074,562 MWH~~ of deliver renewable energy in 2008 that will meet and exceed its APT for 2007,2008, assuming that all current resources deliver as contracted ~~SDG&E anticipates that it will exceed its 2007 APT of 164,626 MWH and will therefore bank any surplus for future APT.~~ To the extent that SDG&E does exceed its 2008 APT (as quantified on a forecast basis in the 2008 Compliance Plan) SDG&E will bank its surplus to cover future APT shortfalls that it may experience, including shortfalls in year 2010 and beyond.

SDG&E notes that projections in this plan regarding incremental purchases are based on SDG&E's understanding of RPS accounting rules. ~~Calculations may need to be revised pending finalization of RPS accounting conventions.~~

III. ~~SDG&E'S 2007 RENEWABLE RESOURCE PLAN~~

~~SDG&E continues to move aggressively toward the accelerated goal of 20% by 2010. SDG&E plans to utilize flexibility mechanisms allowed under the RPS program, issue a competitive solicitation and pursue ownership opportunities in order to achieve this objective. SDG&E intends to evaluate a number of ownership opportunities in the 2007 RFO, including turnkey development and PPAs with ownership options post-commercial operation. SDG&E intends to evaluate ownership opportunities in the 2008 to 2011 timeframe in this RFO process. Renewable procurement beyond 2010 is needed to replace expiring contracts. SDG&E will evaluate each opportunity in order to ensure that ownership is cost effective when compared with PPAs, in accordance with guidelines previously established by the Commission.~~

SDG&E continues to move aggressively toward the accelerated mandate of 20% by 2010. Since 2002, SDG&E has conducted seven RFOs for renewable resources. These solicitations have resulted in 26 executed and Commission-approved contracts. SDG&E's work plan for reaching 20% by 2010 is found in Section 8 of this Plan.

1.2 USE OF FLEXIBLE COMPLIANCE

To the extent it is necessary to do so, SDG&E will avail itself of the flexibility mechanisms permitted under the RPS program, including: (1) the ability to sign bilateral agreements; which include short term contracts, (2) the ability to bank purchases in excess of the APT; ~~and~~ (3) the ability to borrow, if necessary, from the bank to make up for purchase shortfalls. ~~Further, SDG&E has made it a practice, to the extent feasible, to include renewables in non-RPS RFOs where SDG&E is seeking to fill specific resource needs. Should SDG&E issue such an all-source RFO during 2007, and to the extent that~~

~~offers are received in response to all source RFOs, such offers will be evaluated and, if economic, selected in accordance with least-cost, best-fit principles. As with offers entered into bilaterally, any such offers resulting from non-RPS all-source RFOs are not eligible for SEP funding under current Commission rules.~~ (4) the ability to earmark contracts for purchase shortfalls, and (5) the ability to carry forward shortfalls for three years. The Commission should also consider other flexible compliance mechanisms, including: (i) unbundled RECs, (ii) the ability for IOU's to carry forward without limit any shortfall that is created by either a) the failure of a developer to perform up to its contractual commitments, and/or b) any shortfall that resulted from a delay caused by the lack of transmission. Workshops should be held as soon as possible to allow participants to offer other flexible compliance rules.

~~SDG&E anticipates that it may seek approval for bilateral renewable contracts with developers who were unable to participate in the previous RFO solicitation and who are unable to wait until the next RFO solicitation. SDG&E is mindful that bilateral resources must be cost-effective when compared against projects that bid into past RFO solicitations. SDG&E's ability to consider offers received in response to all-source non-RPS RFOs and bilateral offers will widen the scope of resources available to SDG&E. To the extent that an unsolicited offer complies with RPS program requirements, fits within SDG&E's resource needs, is competitive when compared against recent RFO offers and provides benefits to SDG&E customers, SDG&E will pursue such an agreement. As directed by D.03-06-071, no Supplemental Energy Payments shall be used for bilateral agreements or non-RPS all-source RFO agreements. SDG&E will brief its Procurement Review Group ("PRG") prior to undertaking substantial negotiations in~~

connection with such agreements.

Senate Bill (SB) 107, which was signed into law on September 26, 2006, offers a number of clarifications and modifications to the existing RPS statute, including, among others, the rules related to flexible compliance. Specifically, SB 107 mandates that flexible rules for compliance shall apply to all years, including the years both before and after 2010 or the year in which the 20% goal is attained. SDG&E intends to use this flexibility mechanism and to bank its surpluses accrued in 2008

~~The ability to bank excess purchases was established in D.03-06-071 and reaffirmed in D.06-10-050. SDG&E intends to use this flexibility mechanism and to bank its surpluses accrued in 2007.~~ SDG&E has aggressively contracted for renewable resources and

~~has exceeded its APT in prior years., and reasonably expects that it will exceed its APT in years leading up to 2010. In the event one or more resources fail to deliver and SDG&E is short of its APT, SDG&E will borrow from its procurement bank as necessary~~

~~in order to comply with purchase minimums.~~ SDG&E follows the CPUC's methodology and banks its surplus purchases for use in future years for an unlimited period. Table 2 sets forth SDG&E's estimated purchases in excess of its 2006 and 2007 APT and the estimated balance in SDG&E's Renewable Energy Credit ("REC") bank as of the close

~~of 2007. The ability to bank excess purchases was established in D.03-06-071 and reaffirmed in D.06-10-050. Since SDG&E forecasts that it will continue to build its~~

~~procurement bank through 2009, it is necessary that this excess procurement be useful in 2010 and beyond, as required by SB 107. If the banked procurement is not useful in 2010, then the value of such excess renewable procurement (above the APT for years 2003-2009) would be lost to ratepayers.~~

Table 2: SDG&E REC Bank

	MWH
REC Bank Balance at end of 2003	-399,979
2004 Surplus	254,630
2005 Surplus	243,914
2006 Surplus (estimated)	159,741
2007 Surplus (estimated)	164,626
REC Bank Balance at end of 2007 (estimated)	1,222,890

Although SDG&E fully expects its resources to deliver as contracted, in the event one or more resources fail to deliver and SDG&E is short of its APT, SDG&E will borrow from its REC bank as necessary in order to comply with purchase minimums.

IV.

1.3 SDG&E'S PROPOSED REQUEST FOR OFFERS BID SOLICITATION

SDG&E intends to issue an RFO in ~~2007~~2008 seeking additional offers in accordance with all RPS requirements established by the Commission and the California Energy Commission, ("CEC"). The RFO will solicit bids from all technologies of renewable projects that are located anywhere in California, as well as outside of California provided that the renewable project located outside the State meets the requirements set forth in Public Utilities Code Section 399.16.

Attached as Appendix A ~~hereto~~ is the proposed RFO that SDG&E plans to issue for its ~~2007~~2008 RPS program solicitation. SDG&E has also included as Appendix B all RFO accompanying documents including offer forms and the Edison Electric Institute Agreement ("EEI Agreement") that SDG&E intends to append to the RFO. The RFO will solicit capacity and energy services from repowered, upgraded or new facilities.

~~However, it maybe difficult for bidders to build a new facility and have it online by 2010.~~

~~Products may include unit firm or as-available deliveries starting in 2008, 2009, 2010 or 2011, 2009, 2010, 2011, or 2012 for terms ranging from spot market up to 20 years.~~

~~SDG&E's request for shorter term renewable energy is new to this 2008 Plan. SDG&E believes that the use of all procurement tools is essential if the 20% goal is to be met.~~

SDG&E intends to solicit bids from renewable facilities that meet the requirements for eligible facilities as specified in SB 1078, SB 107 and as established by the CEC. The ~~2007~~2008 RFO allows sellers to offer renewable products from generation plants connected anywhere to the WECC transmission system, ~~soas~~ long as the energy bid ~~is~~can be delivered into California. ~~Sellers must arrange for and pay~~ Arrangements to have the energy delivered to a point of delivery within the CAISO system:⁺ will be a

negotiated term where either the buyer or seller must undertake such arrangement.^{1/}

SDG&E will evaluate all resources on an equal basis. ~~SDG&E using a Least-Cost/Best-Fit evaluation methodology that has: 1) been used in previous solicitation, and 2) been reviewed by both the Independent Evaluator and SDG&E's Procurement Review Group.~~ SDG&E intends to count renewable resources towards its resource adequacy requirement and will evaluate each offer and include in its overall evaluation criteria any costs / benefits associated with ~~reliability, RMR or~~ resource adequacy. SDG&E's ability to procure from certain areas within California could be impacted by planned transmission additions, the lack of which severely impacts SDG&E's ability to contract for resources in areas where transmission constraints and congestion are expected to exist, including resources that may locate in the ~~Crestwood area~~ eastern portion of San Diego County, the Imperial Valley, northern Mexico and Tehachapi areas.

SDG&E's ~~goal has been to develop and maintain~~ has been successful in adding renewable resources in previous solicitations that represent a diversified ~~renewable~~ portfolio of technologies that best fits fit well with SDG&E's resource needs. SDG&E's ~~proposed RFO supports this goal by promoting~~ goal is to continue to promote a renewable mix that is wide-ranging in technology types and that allows SDG&E to pursue a combination of both power purchase, and ownership options including turn-key and joint venture. ~~Significant requirements of the~~ However, the selection of renewable resources is driven by the quality, price and terms of offers submitted to the utility in its RFO process so there is no certainty as to which technologies will be chosen in future years solicitations.

^{1/} If SDG&E selects an out-of-state offer, ~~each~~ they will also be subject to approval by the CEC in accordance with the CEC's latest Renewable Guidebook and in accordance with P.U. Code Section 399.16.

Threshold requirements of SDG&E's 2008 RFO include:

- (i) Respondents are required to satisfy all requirements established by the CPUC and CEC, for participation in the RPS Program. Resources must be certifiable by the CEC as an eligible renewable resource. Any purchases entered into between respondents and SDG&E will be subject to the RPS requirements established by the CPUC and eligibility requirements specified by the CEC.
- (ii) All offers shall be contingent upon respondents ability to obtain Public Goods Funds ("PGF") to the extent such funding is necessary.
- (iii) Respondents must be poised to sign an agreement ~~with a term of at least ten, fifteen or twenty years in~~ substantially the form of the EEI Master Power Purchase and Sales Agreement. ~~Offers for any other contract duration, including terms of less than ten years, shall be considered at SDG&E's discretion and any resultant agreement shall be subject to CPUC approval.~~

The evaluation criteria set forth in the RFO is consistent with the directives contained in D.03-06-071, D.04-06-013 and D.04-07-029. Bids will be ~~initially ranked~~assessed in a Least-Cost, Best-Fit ("LCBF") ranking based on the all ~~in~~ price, including capacity and energy, transmission upgrade costs, congestion costs/credits, ~~as well as~~resource adequacy costs or benefits, duration equalization adders and debt equivalence adders, if applicable. ~~Integration costs will also be included as directed by the CPUC. Currently the CPUC directs IOUs to follow the CEC determination that integration costs are negligible^{2/} costs are negligible.~~ However, SDG&E believes that integration costs are real and proposes to include such a cost adder to its 2008 LCBF evaluation so that the true cost of the addition of any resource is known at the time of contracting. SDG&E intends to develop such an integration cost and will review with its' Procurement Review Group prior to including in its 2008 evaluation criteria. Offers will then be ranked on a present value, \$/MWh basis from lowest to highest cost to determine the short list.

^{2/} SDG&E's integration cost adder would take into account the added costs created by certain resources that require additional ancillary services, load following capability, over-generation mitigation and/or VAR support. SDG&E already includes a cost of additional resource adequacy as part of its LCBF analysis.

SDG&E ~~will~~may use production cost modeling to further evaluate ~~least cost best-fit (“LCBF”) from the short-listed offers.~~ The analysis will capture the effect the renewable additions will have on the dispatch and resource adequacy costs over the long term. The combination of renewable contracts that result in the lowest cost portfolio, given the attributes associated with the renewable technology and the contracts by themselves, will be deemed optimal. and see how each projects dispatches within the existing portfolio of SDG&E resources. This exercise becomes particularly useful as SDG&E approaches its 20% renewable goal and is able to be more selective in its procurement.

Qualitative factors will also be used as tie-breakers on ~~offers of~~ similar cost and include (in no particular order of preference):

- Location
- ~~Benefits~~Provide benefits to minority and low income areas
- ~~Resource~~Provide resource diversity
- Promote stable electricity prices
- Protect public health
- Improve environmental quality; offer environmental benefits
- Stimulate sustainable economic development
- Create new employment opportunities
- Reduce reliance on imported fuels
- Ameliorate air quality problems
- Improve public health by reducing the burning of fossil fuels
- ~~Environmental~~Provide environmental stewardship, which may include the environmental impacts of Respondent’ proposed facility on California’s water quality, use, and water resource management consistent with the CPUC’s Water Action Plan, adopted December 15, 2005.^{23/}

²³
See D.06-05-039.

- ~~Delivery Reliability~~ Provide delivery reliability
- Ability to advance schedule
- Technology and operational flexibility
- ~~Reliability~~
- ~~Development risk~~ Contains minimum development risk
- Financing plan
- ~~Corporate~~ Developer has corporate capabilities, credit, and proven experience

SDG&E’s description of its bid evaluation criteria using the ~~Least Cost, Best Fit~~ LCBF Written Report Template prepared by the Energy Division is attached as Appendix C. This document describes the methodology for processing and performing LCBF evaluation for all offers submitted in SDG&E’s RFO. The intent is to implement a systematic approach to assess the merits of all offers without prejudice for or against a particular respondent or particular product type.

SDG&E may utilize outside consultants to perform analysis and to provide overall support for the solicitation. In addition SDG&E will continue to utilize an Independent Evaluator (“IE”) for the ~~2007~~ 2008 RFO. The IE will provide an independent review of SDG&E’s RFO process and will review SDG&E’s evaluation criteria, pre-screening, ~~production~~-cost modeling efforts, short-listing and final selections. In addition, the IE will participate in PRG meetings and will submit a final report on its findings. SDG&E intends to include the IE’s final report as part of its advice letter filing(s) seeking Commission approval of any contracts that result from this RFO process. To the extent the IE’s report contains confidential information a redacted version of the report will be made available to the public. The intent is to ensure free and open communication between the IE and CPUC, ~~as well as a fair and transparent process~~

that the PRG can affirm. SDG&E is committed to conducting an open and transparent solicitation, and ensuring a fair, reasonable and competitive process.

SDG&E will brief its PRG on a periodic basis during the course of the solicitation and seek feedback on SDG&E's evaluation, selection and negotiations. SDG&E will seek approval of any agreement resulting from the RFO via the Commission's advice letter filing process.

~~V. RESPONSES TO QUESTIONS CONTAINED IN SCOPING MEMO~~

~~1. A procurement plan for each year from 2003 through 2010~~

~~In addition to exceeding its 2007 APT, SDG&E anticipates achieving 20% of its retail sales by 2010. A spreadsheet detailing SDG&E's actual and projected purchases for 2003 through 2010 is attached as Appendix D. The statement includes estimates of actual and/or forecast retail sales, baseline procurement and baseline target, actual annual procurement and annual procurement target, actual incremental procurement and incremental procurement target, as well as percentages toward achieving the 20% RPS goal.~~

~~2. Identification of lesson learned from prior solicitations and recommendation for 2007 Plan~~

SDG&E recognizes that RFOs are only one means of procurement. The WECC has a well-established and liquid bilateral market. SDG&E, for the benefit of its ratepayers, intends to make full use of this valuable resource. Not only is the bilateral market an important tool for procurement, it is available year-round where the RPS RFOs tend to be an annual batch-processing of commercial arrangements. SDG&E anticipates that it may seek approval for bilateral renewable contracts with developers who were unable to participate in the previous RFO solicitation and who are unable to wait until the

next RFO solicitation. SDG&E is mindful that bilateral resources must be cost-effective when compared against projects that bid into past RFO solicitations. SDG&E’s ability to consider offers received in response to all-source non-RPS RFOs and bilateral offers will widen the scope of resources available to SDG&E. To the extent that a bilateral offer complies with RPS program requirements, fits within SDG&E’s resource needs, is competitive when compared against recent RFO offers and provides benefits to SDG&E customers, SDG&E will pursue such an agreement. As directed by D.03-06-071, no Supplemental Energy Payments (“SEPs”) shall be used for bilateral agreements or non-RPS all-source RFO agreements. SDG&E will brief its Procurement Review Group (“PRG”) prior to undertaking substantial negotiations in connection with such agreements.

2. PROGRAM METRICS

2.1– 2.3 RETAIL SALES; ANNUAL PROCUREMENT TARGETS; RPS-ELIGIBLE PROCUREMENT

A detailed quantification of these elements required in the ACR (retail sales, annual procurement targets, RPS eligible procurement) can be found in Appendix D, the SDG&E RPS Procurement Plan 2003 – 2013 Report.

2.4 USE OF FLEXIBLE COMPLIANCE

SDG&E proposes that the Commission clarify as part of its decision conditionally approving the IOUs’ 2008 Plans that the flexible compliance rules currently in effect will remain in effect through 2010 and beyond. The Commission expressly acknowledged in D.06-10-050 its obligation to adopt specific flexible compliance rules for use in 2010 and thereafter.^{4/} / SDG&E does not perceive a need for the Commission to conduct another

^{4/} See, D.06-10-050, mimeo, pp. 28-29.

proceeding simply to extend the existing rules. Therefore we request that the Commission adopt an extension of the current rules as a part of this plan, with the additional rules proposed by SDG&E in Section 1.2 above.⁵ / A future proceeding to address RECs or any other flexible compliance rule should be convened as expeditiously as possible. The need to have ex-ante certainty of the procurement framework is a cornerstone of AB 57; there is no reason to continue to operate without certainty as to future compliance.

2.5 REASONABLE USE OF A PROCUREMENT MARGIN OF SAFETY TO ACCOUNT FOR POTENTIAL CONTRACT FAILURE AND OTHER CONTINGENCIES

As discussed in SDG&E's Long Term Procurement Plan, the prospect of contract failure in an emerging market such as renewables is real. SDG&E therefore plans to procure in excess of its 2010 requirement and contract for deliveries equal to 24%-26% in 2010 in order to provide a margin of safety in the event contracted resources do not achieve commercial operation by 2010.

3. SUMMARY OF MAJOR CHANGES IN EACH PLAN FROM 2004 THROUGH 2008

A summary that identifies changes in each procurement plan from 2004 through 2008 is attached as Appendix E.

4. MATRIX OF CHANGES TO THE STANDARD TERMS AND CONDITIONS

A matrix that identifies standard terms and conditions that changed as a result of various CPUC decisions is attached as Appendix E.

5. IDENTIFICATION AND SUMMARY OF LESSONS LEARNED

^{5/} I.e., the ability for IOU's to carry-forward – without limit – any shortfall that is created by either a) the failure of a developer to perform up to its contractual commitments, b) any shortfall that resulted from a delayed caused by the lack of transmission.

SDG&E has ~~issued three~~conducted seven RPS solicitations to date, in pursuit of the 20% RPS mandate. These include the first, on July 1, 2004 (“2004 RFO”), the second on September 30, 2005 and the most recent issued on July 17, 2006.^{3/} The 2006 bids were received on September 1, 2006 and SDG&E filed its Final Shortlist with the CPUC on January 17, 2007. September 20, 2002 (“2002 RFO”), the second on May 16, 2003 (“2003 Grid Reliability RFO”), the third on July 1, 2004 (“2004 RPS RFO”), the fourth on September 30, 2005 (“2005 RPS RFO”), the fifth on May 24, 2006 (“2006 All Source RFO”), the sixth on July 17, 2006 (“2006 RPS RFO”), and the most recent 2007 RPS RFO issued on March 12, 2007.^{6/} These RFOs have each sought capacity and energy services from re-powered, upgraded or new facilities. SDG&E’s goal has been to develop and maintain a diversified and balanced renewable portfolio. The RFOs support SDG&E’s goal by promoting additional renewable development, enhancing SDG&E’s ability to develop a renewable mix that is wide-ranging in technology types and allowing SDG&E to pursue a combination of both power purchase and ownership options with the overall goal of achieving a 20% renewable portfolio mix by 2010. In addition, SDG&E has been involved in bilateral negotiations that represent another market for the advancement of the important goals established in the RPS program. In total, SDG&E has signed and received CPUC approval for 26 contracts, which represent the addition of 1186 MW of renewable capacity.

Results from the 2004, 2005 and 2006 RFOs validate previous RFOs raise the following major concerns and lessons learned: 1) there is an urgent and critical need for

^{3/} SDG&E also issued a renewable only RFO in 2002, however this was prior to formal establishment of the RPS process by the CPUC.

^{6/} SDG&E also issued a renewable only RFO in 2002, however this was prior to formal establishment of the RPS process by the CPUC.

new transmission infrastructure if the state is to meet its 20% RPS goal, 2) increased procurement created by the incremental demand of the RPS mandate is leading to higher prices for renewables, and 3) creation and completion of generation projects based upon emerging technologies is a challenge where the attainment of the 20% RPS goal hangs in the balance.

1) Transmission. The list of projects currently being negotiated by SDG&E validates earlier concerns that lack of availability of transmission will have a significant impact on SDG&E's ability to achieve the goalmandate of 20% by 2010. Of the projects contracted from SDG&E's 2004 RFO and the projects in the 2005 RFO short-list, greater than 80 % of the associated projected annual energy purchases are dependent in some way on new transmission being approved and built to import the energy from Imperial Valley, Tehachapi and eastern San Diego County. Several projects short-listed in the 2006 RFOand 2007 RFO represent a quantity of renewable energy that is equal to approximately 15% of SDG&E's 2011 retail sales. These projects are located in Imperial Valley, eastern San Diego County and the La Rumorosa area in Mexico and are dependent in some way on new transmission being approved and built.

~~SDG&E has made a number of recent filings with the CPUC seeking approval of a number of contracts for new renewable energy and capacity:—~~

~~On September 22, 2005, SDG&E filed Advice Letter 1727-E seeking Commission approval of three agreements resulting from the 2004 RFO. The CPUC approved these contracts in Resolution E-3965 on December 1, 2005. SDG&E filed a second Advice Letter 1734-E on October 27, 2005 seeking approval for a fourth such agreement. The CPUC approved the contract in Resolution E-3979. SDG&E filed a~~

third Advice Letter 1795-E on May 22, 2006, seeking approval of a fifth agreement with Esmeralda Truckhaven Geothermal. This project also requires Supplemental Energy Payment (“SEP”) funding from the California Energy Commission. However, due to increased development cost, Esmeralda has indicated that they cannot honor their contract price and the Advice Letter approving this contract has been withdrawn. SDG&E intends to renegotiate this contract as a bi-lateral agreement, and file another Advice Letter seeking approval for this contract. The Stirling Energy Systems (“SES”) and the Esmeralda Truckhaven Geothermal (“Esmeralda”) will be located in the Imperial Valley area of California and the Pacific Wind project will be located in the Tehachapi area. The other two agreements pertain to smaller biogas projects located in SDG&E’s service territory. The Agreement with SES contemplates the purchase by SDG&E of up to 900 MW of new solar related energy from SES in three phases. Phase 1 consists of 300 MW scheduled for delivery in the 2010 timeframe. Phase 2 project consists of an additional 300 MW in the 2012 timeframe. SDG&E also has a right of first refusal for a third phase for another 300 MW phase. The third phase would commence deliveries in the 2016 timeframe. Once developed, Phase 1 of the Stirling Solar Project will, by itself, constitute approximately 2.7% of SDG&E’s 20% renewable resource goal for 2010. Phase 2 would add another 3.5 % beginning in 2012. All phases of this project are contingent upon the construction of new transmission facilities. At a minimum, “gen-tie” facilities must be built to reach the transmission grid at any one of the Imperial Irrigation District’s (IID’s) system, the Imperial Valley Substation (“IV Sub”), or the Sunrise Powerlink.

Esmeralda proposes to construct a 25 MW geothermal facility in the Imperial

Valley area of California. The project is expected to achieve commercial operation in 2010 and is also contingent upon the construction of new transmission facilities. At a minimum, “gen-tie” facilities must be built to reach the transmission grid at any one of the Imperial Irrigation District’s (IID’s) system, the IV Sub, or the Sunrise Powerlink. The Sunrise Powerlink will enhance the ability to economically transmit power from the project to the San Diego load center.

SDG&E has a direct interest in the Commission acting expeditiously to approve new transmission infrastructure:

a) In the east county of San Diego to allow for a significant addition of new wind resources in that area. As already mentioned, SDG&E received bids in previous RPS RFOs which results in negotiations with ~350 MW of wind projects located in east San Diego county. In its 2007 RFO, the short-list includes a number of bids located in Imperial Valley and the La Rumorosa area of Mexico in excess of 500 MWs. In order to access this energy, a new 500 kV switchyard will need to be constructed to tap the Southwest Powerlink transmission line before 2010 to accommodate the wind resource in this area. According to various sources,⁷ / delivery of this wind will require not only a new substation, but the addition of the Sunrise Powerlink transmission line as well. The substation allows for the interconnection to the grid, but the Sunrise line is required to create sufficient take-away capacity so that all of these renewable resources can be delivered to load without violating the CAISO grid planning criteria.

b) The Sunrise Powerlink transmission line is necessary to deliver large amounts of solar and geothermal resources from Imperial Valley as well as facilitating the east San Diego County and Mexico wind projects. The Commission is well acquainted with this proposal and has been conducting hearings on this line, which is critical to delivering

^{7/} See, e.g., the CAISO Grid Planning Standards and SDG&E Transmission Ranking Cost Reports (public) and CAISO Feasibility and Facilities Studies (confidential).

both SDG&E's CPUC-approved contracts as well as prospective contracts that SDG&E hopes to be able to file with the Commission in the near future.

Based on the number of SDG&E approved contracts, contracts under negotiations, and contracts short-listed from the 2007 RFO, roughly half of SDG&E's renewable opportunities would require the Sunrise Powerlink in order to deliver its energy to the California grid. Without the Sunrise Powerlink transmission line, it is highly unlikely that SDG&E will achieve the 20% mandate by 2010.

c) Early interconnection plan in the Tehachapi region. The Pacific Wind agreement proposes to build a 205 MW wind project in the Tehachapi area and interconnect at the Cotton Wind substation. The project is was originally anticipated to achieve commercial operation in 2008 and is contingent on new transmission lines. Once completed, this project will contribute approximately 3.5% of SDG&E's 20% renewable resource goal for 2010. However, recent developments regarding transmission access may indicate an online date in 2011, being approved and built. This resource represents a significant portion of SDG&E's 2010 need for renewable energy. However, the recently adopted CAISO transmission plan for the Tehachapi area indicates that the build-out plan adopted for Tehachapi will delay the commercial operations date until August of 2011. SDG&E is actively working with SCE, Pacific Wind, and the CAISO to devise a plan to allow for earlier interconnection with delivery of this project by 2010. SCE filed it's CPCN on June 29, 2007 requesting approval of their Tehachapi Renewable Transmission Project, which includes the Whirlwind (Sub 5) substation. Although Pacific Wind's preferred interconnection is Cotton Wind substation, a four mile gen-tie would be required to interconnect at the Whirlwind substation. SCE has indicated that this scenario could allow early interconnection by 2010, but would require approval of the CPCN no later than December 31, 2009. SDG&E recommends that the CPUC expedite the approval of this CPCN.

In addition to the contracts executed above, SDG&E's 2005 RFO also contained a

number of offers for additional renewable resources in the Imperial Valley area. On November 30, 2006, SDG&E filed Advice Letter 1845-E seeking Commission approval of four agreements resulting from the 2005 RFO. Three of the four contracts filed in the Advice letter could add in excess of 120 MW of new renewable resources located in Imperial Valley. SDG&E filed a second Advice Letter 1872-E on February 2, 2007 seeking approval of an agreement with AES Delano replacing an existing agreement that will expire the end of this year. In addition, SDG&E filed a third Advice Letter 1879-E on March 1, 2007 seeking approval of an agreement with the San Diego Municipal Water District.

These six contracts in addition to existing contracts would increase the level of *committed* resources in SDG&E's overall renewable portfolio to approximately 12.6% in 2010.

As already mentioned, SDG&E received bids in its 2006 RFO on September 1, 2006, seeking offers for renewable products that can commence deliveries in the 2008, 2009 and 2010 timeframe. The short list indicates a number of bids with projects located in the Imperial Valley in excess of 245 MWs.

Although the Tehachapi build out has the potential to add greatly to the states progress towards its RPS goals, SDG&E notes that it has not received a single offer from this region since its 2005 RFO.

SDG&E recommends that the CPUC and the CEC implement a process to expedite the completion of transmission infrastructure. If transmission is not approved and developed in a timely manner, a strong likelihood exists that accessing new renewable resources to achieve 20% by 2010 will not occur.

2) Increased Pricing. It is apparent that each years RFO has resulted in year-on-year increases in the offered prices by developers of renewable resources. While some of this increase is attributable to the rise in worldwide commodity prices, and increased EPC costs, some other portion of the increase is attributable to the incremental demand created

by an RPS program with mandated targets and associated penalties. The demand created by RPS has stretched the ability of manufacturers to keep pace with the surge in items like wind turbines, specialty glass needed for solar and drilling rigs required for geothermal. For producers with costs below the MPR, it is likely that some form of opportunity pricing is also taking place where the MPR is seen as a single-clearing price market where a bidder's concern is the size of a discount below MPR required to clear its bid, rather than a bid based upon costs. Whatever the cause of price increases, the latest offers point to a possibility that the "price cap" on procurement (created through the combination of MPR and SEPs available)⁸

may be reached prior to the 20% goal being reached.

3) Emerging Technology Projects. SDG&E has observed that the projects bid into its RPS RFOs are often not at the same stage of development as projects bid into RFOs for conventional resources. The developers of renewable resources sometimes submit offers that would benefit greatly from more pre-submittal work in the areas of cost estimation, site control and permitting. The work done on offers seems to be often progressing in parallel with the negotiation of the bid. The result is that offers can change significantly during the negotiation process. At this late stage of the process (long after losing bidders have been notified) SDG&E is left with a decision of terminating negotiations or working through various issues as each element of the developers project comes together (land acquisition, procurement, permitting, etc). The lesson learned is that less rigidity in the RFO process is a requirement, up to and including supplementing the RFO process with bilateral negotiations.

6. TRANSMISSION, FLEXIBLE DELIVERY, AND CURTAILABILITY

^{8/} See, P.U. Code § 399.15(b) (4): "If supplemental energy payments from the Energy Commission, in combination with the market prices approved by the commission, are insufficient to cover the above-market costs of eligible renewable energy resources, the commission shall allow an electrical corporation to limit its annual procurement obligation to the quantity of eligible renewable energy resources that can be procured with available supplemental energy payments."

3. ~~Consideration of transmission, curtailability and deliverability from anywhere in California~~

6.1 TRANSMISSION; EXPERIENCE WITH TRANSMISSION RANKING COST REPORT

SDG&E uses a number of different tools to evaluate the use of transmission associated with RPS projects. For the cost and availability of new transmission facilities necessary to interconnect a new renewable resource, SDG&E can look to either a) the Transmission Ranking Cost Reports (“TRCRs”) produced by the IOUs; or b) CAISO transmission interconnection studies. The availability of accurate and timely transmission data is problematic when conducting RFOs. For costs associated with congestion, SDG&E typically performs modeling of the CAISO grid, with the new resource added, as part of its LCBF efforts.

New Transmission Assets

The best source of data for the cost and availability of new transmission assets required to delivery a new renewable generator is the CAISO Facility Study. This study is the final report that leads to a transmission interconnection agreement which describes the necessary transmission upgrades and quantifies the cost of those additions. However, these studies are usually unavailable to the SDG&E procurement group at the evaluation stage as most developers wait until they have a contract in place before they will undertake this study. The ISO interconnection study process (the “ISO queue”) has become a very difficult process due to the exponential rise in requested project studies. Many of these projects are studying the same resource site – clustering would greatly help cut down on the number of studies required. Because of the large quantity in the queue, the timeliness of data is often an issue. Also, because queued projects are studied

with all higher queued projects modeled as online, the accuracy of any interconnection study is also in doubt.

The next best source of data for evaluating new transmission required by a generator is the TRCR analysis. This report is prepared by each IOU based upon expressions of interest in that IOU's upcoming RPS RFO. SDG&E's experience with the TRCR process has demonstrated the challenges in determining the appropriate transmission cost adder for the LCBF bid. The CPUC has established a schedule for the IOUs to issue their TRCR prior to the issuance of the renewable RFO. This has created a TRCR of projects that do not match the projects bid into the renewable RFO. SDG&E's 2007 RFO bid results included only two out of thirty-four projects that participated in the TRCR process. As a result, SDG&E had a difficult time assessing the appropriate transmission cost for each project bid into its RFO. SDG&E recommends that the TRCR be completed based on the actual bids that were offered in each RFO. In that way, all projects are included (and in an important workload consideration, ONLY projects that are actually under consideration in the RFO are studied).

Congestion Analysis

~~Deliveries currently under contract with SDG&E for 2007 are not impacted by the need for transmission upgrades. SDG&E's ability to meet the 20% renewable goal by 2010 is, however, challenged by the anticipated *cost* of transmission access.⁴~~

~~While SDG&E may be able to procure resources in other parts of California without new transmission being built, the cost of delivering that energy to SDG&E's~~

⁴- *Physical access* to transmission is not an issue under the CAISO's non-discriminatory competitively-based open-access transmission rules. Physical access is always possible provided transmission users are willing to pay the marginal cost of obtaining such access. Hence, it is the *cost* of such access that is the relevant concern, and whether the cost will render either access or renewable development uneconomic.

customers will rise as congestion and other related factors are taken into account.

SDG&E anticipates that it will gather additional information related to congestion issues from ~~the work done to model~~ offers submitted in response to its 2006 RFOs. ~~Offers from historically congested or likely to be congested areas will be evaluated for impacts of congestion and transmission upgrade costs.~~ RFOs. As part of the LCBF analysis used to evaluate offers received through an RFO solicitation, SDG&E's procurement group will analyze the impact of congestion costs and line losses, whether the offers contemplate contract delivery points inside or outside the SDG&E service territory. The contract delivery points for each offer will be identified and the impact of delivering the energy to SDG&E's Load Aggregation Point ("LAP") will be considered. This forecast of congestion is accurate only to the extent that model inputs prove to be correct with the passage of time.

If congestion and transmission upgrade costs are substantial, they will adversely affect the relative cost-effectiveness of some renewable resource projects. If construction of ~~both~~ new transmission and upgrades to existing transmission systems cannot be achieved, SDG&E's ability to meet its 2010 RPS goals ~~in the most cost-effective manner~~ may be undermined. More information relevant to this issue is available in the Sunrise Powerlink Transmission Project Purpose and Need Application dated August 4, 2006.

6.2 CURTAILABILITY

With regard to curtailability, only a few bidders from previous RFOs proposed curtailability as an option; as part of the bid analysis SDG&E considers the feasibility versus cost for those curtailments. In the event any bid received in future solicitations

includes an offer to curtail, the value of this attribute, related to the particular renewable technology and operating profile, will be considered in the LCBF analysis.

6.3 FLEXIBLE DELIVERY

SDG&E's ~~2007~~2008 RFO will allow respondents to ~~offer delivery at any~~interconnect anywhere in the WECC, so long as they can deliver to a point within the CAISO control area. As part of the LCBF analysis used to ~~evaluate offers received through an RFO solicitation, SDG&E's procurement group will analyze the impact of congestion costs and line losses, whether the offers contemplate contract delivery points inside or outside the SDG&E service territory. The contract delivery points for each offer will be identified and the impact of delivering the energy to SDG&E's Load Aggregation Point ("LAP") will be considered.~~California. Where the contract delivery point is outside the CAISO control area or at a CAISO boundary point with another control area, SDG&E, as the buyer, may assume responsibility for the costs of congestion between the contract delivery point and the SDG&E LAP, as long as the all-in cost of the resource is cost effective under the LCBF analysis. Where the contract delivery point is at the SDG&E LAP, the seller may assume most if not all of these costs as long as the all-in cost of the resource is cost effective under the LCBF analysis. Thus the decision as to where the contract delivery point will be depends upon the respective expectations of the buyer and the seller regarding the costs of congestion over the life of the contract.~~For example, if the seller expects the cost of congestion to be relatively low and the buyer expects these costs to be high, the contract delivery point would logically be at the utility's LAP. If both buyer and seller expect these costs to be high, then it will be necessary to negotiate a contract price and contract delivery location that balances the~~

~~risks and rewards between the parties. In this situation the contract price would logically be lower if the contract delivery point was closer to the seller's generating facility and higher if the contract delivery point was at the utility's LAP. and becomes simply another deal term to be negotiated as part of the total value of the contract.~~

SDG&E is proposing a contract term for the ~~2007~~2008 RFO solicitation that would become effective upon implementation of the CAISO market redesign. The new contract term pertains to the "delivery point." If a generator is outside of SDG&E's service territory ~~but within SP-15,~~ SDG&E's contract template would include the following delivery point language:

"In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for SP-15 or in the event the Delivery Point is otherwise modified by the CAISO, the "Delivery Point" shall be a valid scheduling point in SP-15 that is either:

- a) The Buyer's load aggregation point, if defined by the CAISO; or
- b) If a Buyer's load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designated by Buyer as most closely representing Buyer's bundled customer load."

The proposed contract term is intended to reflect the potential change in the definition of the "delivery point" by the CAISO.

~~With regard to curtailability, because some renewable resources, such as wind and solar, have relatively low variable operating cost and an intermittent fuel source, SDG&E expects that these resources will have an advantage over resources with high variable operating costs and that they will operate more often and have a lower likelihood of being curtailed when there is congestion. Curtailments will be directed to resources with higher operating costs. Other renewable resources, such as landfill gas, biomass and~~

geothermal, where operating costs are higher, may be subject to congestion/curtailments to a greater extent. Only a few bidders from the 2005 RFO proposed curtailability as an option; SDG&E is analyzing the feasibility versus cost for those curtailments. However, in the event any bid received in future solicitations includes an offer to curtail, the value of this attribute, related to the particular renewable technology and operating profile, will be considered in the LCBF analysis.

4. Impediments to reaching 20% by 2010 and what SDG&E is doing to address those impediments.

7. PRICES AND COLLATERAL

SDG&E's collateral and deposit requirements are found in the attached 2008 RPS RFO: 1) Creditworthiness: SDG&E does include in its RFO the right to evaluate the credit worthiness of the respondent to the RFO. 2) Bid Deposit: SDG&E does require a bid deposit fee equal to the lesser of \$3/kw of the facility's nameplate capacity or \$100,000. 3) Collateral during operations: collateral is required during the project development phase, and once the project is completed, additional collateral is required during the delivery term of the contract. The project development collateral will be determined by multiplying twice the annual estimated MWh output of the facility by \$5/MWh. The collateral during the delivery term of the contract will be determined by multiplying twice the annual estimated MWh output of the facility by \$15/MWh.

SDG&E does not require bidders to bid a range of prices for each contract based on a minimum of three levels of collateral.

8. WORK PLAN TO REACH 20% BY 2010 AND IMPEDIMENTS

SDG&E currently has executed and approved contracts that will contribute to its renewable resources in 2010. In order to achieve 20% by 2010, SDG&E will take the following steps.

1) Issue a renewables-only RFO in 2008 for projects that can deliver renewable power beginning in years 2009, 2010, 2011 and 2012.

2) Continue to negotiate with projects that were submitted in previous years RPS RFOs but which have not yet resulted in a filed contract.

3) Pursue targeted bilateral prospects which will satisfy the 20% RPS mandate

4) Pursue ownership or development partnerships where SDG&E's participation/ownership would improve project viability, increasing the likelihood that the project will be successful. SDG&E will evaluate any such ownership opportunity in order to ensure that ownership is cost-effective when compared with PPAs, in accordance with guidelines previously established by the Commission.

5) To the extent feasible, to include renewables in non-RPS RFOs where SDG&E is seeking to fill specific resource needs. Should SDG&E issue such an all-source RFO during 2008, and to the extent that offers are received in response to all-source RFOs, such offers will be evaluated and, if economic, selected in accordance with LCBE principles. As with offers entered-into bilaterally, any such offers resulting from non-RPS all-source RFOs are not eligible for SEP funding under current Commission rules.

6) Plan to procure to a level of 24% to 26% renewable supply to account for unanticipated project failures or delays.

7) Continue to seek expedited approval and construction of the transmission infrastructure as discussed elsewhere in this plan.

8) Make use of all available flexible compliance mechanisms including the use of RECs.

8.1 IMPEDIMENTS TO REACHING 20% BY 2010

For SDG&E, the lack of transmission infrastructure is a major impediment to achieving 20% by 2010. As mentioned earlier in the above “lessons learned” section, of the projects contracted from SDG&E’s 2004 RFO and the projects in the 2005 RFO short-list, greater than 80 % of the associated projected annual energy purchases are dependent in some way on new transmission being approved and built to import the energy from Imperial Valley, Tehachapi and eastern San Diego County. Many projects short-listed in the 2006 and 2007 RFO are located in Imperial Valley and the La Rumorosa area in Mexico and are dependent in some way on new transmission being approved and built.

SDG&E has proposed the Sunrise ~~Power Link~~Powerlink to access renewable resources in the Imperial Valley and has demonstrated its role in helping SDG&E meet the ~~Commission-mandated~~state’s renewable energy goals. SDG&E’s transmission planning group is looking at ways to access the wind potential in eastern San Diego County.

~~In addition~~Also, SDG&E is an active participant in the Tehachapi Transmission project that, when completed, will provide access to approximately 4500 MW of renewable resources. The CAISO adopted the Tehachapi Transmission plan that delayed the online date of Pacific Wind to August of 2011, and SDG&E is actively working with SCE, Pacific Wind, and the CAISO to determine a way to interconnect this project by 2010.

Two other issues may challenge SDG&E's ability to achieve its RPS goals. The first, involves debt equivalency. As SDG&E executes ~~more and more~~ an increasing number of power purchase agreements, the cumulative debt equivalence of all these agreements may greatly affect SDG&E's credit profile and, consequently, its financial standing. Rating agencies include long-term fixed financial obligations, such as purchase power agreements, in their credit risk analysis. These obligations are treated as additional debt during their financial ratio assessment. S&P views the following three ratios, Funds From ~~Operation~~ Operations ("FFO") to Debt, FFO to Interest Expense, and Debt to Capitalization, as the critical components of a utility's credit profile. Debt equivalence negatively impacts all three ratios. Unless mitigated, a PPA would negatively impact SDG&E's credit profile as it would degrade credit ratios. Given that SDG&E will be executing contracts for 20% or more of its overall portfolio to meet its RPS goals, SDG&E anticipates that the CPUC will address and mitigate the resulting overall impacts of debt equivalence to SDG&E's capital structure in the cost of capital or other appropriate proceeding.

The second issue could also impact SDG&E's ability to sign new contracts. As part of SDG&E's overall internal review and approval process for new PPAs, SDG&E conducts a review of whether each PPA will be subject to consolidation under FIN 46(R) rules. Until now, no renewable PPA has been deemed subject to such consolidation. However, SDG&E has ~~recently~~ been informed by its independent, registered public accounting firm, Deloitte ~~and~~ & Touche, LLP, that ~~new, more restrictive FIN 46(R) rules could increase the instances where~~ it needs to assess each contract within the context of FIN 46(R) to determine whether or not SDG&E must consolidate a Seller's financial

information in with SDG&E's own quarterly financial reports to the Securities and Exchange Commission. As of July 1, 2006, for SDG&E, new rules may result in consolidation of certain Sellers' financial information ~~even if prices are fixed per unit of output~~. In particular, wind, solar, geothermal and bio-gas renewable Sellers could be impacted. Therefore, certain renewable contracts, ~~even those with firm, fixed pricing,~~ may no longer ~~may~~ receive FIN 46(R) exemptions. If a new interpretation of FIN 46(R) rules is adopted by Deloitte ~~and~~ Touche, LLP, this could challenge SDG&E's ability to achieve its RPS goals and add further costs and risk to execution of new renewable contracts. If SDG&E determines that consolidation is required, a Seller must open its books to SDG&E and submit, on a quarterly basis, the following information for the duration of any agreement:

- a) Complete financial statements and notes to financial statements;
- b) Financial schedules underlying the financial statements, all within 15 days of the end of each quarter; and
- c) Access to records and personnel, so that SDG&E's independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002).

All PPA contracts are affected by either debt equivalence or FIN 46(R) requirements, but not both. The Commission is well aware of the negative impact of debt equivalence on SDG&E's credit profile. AB 57 requires that the Commission adopt procurement plans that, among other objectives, enhance the creditworthiness of the utility. FIN 46(R) will affect SDG&E's reported financial data and may have negative impact on SDG&E's balance sheet and/or credit profile. FIN 46(R) could impact SDG&E's capital structure on a consolidated basis and cause it to be misaligned with its

authorized capital structure. In order to rebalance SDG&E's capital structure to the authorized one, SDG&E would be required to infuse additional equity to offset the additional debt. SDG&E anticipates Commission authorization to recover the costs associated with rebalancing its capital structure to the authorized structure in the cost of capital or other appropriate proceeding. ~~SDG&E is currently awaiting guidance from our external accounting firm of Deloitte and Touche, LLC.~~ To the extent that individual executed PPAs will impact SDG&E's capital structure, SDG&E will seek relief in its cost of capital or other appropriate proceeding.

~~5. Consideration of whether or not to build its own renewable generation to reach 20% by 2010.~~

9. SELF-BUILD RENEWABLE RESOURCES

~~As in past years, SDG&E plans to issue a RPS solicitation in 2007 and to pursue 2008 which includes the opportunity for bidders to offer~~ ownership opportunities ~~to the utility~~ in order to achieve 20% by 2010. The RFO will include both turnkey development and PPAs ~~with ownership options post commercial operation.~~ SDG&E ~~is~~ may also considering consider building its own renewable generation through green field development, which normally takes 3-5 years to complete. ~~SDG&E has earmarked San Diego and Imperial Counties for green field development~~ This could take a range of forms from SDG&E acting as outright and sole developer of a project to a joint ownership structure where SDG&E assists a smaller developer, acting as financier or adding other expertise such as regulatory, legal, or permitting.

SDG&E's decision to become a developer of renewable resources will be influenced by the likelihood that SDG&E's involvement in a project (as sole or joint

developer) would enhance that projects prospects of successful completion. Impediments to timely development in these areas include: ~~(i) much of the low hanging fruit has already been picked by other developers; (ii) transmission constraints and uncertainty regarding the permitting and construction of the Sunrise line exists; (i) the fact that sites with higher capacity factors located in areas with access to transmission have already been developed by other developers, (ii) the lack of a construction/development group within SDG&E. The Commission should remember that it has in the recent past strongly encouraged SDG&E to exit the development business – re-entering that field is a significant undertaking that is not currently contemplated in SDG&E’s GRC.~~ (iii) the trend towards ownership of development companies by financial investors who are now looking to own completed projects rather than selling development assets to an independent investor such as SDG&E; ~~and~~ (iv) the fact that utility property ~~does~~ may not qualify for the tax credits that allow solar generation to be cost effective, nor does utility property qualify for accelerated depreciation for renewables thus increasing the cost of utility ownership vis-à-vis PPAs; (v) ~~general increases in engineering procurement and construction (“EPC”) costs of renewable projects, especially wind and geothermal and~~ (vi) ~~complex and protracted permitting processes.~~

Due to these impediments, ~~it~~ and generally the length of time required to complete a greenfield project from inception. It is not likely that a SDG&E build-to-own renewable project will be completed by 2010. However, SDG&E continues to study the benefit and issues associated with building its own renewable generation.

6. ~~Changes in the 2007 Plan from the 2006 Plan.~~

10. EFFORTS TO COORDINATE THE 2008 PLAN

SDG&E has included a summary of changes from the 2006 Plan as Appendix E. SDG&E and the other IOUs have agreed to standardize the 2008 RPS

Procurement Plan to the extent that time allows. This has resulted in all IOUs agreeing to follow the ACR Plan outline as closely as possible. In addition, SDG&E, SCE and PG&E have standardized the solicitation schedule for the 2008 RFO and agreed to yellow highlight all non-modifiable terms in the standard contract terms and conditions. Further work on standardizing this Plan or the RPS contract will await future years' filings.

11. OTHER ISSUES TO CONSIDER

Issues pertaining to the 2008 Procurement Plan have been addressed in previous sections.

12. REDLINED COPY

A redlined version of the 2008 RPS Plan identifying changes from the 2007 plan is attached as Appendix G.

- ~~7. Any other issues emerging from 2007 planning that may have an impact on SDG&E.~~

~~In light of the fact that SDG&E will be procuring power from a renewable energy resource together with the renewable energy credit ("REC"), the environmental attribute of this resource should be treated as renewable energy for purposes of compliance with the emission performance standard ("EPS") adopted in Phase 1 of~~

~~R.06-04-009 and not as null power (a renewable stripped of its REC). Further, the power acquired from the renewable resource should be treated as a renewable with greenhouse gas emissions (“GHG”) associated with the renewable type as determined in Phase 2 of R.06-04-009 for purposes of compliance with any GHG emissions limit on procured power adopted by the Commission in Phase 2 (assumed to be in conformity with AB 32). Any tradable or bankable GHG emission offset or credit created by the procurement of the renewable energy under mechanisms developed by the Commission or the California Air Resources Board pursuant to AB 32 will be owned solely by SDG&E.~~

Document comparison done by DeltaView on Wednesday, August 01, 2007
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Document 1	file://C:/Documents and Settings/jostrand/My Documents/CPUC/R.06-05-027/08-01-07/2007 Amended Plan (FINAL CLEAN) (3).DOC
Document 2	file://C:/Documents and Settings/jostrand/My Documents/CPUC/R.06-05-027/08-01-07/2008 RPS Plan FINAL (clean).doc
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Legend:	
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Insertions	266
Deletions	232
Moved from	16
Moved to	16
Style change	0
Format changed	0
Total changes	530

APPENDIX A

2008 REQUEST FOR OFFERS

***** 2007 *****

***** 2008 *****

REQUEST FOR OFFERS

ELIGIBLE RENEWABLE RESOURCES

ISSUED

03/12/2007

JANUARY 18, 2008

OFFERS DUE

05/30/2007

APRIL 4, 2008

RFO WEBSITE

<http://www.sdge.com/renewablerfo20072008>

EMAIL QUESTIONS/COMMENTS TO
<mailto:renewablerfo@semprautilities.com>

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1.0 SCOPE OF REQUEST

San Diego Gas & Electric Company (SDG&E) is issuing this Request for Offers (RFO) to solicit offers from eligible renewable energy generators (Respondents). By responding, Respondents are bound by the terms of this RFO. SDG&E is seeking resources to expand its renewable portfolio. SDG&E's goal is to achieve an overall resource portfolio comprising of 20% renewable energy by the year 2010. Resources offered must meet the California Renewable Portfolio Standard (RPS) eligibility criteria set forth by the California Energy Commission (CEC). (See Section 5.0 – “RPS Program Parameters”²² for additional information).

IN ORDER TO SUBMIT PROPOSALS UNDER THIS SOLICITATION, RESPONDENT'S PROJECT SHOULD HAVE PARTICIPATED IN THE ~~2007~~2008 TRANSMISSION RANKING COST REPORT (TRCR) STUDY APPLICABLE TO THE SPECIFIC UTILITY'S TRANSMISSION GRID TO WHICH THE PROJECT WILL TIE-IN. PROPOSALS FROM RESPONDENTS NOT PARTICIPATING IN THE TRCR MAY BE DEEMED NON-CONFORMING AND DENIED FROM FURTHER CONSIDERATION UNDER THIS SOLICITATION. RESPONSES FROM RESPONDENTS WHO HAVE SYSTEM IMPACT STUDIES (DATED ~~2005~~2006 OR LATER) APPROVED BY THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO) ARE ALSO ACCEPTABLE AND DEEMED IN CONFORMANCE OF THE RFO. SDG&E MAY ENTERTAIN REQUESTS FOR CONSIDERATION OF NON-CONFORMING OFFERS AT ITS SOLE DISCRETION ON A CASE-BY-CASE BASIS. (SEE RFO SECTION 4.0 – “RFO RESPONSE INSTRUCTIONS” FOR ADDITIONAL INFORMATION).

Proposed products may be for Peaking, Baseload, Dispatchable (unit firm) or As-available deliveries. Proposed resources may include capacity and energy from:

- 1) Re-powering of existing facilities;
 - 2) Incremental capacity upgrades of existing facilities;
 - 3) New facilities;
 - 4) Existing facilities with expiring contracts; or
 - 5) Eligible resources currently under contract with SDG&E.
- SDG&E shall consider offers to extend terms of or expand contracted capacities for existing agreements.

Contracts resulting from this RFO may require the Respondents to comply with the Resource Adequacy (RA) requirements that are being implemented by both the California Public Utilities Commission (CPUC) and the CAISO. SDG&E may use the qualifying RA capacity from any contract resulting from this RFO in its required RA showing for the term of the contract. SDG&E reserves the right to resell RA capacity under contract resulting from this RFO.

Additional resource criteria are described in Section 7.0 Resource Criteria. Resources may be proposed on the basis of any of the alternatives described below.

ALTERNATIVE I. POWER PURCHASE AGREEMENT

Respondent shall propose a 10, 15 or 20-year power purchase agreement for capacity and/or energy from an eligible renewable resource that can meet the criteria described herein. Offers for any other contract duration shall be considered; and, any resultant agreement shall be subject to CPUC approval. Proposed short term agreements of 1-9 years will also be considered. Resources may be located: (a) anywhere in CA or (b) outside of CA so long as they meet the criteria as defined in California Public Utilities Code Section 399.16. All resources ~~must deliver~~ ultimately be delivered to any point within ~~the CAISO control area (whether located in California or not)~~ and must commence deliveries in, ~~2008, 2009, 2010, 2011, or 2014, 2012.~~ Resources SDG&E prefers that resources located outside of the CAISO control area ~~must~~ have adequate firm transmission capability to deliver to the CAISO control area during the delivery term. Any agreement executed with a Respondent offering resources from Imperial Valley may be contingent upon SDG&E obtaining approval for and being able to license and construct a new 500 kV line from Imperial Valley to the San Diego area. The generating facility and transmission interconnection must be designed and constructed in conformance with the CAISO various reliability agreements, procedures, protocols, tariffs and standards. The Respondent will own and operate the facilities and be responsible for development, land acquisition, fuel supply source and transportation, permitting, financing and construction for the facilities. Respondents must be poised to sign an agreement in substantially the form of the EEI Master Power Purchase and Sales Agreement, as amended (PPA). (See Section 15.0 —“Model Documents and Other Attachments²²”).

ALTERNATIVE II. POWER PURCHASE AGREEMENT WITH SDG&E BUYOUT OPTION

In addition to the PPA described above, Respondents offering new renewable resources may also provide an option price for SDG&E to acquire the facility along with all environmental attributes, land rights, permits and other licenses – thus enabling SDG&E to own and operate the facility at the end of the PPA term. Resources must be located in the San Diego County or Imperial Valley areas and must commence deliveries in ~~2008, 2009, 2010, 2011, or 2014, 2012.~~ Any agreement executed with a Respondent offering resources from Imperial Valley may be contingent upon SDG&E obtaining approval for and being able to license and construct a new 500 ~~kV~~ kV line from Imperial Valley to the San Diego ~~area~~ Area. If SDG&E accepts the buyout option, SDG&E would notify the Respondent and exercise the option in Year 9 and pay for the buyout at the end of Year 10. Otherwise, the PPA shall continue until its scheduled conclusion. Respondents may select the overall PPA ~~term~~ to be either 10, 15 or 20 years. The generating facility must be located on land owned or leased by the Respondent, with land rights assigned to or purchased by SDG&E as part of the facility acquisition. Any land lease, subject to SDG&E approval, must be in adequate form and for an adequate term (at least the life of the asset). The generating facility and transmission interconnection must be designed and constructed in conformance with CAISO’s various reliability agreements, procedures, protocols, tariffs and standards. The offer shall include (1) the capacity and energy price in PPA Years 1-10; (2) a firm price for the buyout option; and (3) the capacity and energy price for the remaining PPA years if SDG&E does not exercise the buyout option. Respondents may apply for and receive Supplemental Energy Payments during the PPA term (See Section 5.0 —“RPS Program Parameters²²”). ~~Wind facilities proposed under Alternative II must be designed and constructed in conformance with the specifications, available for download from the RFO Website. Respondents proposing all other technology types).~~ Respondents must provide complete design and construction specifications for the technology being proposed. Respondents must be poised to sign a power purchase agreement in substantially the form of the EEI Master Power Purchase and Sales Agreement, as amended. (See Section 15.0 —“Model Documents and Other Attachments²²”).

ALTERNATIVE III. TURNKEY ACQUISITION AGREEMENT

Respondent may propose to develop, permit, and construct a new renewable generating facility to be acquired by SDG&E. Resources must be located in the San Diego County or Imperial Valley areas and must commence deliveries in ~~2008~~, 2009, 2010, 2011, or 2011, 2012. Any agreement executed with a Respondent offering resources from Imperial Valley may be contingent upon SDG&E obtaining approval for and being able to license and construct a new 500 kV line from Imperial Valley to the San Diego area. The facility must be located on land owned or leased by the Respondent, with land rights assigned to or purchased by SDG&E as part of the generation facility acquisition. Any land lease, subject to SDG&E approval, must be in adequate form and for an adequate term (at least the life of the asset). The generating facility and transmission interconnection must be designed and constructed in conformance with CAISO's various reliability agreements, procedures, protocols, tariffs and standards. ~~Wind facilities proposed under Alternative III must be designed and constructed in conformance with the specifications, available for download from the RFO Website. Respondents proposing all other technology types~~Respondents must provide complete design and construction specifications for the technology being proposed. Respondents may also propose joint ownership/development opportunities, alternative financing or sharing of commercial risks that would reduce the cost to SDG&E.

2.0 RFO WEBSITE AND COMMUNICATION

The RFO and all subsequent revisions and documents are available for download from the RFO Website. The website address is: <http://www.sdge.com/renewablerfo2007-2008>. Potential Respondents are responsible for checking the RFO Website for subsequent updates, notices and postings.

The RFO website contains the RFO documents, RFO Schedule, and a Question and Answer forum. Those intending to bid must register first to receive a username/password prior to uploading electronic offers. See instructions on the website to register. The DEADLINE TO REGISTER is indicated in Section 3.0 – “RFO Schedule”.

All questions or other communications regarding this RFO must be submitted via email to renewablerfo@semprautilities.com by the DEADLINE TO SUBMIT QUESTIONS as specified in Section 3.0 RFO Schedule. SDG&E will not accept questions or comments in any other form.

RFO Website:

<http://www.sdge.com/renewablerfo20072008>

3.0 RFO SCHEDULE

The following schedule and deadlines apply to this RFO. SDG&E reserves the right to revise this schedule at anytime and in SDG&E's sole discretion. Respondents are responsible for accessing the RFO Website for updated schedules and possible amendments to the RFO or the solicitation process.

NO	ITEM	DATE
1.	RFO Issued	3/12 January 18, 2008
2.	Pre-Bidders Bidder's Conference	3/30 February 7, 2008
3.	DEADLINE TO SUBMIT QUESTIONS Question submittal cut-off date. Answers to all questions will be posted on the website no later than 4/25 March 6, 2008.	4/13 February 21, 2008
4.	DEADLINE TO REGISTER Those intending to bid must register to receive a username/password in order to upload electronic offers.	5/28 April 2, 2008
5.	CLOSING DATE: Offers must be uploaded to and received by the RFO Website by <u>no later than NOON (local prevailing time)</u> .	5/30 April 4, 2008
6.	DEADLINE TO SUBMIT HARDCOPIES/ <u>CD</u> Respondents submits <u>submit</u> to SDG&E two <u>one</u> original signed offers (hard copies <u>offer</u> (<u>hardcopy</u>) and <u>one CD</u>).	6/4 April 7, 2008
7.	SDG&E notifies <u>the</u> CPUC (Executive Director) that the RFO has closed.	6/8 April 11, 2008
8.	SDG&E meets with PRG and provides preliminary short list	6/28 May 23, 2008
9.	SDG&E issues appreciation notices to unsuccessful Respondents and notifies short-listed Respondents	7/3 May 28, 2008
10.	Letter due from short-listed Respondents indicating: a. Withdrawal from SDG&E's solicitation; OR b. Acceptance of short-listed standing, withdrawal of participating in any other solicitation and evidence of withdrawal notice to all other solicitors. c. Provide a Project Development Fee equal to \$3.00 per kW of Nameplate Capacity up to a maximum of \$100,000 according to the provisions of Section 12.0 Credit Terms and Conditions.	7/10 June 4, 2008
11.	SDG&E issues appreciation notices to unsuccessful Respondents	June 9, 2008
11.	FINAL SHORT LIST:	
12.	Submit short list to CPUC and PRG	7/16 June 13, 2008
12. 13.	Submit report on evaluation criteria and selection process; Independent Evaluators submit Preliminary Reports to CPUC	7/30 TBD
13. 14.	Submits Advice letters with PPAs to CPUC and CEC (SEP only) of proposed contracts	12/31 December 31, 2008

4.0 RFO RESPONSE INSTRUCTIONS

All offers submitted pursuant to this RFO must contain, at a minimum, the following items as listed below. The failure to provide the listed information will result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

- 1) The information requested on the Offer Forms;
- 2) The information requested on the Additional Narrative Information Sheet (Alternative II and Alternative III offers only);
- 3) The Credit Application;
- 4) The list of Confidential and Proprietary terms in accordance with Section 11 Confidentiality; and,
- 5) Redline comments (if any) to the model PPA and documents listed in Section 15.0 Model Documents and Other Attachments.
- 6) Consent Form
- 7) Offer Summary Sheet/Checklist of Required Documents

Respondents may download all Offer Response Forms, the Credit Application and model PPA from the RFO Website.

All offers must be uploaded to the RFO Website ~~by NOON~~no later than Noon, local prevailing time, on the CLOSING DATE (see RFO Schedule). The Offer Response Forms must be in Excel or Excel-compatible format (not in PDF). The Credit Application, any narratives and redline comments to the model PPA ~~must~~must be in Word or Word-compatible format.

No later than the DEADLINE TO SUBMIT HARDCOPIES/CD, Respondent shall provide to SDG&E ~~two one~~ one hardcopy ~~printouts~~printout of the original offer signed by an authorized officer of the Respondent, along with one CD. The original signed offer must be IDENTICAL to the electronic offer submittal, and must be sent to the address shown below:

San Diego Gas & Electric Company
Electric and Gas Procurement Department
Attn: RPS RFO Response
8315 Century Park Court, CP21D
San Diego, CA 92123-1593

All offer materials submitted shall be subject to the confidentiality provisions of Section 11 Confidentiality of this RFO.

Offers must include narratives containing adequate detail to allow SDG&E to evaluate the merits and credibility of the proposed resources. Respondents must address the following topics in the order listed:

- 1) Name of Company, Address, and Company Representative (name, phone number and email address)
- 2) Technology Type
- 3) Resource origin: ~~re-powered~~re-powered/upgraded/new facility or extend existing agreement with SDG&E
- 4) Type of Offer: PPA-only, PPA with Buyout, or Turnkey
- 5) Contract Term
- 6) Delivery Start Date
- 7) Project location, the merits of selected site, and the proposed land rights (includes permitting issues)
- 8) Interconnection Point (anywhere in California) and the applicable TRCR cluster to which the project will interconnect.
- 9) Interconnection Point outside of California (subject to P.U, Code § 399.16)
- 10) Delivery point in ~~the CAISO control area~~California.
- 11) Product Type: as-available or unit firm
- 12) Nameplate Capacity and Net Contract Capacity
- 13) Annual expected output (as available only)
- 14) Pricing – If energy will be delivered to California, but not to a CAISO delivery point, Respondents shall provide pricing for energy delivered to the point of interconnection with the CAISO grid. If energy will be delivered across the network of an entity not in the CAISO control area, the Respondent shall separately state its expected costs of obtaining such transmission service in its offer and shall include this cost in its offer price.¹ Assuming the CAISO implements its Market Redesign Technology Upgrade (MRTU) as discussed in Section 7 “Resource Criteria”, the Respondent shall also provide a line item cost or benefit in their offer assuming the energy is delivered to SDG&E’s Load Aggregation Point instead of the point of interconnection with the CAISO grid.

SDG&E is utilizing Time of Delivery (TOD) factors for non-baseload resources. Energy prices will be adjusted as shown below to reflect the relative value of the

¹ See, CPUC Decision 04-06-013, Appendix A.

energy during the indicated time period. Respondents offering non-baseload resources must provide TOD pricing. Respondents offering baseload resources must indicate both flat and TOD pricing (on the pricing forms). SDG&E reserves the right to contract baseload under flat or TOD. Both baseload and non-baseload resources must provide delivery profiles and supporting documentation to support the profiles. TOD prices must be based upon the submitted delivery profiles. Non solar, as-available resources will be considered baseload and may be contracted under flat or TOD pricing at SDG&E's discretion.

	<u>SUMMER</u> July 1 – October 31	<u>WINTER</u> November 1 – June 30
On-Peak	Weekdays 11am – 7pm 1.6411	Weekdays 1pm - 9pm 1.1916
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400	Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790
Off-Peak*	All other hours 0.8833	All other hours 0.7928
*All hours during NERC holidays are off-peak.		

- 15) Operational characteristics including maintenance, delivery profile (peak and off-peak, hourly, daily, seasonal, annual), curtail-ability and dispatch-ability. Documentation supporting delivery characteristics must be submitted.
 - a. Respondent may offer the ability to dispatch-down deliveries for a certain amount of hours per year. This option may be exercised by SDG&E for any reason, including economic reasons. If this option is being offered, Respondent shall discuss terms and operational conditions for dispatching-down and indicate on the Offer Form the number of annual hours resource can be dispatch-down, the amount of curtailable capacity and the unit cost to SDG&E per curtailed MWH.
- 16) Interconnection plan and costs, including CAISO Generator Interconnection Queue position.
- 17) Transmission upgrade plans and costs from the Transmission Ranking Cost Report or from an approved CAISO System Impact Study. Transmission upgrade costs are vital for SDG&E to assess overall project cost. The absence of transmission cost information or providing inaccurate costs may render a Respondent's offer(s) non-conforming, delay the evaluation for the response(s) and/or impact the Respondent's standing on the short-list.
- 18) Reliability of proposed technology
- 19) Fuel source and plan, if applicable
- 20) Financing plan including, if applicable, on-going debt/equity ratio to be carried by the project during construction (if not yet constructed) and during operation.

- 21) Duration between contract signing and online date
- 22) Overall project and construction schedule and status of activities. Include major milestones such as: resource assessment, acquisition of land rights, environmental analysis, transmission and interconnection studies, completion of permitting, financing, regulatory requirements, major construction, testing, on line date, etc.
- 23) Corporate profile and Respondent's experience developing similar projects
- 24) Other projects of a similar nature and technology, developed by Respondent, currently in operation
- 25) A list summarizing parts, sections and elements of the offer that are confidential or proprietary.
- 26) Respondents offering resources under Alternative II and Alternative III shall provide the information listed in the Additional Narrative Information Sheet. The sheet can be downloaded from the RFO Website.
- 27) Respondents who did not participate in the TRCR but have a CAISO-approved System Impact Study (SIS) shall submit a copy of the study along with the respondent's offer. In addition, respondents shall sign and return a Consent Form enabling the interconnecting utility's transmission personnel to share respondent's non-public transmission information with personnel in SDG&E's Electric and Gas Procurement Department to facilitate full evaluation of respondent's offer consistent with FERC Order 2004. The Consent Form is posted on the RFO Website. Once received, SDG&E will post notice on its OASIS website of the respondent's consent along with a statement that SDG&E did not provide any preferences, either operational or rate-related, in exchange for the voluntary consent.

Respondents with resources currently under contract with SDG&E may propose to extend terms of or expand contracted capacities for existing agreements. However, Respondents may not propose to increase existing contract prices for contracted capacities during the remaining term of any existing agreement.:

Respondents submitting offers that include the construction of new generation facilities must provide adequate detail to allow SDG&E to determine whether the proposed capacity will economically and reliably meet SDG&E's resource requirements.

Respondents anticipating the need for subsidies, grants, Supplemental Energy Payments, Production Tax Credits (PTCs), Investment Tax Credits(ITCs) or any other third party monetary awards shall detail finances associated with monetary awards and discuss how such funding or lack of funding shall impact the offer or any PPA.

Respondents who would rely on such funding shall submit two price offers: one if funding is available and one if funding is unavailable.

Respondents currently receiving SB90 awards must declare current receipt of the award and state whether Respondent shall relinquish the award prior to execution of an agreement. A Respondent who chooses to keep existing SB90 awards shall be ineligible for ~~Supplemental Energy Payments~~supplemental energy payments. Similarly, projects receiving Public Goods Charge Funds from the existing Renewable Facilities Program under Section 383.5 would not qualify for ~~Supplemental Energy Payments~~supplemental energy payments.

SDG&E will review and may utilize all information, if any, submitted by a Respondent that is not specifically requested as a part of the Response Forms or Credit Application. During all stages of the RFO process, SDG&E reserves the right to request additional information from individual Respondents or to request all Respondents to submit supplemental materials in fulfillment of the content requirements of this RFO or to meet additional information needs. SDG&E also reserves the unilateral right to waive any technical or format requirements contained in the RFO.

Respondents offering the same capacity and/or energy from one resource to multiple solicitations are hereby advised that if SDG&E notifies Respondent that the offer is being short-listed, the Respondent MUST immediately withdraw their offer from all other solicitations or risk being removed from the short-list. Respondent's shall confirm such withdrawal by submitting to SDG&E a copy of the written correspondence sent to all other solicitations pertaining to such withdrawal while granting SDG&E permission to contact the other solicitors to confirm the withdrawal. ALL OFFERS SHALL BE VALID AND BINDING UPON THE RESPONDENT AFTER BEING SELECTED FOR THE SHORT LIST UNTIL CONTRACT EXECUTION.

SDG&E WILL NOT REIMBURSE RESPONDENTS FOR THEIR EXPENSES UNDER ANY CIRCUMSTANCES, REGARDLESS OF WHETHER THE RFO PROCESS PROCEEDS TO A SUCCESSFUL CONCLUSION OR IS ABANDONED BY SDG&E IN ITS SOLE DISCRETION.

5.0 RPS PROGRAM PARAMETERS

CALIFORNIA RPS PROGRAM

California's Renewable Portfolio Standard (RPS) Program was adopted in 2002 and is codified at Public Utility Code §~~sec~~ 399.11, *et seq.*² ~~In~~in adopting the RPS legislation, the Legislature specifically found and declared that increasing California's reliance on renewable energy resources promotes the purpose of and may accomplish each of the following:

- Increase the diversity, reliability, public health and environmental benefits of the energy mix
- Promote stable electricity prices
- Protect public health and improve environmental quality
- Stimulate sustainable economic development and create new employment opportunities
- Reduce reliance on imported fuels
- Ameliorate air quality problems
- Improve public health by reducing the burning of fossil fuels

Current law requires Investor Owned Utilities (~~IOUs~~IOU's) to comply with two requirements: (1) annually increase its procurement of renewable resources by 1% of its retail sales and (2) procure renewable energy in the amount of 20% of retail sales by 2010. The CPUC issued its first decision implementing the RPS Program, D.03-06-~~071~~071 on June 19, 2003. This ~~Decision~~decision established certain basic RPS Program parameters. The CPUC has subsequently issued several additional RPS-related decisions in rulemaking proceeding R.04-04-026, and successor proceedings R.06-02-012 and R.06-05-027. These decisions are publicly available on the CPUC's website.

This RFO is being issued and conducted in compliance with relevant statutory and regulatory directives. Requirements set forth within the law and all directives shall be incorporated herein by reference. A full text of the law and the above-mentioned CPUC decisions can be downloaded from the Internet via the following URL's. Respondents are encouraged to review all RPS-related, CPUC issued directives available on the same Internet websites and are responsible for understanding and abiding by all RPS provisions:

Senate Bill 1078: <http://www.energy.ca.gov/portfolio/documents/index.html>

Senate Bill 107: http://info.sen.ca.gov/pub/05-06/bill/sen/sb_0101-0150/sb_107_bill_20060926_chaptered.pdf

CPUC D.03-06-071: http://www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/27360.htm

CPUC D.04-06-014: http://www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/37401.htm

CPUC R.04-04-026: <http://www.cpuc.ca.gov/EFILE/RULINGS/57988.pdf>

CPUC R.06-02-012: <http://www.cpuc.ca.gov/EFILE/RULINGS/63343.pdf>

CPUC R.06-05-027: <http://www.cpuc.ca.gov/EFILE/RULINGS/64765.pdf>

²

See, Senate Bill (SB) 1078 (Stats. 2002 Ch. 516), as amended by SB 107, (Stats. 2006, Ch. 464).

RPS ELIGIBILITY CRITERIA

Respondents successfully signing agreements with SDG&E must warrant that the resources being offered in response to this solicitation are certifiable as an “eligible renewable resource” by the California Energy Commission (CEC). Eligibility criteria are set forth by the CEC in its Renewable Portfolio Standard Eligibility Guidebook. The CEC guidebook can be downloaded from the following internet website: <http://www.energy.ca.gov/portfolio/documents/index.html>. Respondents are encouraged to review all RPS-related, CEC issued directives available on the same Internet website and are responsible for understanding and abiding by all RPS provisions. All requirements set forth within the CEC’s guidebooks and all RPS-related documents shall be incorporated herein by reference. SDG&E has no preferred “eligible renewable resource” or resource stack and will judge the merits of each bid based on the provisions of Section 9.0.

Respondents are encouraged, although not required, to apply for pre-certification from the CEC in advance of submitting a offer. Pre-certification forms are available from the above-entitled guidebook. An excerpt of the eligibility requirements is provided at the end of this section.

SUPPLEMENTAL ENERGY PAYMENTS

Senate Bill 1078 assigns the CEC the task of allocating and awarding Supplemental Energy Payments (SEP) to “eligible renewable energy resources to cover above-market cost of renewable energy.” An IOU’s payment obligation to eligible renewable providers is capped at the CPUC established Market Price Referent (MPR). ~~SEPs~~SEPs are necessary to cover any above-MPR costs.

Respondents successfully signing agreements with SDG&E as part of this competitive solicitation must independently file an application for SEP funds with the CEC. The criteria used to determine whether a resource is an “eligible” renewable resource for purposes of the RPS program may not be the same criteria used to determine eligibility for a SEP award. Respondents are encouraged to review the CEC guidebook, New Renewable Facilities Program. It establishes eligibility requirements, application procedures and payment terms for ~~SEPs~~SEPs. Respondents should review the guidebook for information on how to apply for and receive ~~SEPs~~SEPs. The guidebook can be downloaded from the following Internet website: <http://www.energy.ca.gov/portfolio/documents/index.html>. Respondents are encouraged to review all RPS-related documents available on the ~~CEC’s~~same Internet website and are responsible for understanding and abiding by all RPS provisions. All requirements set forth within this guidebook and all RPS-related documents shall be incorporated herein by reference.

PRODUCTION TAX CREDIT

The CPUC issued a ruling on September 29, 2003. For each respondent who would rely on PTCs if such credits were to be made available, the ruling stipulates a respondent shall submit two price offers: one if PTC credit is available and one if PTC credit is unavailable. A full text of the ruling can be downloaded from the following Internet website: <http://www.cpuc.ca.gov/PUBLISHED/RULINGS/30260.htm>.

PROCUREMENT REVIEW GROUP

The Procurement Review Group (PRG), a CPUC-endorsed entity, is composed of non-market participants such as ~~ratepayer~~^{ratepayers} advocacy groups, state energy and water commissions, power authorities, utility-related labor unions and other non-commercial, energy-related special interest groups. CPUC Decision D.03-06-071 established the role of the PRG in the RPS Program. The PRG is charged with overseeing the IOU's procurement process, reviewing procedural fairness, examining overall procurement prudence and providing feedback during all stages. From RFO language development to offer evaluation to contract negotiation, IOU's brief the PRG on a periodic basis during the entire process.

Respondents are hereby notified that revealing offer information to the PRG is required during PRG briefings in accordance with Section 10 ("Confidentiality"). Each Respondent must clearly identify, as part of its offer, what type of information it considers to be confidential.

INDEPENDENT EVALUATOR

The CPUC requires each investor owned utility (IOU) to use an Independent Evaluator to separately evaluate and report on the IOU's entire solicitation, evaluation, and selection process for this solicitation. This will serve as an independent review of SDG&E's implementation of the RFO process and final selections. The Independent Evaluator shall make periodic presentations regarding its findings to the IOU, and the IOU's PRG. The intent is to preserve the independence of the Independent Evaluator by ensuring free and unfettered communication between the Independent Evaluator and the CPUC as well as and open, fair, and transparent process that the PRG can affirm.

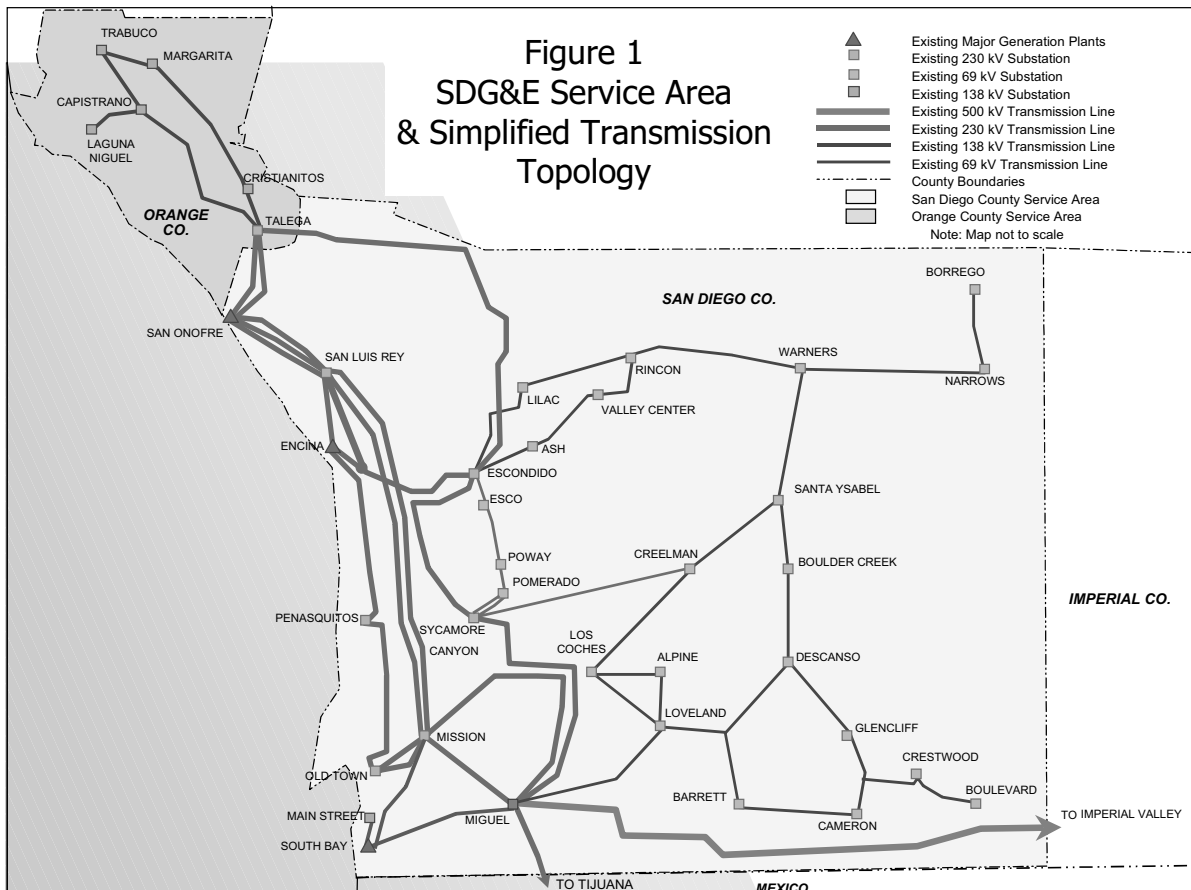
SDG&E is committed to ensuring an open and transparent solicitation, and to providing a fair, reasonable and competitive process.

6.0 SDG&E BACKGROUND

SDG&E provides electric service to approximately 1.3 million customers in San Diego County and the southern portion of Orange County. SDG&E also provides natural gas service to approximately 775,000 gas customers. The electric customer base comprises 89% residential and 11% commercial and industrial customers.

SDG&E's electric transmission network is comprised of 130 substations with 884 miles of 69-kV, 265 miles of 138-kV, 349 miles of 230-kV, and 215 miles of 500-kV transmission lines. Local ("on system") generating resources are the Encina plant (connected into SDG&E's grid at 138 kV and 230 kV), the South Bay plant (connected at 69 kV and 138 kV), the Palomar Energy Center (connected at 230kV) and a number of combustion turbine facilities located around the service area (connected at 69 kV). Imported resources are received via the Miguel Substation as the delivery point for power flow on the Southwest Power Link (SWPL), which is SDG&E's 500-kV transmission line that runs from Arizona to San Diego along the U.S./Mexico border, and via the SONGS 230-kV switchyard.

Figure 1 shows a simplified diagram of existing SDG&E's service area and the electric transmission topology in San Diego County and the southern portion of Orange County. Planned or approved transmission facilities for the future (if any) are not shown on this map.



7.0 RESOURCE CRITERIA

SDG&E seeks resources with the minimum characteristics described below.

- 1) Technology type, project location and delivery start date must conform with details provided in Section 1.0 Scope of Request.
- 2) Proposed resources must be CEC-certifiable as an eligible renewable resource;
- 3) The Net Contract Capacity must be \geq 1MW, net of all auxiliary and station parasitic loads; (if within SDG&E service area)
- 4) The Net Contract Capacity must be \geq 5MW, net of all auxiliary and station parasitic loads; (if outside of SDG&E service area)
- 5) All ~~renewable energy credits (RECs) and resource adequacy (RA)~~ REC's and RA capacity must be tendered to SDG&E without any additional costs or conditions.

In addition to the minimum characteristics described above and in Section 1.0 Scope of Request, additional requirements expected from Respondents successfully entering into an agreement with SDG&E include, but ~~are~~ is not limited to:

- 1) Respondents shall be financially and operationally responsible for the transmission gen-tie up to the point of interconnection with the local transmission/distribution network in accordance with applicable laws. Gen-tie costs must be included in the offer price for energy and/or capacity.
- 2) For PPA-only offers, Respondents must have a verifiable fuel resource plan for the duration of the PPA.
- 3) For the PPA and during the PPA term of Alternative II, Respondents shall serve as their own scheduling coordinator or make arrangements for a third party scheduling coordinator at Respondent's cost. Respondent or their third party scheduling coordinator shall be responsible for all CAISO imbalance costs, fees and penalties.
- 4) For the PPA and during the PPA term of Alternative II, Respondent will provide personnel required to operate the Facility.
- 5) For the PPA and during the PPA term of Alternative II, assuming the CAISO implements its Market Redesign Technology Upgrade (MRTU), the delivery point will be SDG&E's Load Aggregation Point or trading hub as defined by the CAISO as most closely representing SDG&E's bundled customer load. Any Locational Margin Price (LMP) benefit or cost will be the responsibility of the Respondent. Notwithstanding the foregoing, this delivery point contract term is subject to negotiation by the parties.

- 6) For the PPA and during the PPA term of Alternative II, resource operations will be scheduled in accordance with CAISO Tariff Schedules and Bids Protocols (Original Sheet No. 536 et seq.), and Dispatch Protocol (Original Sheet 453 et seq.), as from time to time modified. CAISO compliant real-time metering of the generation will be required for Energy Management System (EMS) data.
- 7) For the PPA and during the PPA term of Alternative II, Respondents must execute Participating Generator Agreements and Meter Service Agreements as required by the CAISO.
- 8) For the PPA and during the PPA term of Alternative II, to facilitate monthly settlement processes, Respondents shall authorize Buyer to view the Facility's CAISO on-line meter data by identifying SDG&E as an authorized user with "read only" privileges on Schedule 3 of Respondent's Meter Service Agreement with the CAISO.
- 9) For PPA-with-Buyout and Turnkey proposals, Respondents shall include as part of its offer a proposal to provide a 10-year ~~operations & maintenance~~ Operations & Maintenance servicing agreement for the proposed resource during SDG&E's ownership.
- 10)

8.0 FIN46 REQUIREMENTS

Generally Accepted Accounting Principles and SEC rules require SDG&E to evaluate whether or ~~not~~note SDG&E must consolidate a Seller's financial information. SDG&E will require access to financial records and personnel to determine if consolidated financial reporting is required. If SDG&E determines at any time that consolidation is required, SDG&E shall require the following during every calendar quarter for the term of any resultant agreement:

- a) Complete financial statements and notes to financial statements;
- b) Financial schedules underlying the financial statements, all within 15 days of the end of each quarter; and
- c) Access to records and personnel, so that SDG&E's independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002).

Any information provided to SDG&E shall be treated as confidential, except that it may be disclosed for financial statement purposes.

9.0 EVALUATION CRITERIA

SDG&E will utilize the Offer Response Forms and narratives to evaluate all offers. Respondents are responsible for the accuracy of all figures and calculations. Errors discovered during negotiations may impact ~~Respondent's~~Respondents standing on the short-list.

SDG&E evaluates all offers via a three-step process. Passing each level is required in order to advance to the next level, with the eventual Short Listed offers having to pass all levels. The following provides a general description of each evaluation level.

Level I: Check for Conformance. Check to ensure that all offers meet minimum RFO criteria. All offers meeting minimum requirements will pass Level I, will be deemed “conforming” and will move on to Level II.

Level II: Preliminary Ranking and Short Listing. This assessment will be based on the all in price, including capacity and energy, transmission network upgrade costs, congestion costs/credits, as well as duration equalization adders and debt equivalence adders if applicable. Offers will be ranked on a present value, \$/MWh basis from lowest to highest cost. SDG&E will populate the preliminary shortlist with offers to fulfill twice its RPS MWh need. In doing so, SDG&E would eliminate offers that are noticeably more expensive.

Level III: Modeling/Detailed Analysis. After the preliminary short list has been approved by the PRG, the Offers will be modeled in SDG&E’s production cost model to determine how they perform as part of SDG&E’s portfolio. Evaluation will be updated based on final model dispatch of the portfolio of offers that best meets SDG&E’s bundled customer needs. Qualitative factors will be used to differentiate offers of similar cost. These factors will include location, benefits to minority and low income areas, resource diversity, environmental stewardship.

SDG&E will periodically brief the ~~member~~members of the PRG during the various stages of evaluation. Upon completion of SDG&E’s evaluation process, SDG&E will brief the PRG members regarding SDG&E’s recommendations for its Short-List. Based upon the comments and recommendations received from the PRG, SDG&E may modify the Preliminary Short-List as necessary.

SDG&E is evaluating offers in accordance with CPUC direction and criteria established for the RPS Program. SDG&E will place high emphasis on the offer pricing in its evaluations, not only in terms of the initial cost to SDG&E, but also the long-term costs. Upon completion of Level III, SDG&E may differentiate offers of similar cost³ by reviewing qualitative factors including: (in no particular order of preference)

- a) Location
- b) Benefits to minority and low income areas

³ The term “similar cost” is used to indicate expected indifference by the PRG and CPUC as to the cost of one offer or another. The PRG will have access to SDG&E’s evaluation and the quantitative and qualitative components of those offers prior to SDG&E’s recommendation filing to the CPUC.

- c) Resource diversity
- d) Promote stable electricity prices
- e) Protect public health
- f) Improve environmental quality; offer environmental benefits
- g) Stimulate sustainable economic development
- h) Create new employment opportunities
- i) Reduce reliance on imported fuels
- j) Ameliorate air quality problems
- k) Improve public health by reducing the burning of fossil fuels
- l) Environmental stewardship, which may include the environmental impacts of Respondent' proposed facility on California's water quality, use, and water resource management consistent with the CPUC's Water Action Plan, adopted December 15, 2005.⁴

These factors will be used to differentiate offers with similar costs for those resources under consideration near the annual procurement target. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors.

SDG&E may also differentiate offers of similar cost by reviewing other factors including: (in no particular order of preference):

- a) Delivery Reliability
- b) Ability to advance schedule
- c) Technology
- d) Likelihood project will be able to develop and achieve Commercial Operation within established timeframes.
- e) Operational flexibility
- f) Development risk
- g) Financing plan
- h) Corporate capabilities, credit, and proven experience
- i) Repowering / Contract extension

These factors will be used to differentiate offers with similar costs for those resources under consideration near the annual procurement target. Consistent with CPUC Decision D.04-07-029 issued on July 8, 2004, SDG&E will treat dispatchability, curtailability and repowering as quantitative attributes and will evaluate these factors using quantitative methods. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors.

⁴ See D.06-05-039.

10.0 REJECTION OF OFFERS

SDG&E SHALL TREAT ALL RESPONDENTS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. WHILE SDG&E IS MINDFUL OF THE BENEFITS OF RENEWABLE ENERGY AND IS VIGOROUSLY PURSUING THE GOALS OF THE RPS, IT MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFO. SDG&E RESERVES THE RIGHT AT ANY TIME, AT ITS SOLE DISCRETION, TO ABANDON THIS RFO PROCESS, TO CHANGE THE BASIS FOR EVALUATION OF OFFERS, TO TERMINATE FURTHER PARTICIPATION IN THIS PROCESS BY ANY PARTY, TO ACCEPT ANY OFFER OR TO ENTER INTO ANY DEFINITIVE AGREEMENT, TO EVALUATE THE QUALIFICATIONS OF ANY RESPONDENT OR THE TERMS AND CONDITIONS OF ANY OFFER, OR TO REJECT ANY OR ALL OFFERS, ALL WITHOUT NOTICE AND WITHOUT ASSIGNING ANY REASONS AND WITHOUT LIABILITY OF SEMpra ENERGY, SDG&E, OR ANY OF THEIR SUBSIDIARIES, AFFILIATES, OR REPRESENTATIVES TO ANY RESPONDENT. SDG&E SHALL HAVE NO OBLIGATION TO CONSIDER ANY OFFER.

11.0 CONFIDENTIALITY

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF SDG&E, RESPONDENTS MAY NOT DISCLOSE (OTHER THAN BY ATTENDANCE ALONE AT ANY MEETING TO WHICH MORE THAN ONE RESPONDENT IS INVITED BY SDG&E) TO ANY OTHER RESPONDENT OR POTENTIAL RESPONDENT THEIR PARTICIPATION IN THIS RFO, AND RESPONDENTS MAY NOT DISCLOSE, COLLABORATE ON, OR DISCUSS WITH ANY OTHER RESPONDENT, OFFER STRATEGIES OR THE SUBSTANCE OF OFFERS, INCLUDING WITHOUT LIMITATION THE PRICE OR ANY OTHER TERMS OR CONDITIONS OF ANY INDICATIVE OR FINAL OFFER.

SDG&E WILL USE THE HIGHER OF THE SAME STANDARD OF CARE IT USES WITH RESPECT TO ITS OWN PROPRIETARY OR CONFIDENTIAL INFORMATION OR A REASONABLE STANDARD OF CARE TO PREVENT DISCLOSURE OR UNAUTHORIZED USE OF RESPONDENT'S CONFIDENTIAL AND PROPRIETARY INFORMATION THAT IS LABELED AS "PROPRIETARY AND CONFIDENTIAL" ON THE OFFER PAGE ON WHICH THE PROPRIETARY INFORMATION APPEARS ("CONFIDENTIAL INFORMATION"). RESPONDENT SHALL SUMMARIZE ELEMENTS OF THE OFFER(S) IT DEEMS CONFIDENTIAL. THE SUMMARY MUST CLEARLY IDENTIFY WHETHER OR NOT PRICE, PROJECT NAME, LOCATION, SIZE, TERM OF DELIVERY AND TECHNOLOGY TYPE (EITHER COLLECTIVELY OR INDIVIDUALLY) ARE TO BE CONSIDERED CONFIDENTIAL INFORMATION. CONFIDENTIAL INFORMATION MAY BE MADE AVAILABLE ON A "NEED TO KNOW" BASIS TO SDG&E'S DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS, CONSULTANTS, THE INDEPENDENT EVALUATOR, AGENTS AND ADVISORS ("REPRESENTATIVES") FOR THE PURPOSE OF EVALUATING RESPONDENT'S OFFER, BUT SUCH REPRESENTATIVES SHALL BE REQUIRED TO OBSERVE THE SAME CARE WITH RESPECT TO DISCLOSURE AS SDG&E.

NOTWITHSTANDING THE FOREGOING, SDG&E MAY DISCLOSE ANY OF THE CONFIDENTIAL INFORMATION TO COMPLY WITH ANY LAW, RULE, OR REGULATION OR ANY ORDER, DECREE, SUBPOENA OR RULING OR OTHER SIMILAR PROCESS OF ANY COURT, SECURITIES EXCHANGE, CONTROL AREA OPERATOR, GOVERNMENTAL AGENCY OR GOVERNMENTAL OR REGULATORY AUTHORITY AT ANY TIME EVEN IN THE ABSENCE OF A PROTECTIVE ORDER, CONFIDENTIALITY AGREEMENT OR NON-DISCLOSURE AGREEMENT, AS THE CASE MAY BE, WITHOUT NOTIFICATION TO THE RESPONDENT AND WITHOUT LIABILITY OR ANY RESPONSIBILITY OF SDG&E TO THE RESPONDENT.

IT IS EXPRESSLY CONTEMPLATED THAT MATERIALS SUBMITTED BY A RESPONDENT IN CONNECTION WITH THIS RFO WILL BE PROVIDED TO THE CPUC, ITS STAFF, THE CEC, ITS STAFF, AND THE PRG. SDG&E WILL SEEK CONFIDENTIAL TREATMENT PURSUANT TO PUBLIC UTILITIES CODE SECTION 583 AND GENERAL ORDER 66-C OF THE CPUC, WITH RESPECT TO ANY RESPONDENT CONFIDENTIAL INFORMATION SUBMITTED BY SDG&E TO THE CPUC FOR THE PURPOSES OF

OBTAINING REGULATORY APPROVAL. SDG&E WILL ALSO SEEK CONFIDENTIALITY PROTECTION FROM THE CEC FOR RESPONDENT'S CONFIDENTIAL INFORMATION AND WILL SEEK CONFIDENTIALITY AND/OR NON-DISCLOSURE AGREEMENTS WITH THE PRG. SDG&E CANNOT, HOWEVER, ENSURE THAT THE CPUC OR CEC WILL AFFORD CONFIDENTIAL TREATMENT TO A RESPONDENT'S CONFIDENTIAL INFORMATION OR THAT CONFIDENTIALITY AGREEMENTS OR ORDERS WILL BE OBTAINED FROM AND/OR HONORED BY THE PRG, CEC, OR CPUC.

SDG&E, ITS REPRESENTATIVES, SEMPRA ENERGY, AND ANY OF THEIR SUBSIDIARIES DISCLAIM ANY AND ALL LIABILITY TO A RESPONDENT FOR DAMAGES OF ANY KIND RESULTING FROM DISCLOSURE OF ANY OF RESPONDENT'S INFORMATION.

12.0 CREDIT TERMS AND CONDITIONS

SDG&E has the unilateral right to evaluate and determine the credit-worthiness of the Respondent relative to this RFO. The Respondent is required to complete, execute and submit the RFO credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. Respondents may download the application from the RFO Website.

Within 5 business days after being notified by SDG&E that a bid proposed by a Respondent is on the short list, the Respondent will provide collateral to SDG&E (“a Project Development Fee”) equal to: the lesser of either (i) \$3.00 per kW of the facility’s nameplate capacity, or (ii) \$100,000. The Project Development Fee shall be paid in cash or as a posted letter of credit or surety bond in a form and from an issuer acceptable to SDG&E. The Project Development Fee shall be refunded to Respondent if Respondent and SDG&E fail to reach an agreement and such failure is not due to Respondent’s withdrawal of its offer or a material misrepresentation of pricing or non-pricing information made by Respondent. If Respondent and SDG&E do execute an agreement, the Project Development Fee shall be security for Respondent’s obligations thereunder for the period until Project Development Security (described below) is delivered or the agreement is terminated because a condition precedent has not been achieved by the deadline therefore. The Project Development Fee shall be forfeited as payment of liquidated damages if Respondent fails to 1) diligently pursue development of the facility, 2) meet any applicable milestones prior to all of the conditions precedent being satisfied or waived, or 3) deliver progress reports required by the agreement. If a Respondent submitted bids from one facility covering more than one of the alternatives listed in Section 1.0 Scope, the Respondent would be required to provide only one Project Development Fee., however, if the Respondent submits bids for more than one facility, the Respondent will be required to provide a Project Development Fee for each facility.

In addition to the Project Development Fee(s), SDG&E’s credit provisions for renewable resources requires the Respondent to provide collateral to SDG&E within thirty (30) days of the date on which all of the conditions precedent in the PPA are either satisfied or waived. A Project Development Security is required during the construction phase until the Respondent’s facility achieves commercial operation. The Project Development Security amount will be determined by multiplying twice the annual estimated energy amount in MWh by \$5/MWh. SDG&E will have the right to draw upon the Project Development Security to pay for delay damages if the commercial operation is delayed for a minimum of 180 days. Once the facility achieves commercial operation, a Default Security will be required during the delivery term of the PPA. The Default Security will be determined by multiplying twice the annual estimated energy amount in MWh by \$15/MWh.

All credit support arrangements (e.g., parent guaranty, deed of trust, letter of credit) must be negotiated prior to an offer being accepted as a winning offer. A model guaranty and a model letter of credit may be downloaded from the RFO Website as attachments to the PPA.

For questions regarding credit terms, please contact Ms. Judy Delgadillo at (213) 244-4343. Questions and answers will not be subject to disclosure to other parties.

13.0 CPUC APPROVAL

SDG&E shall submit all signed contracts to the CPUC for approval. All signed contracts will contain the condition precedent language that has been standardized by the CPUC for this purpose and which the Model PPA contains.

14.0 OFFER RESPONSE FORMS AND DOCUMENTS

Attached to this RFO and available for download from the RFO Website are the following documents. Respondents must submit all relevant documents in response to this RFO.

- 1) Offer Response Form - Respondents shall pay careful attention to the response forms. The forms are in Excel format and each Excel file contains multiple sheets - one sheet accommodating an offer assuming PTC credit is unavailable (or is not being requested), one sheet accommodating an offer assuming PTC credit is available and other sheets where Respondents shall provide detailed operating variables. Please be aware that some of the cell ranges in the detailed operating sheets are input cells and some are calculated cells. SDG&E will use your input data to calculate the performance criteria for determining whether your project fits within its resource portfolio. Please utilize the standard worksheets as much as possible to describe your project. However, if you choose to change the standard format or use a different format, please use an Excel spreadsheet and explain your changes or assumptions on the sheet(s). Also, some sheets may contain more than a single page. Respondents shall be responsible for submitting all appropriate sheets required for their offer(s). The forms available for download are:
 - a) Alternative I - PPA-only Offer Form
 - b) Alternative II - PPA with Buyout Offer Form
 - c) Alternative III - Turnkey Offer Form
- 2) Additional Narrative Information Sheet – This sheet applies to Alternative II and Alternative III offers only.
- 3) Credit Application
- 4) Consent Form
- 5) Offer Summary Sheet & Checklist (Must Complete)

RFO Website:

<http://www.sdge.com/renewablerfo20072008>

15.0 MODEL DOCUMENTS AND OTHER ATTACHMENTS

Attached to this RFO and available for download from the RFO Website are the following documents. Respondents shall review all documents in advance of submitting offers and submit any redline changes or comments with the offers.

- 1) Model EEI Power Purchase and Sales Agreement
 - a) EEI Master Agreement
 - b) Form EEI Cover
 - c) Form Confirmation (As-Available Non-Intermittent)
 - d) Form Confirmation (As-Available Intermittent)
 - e) Form Confirmation (Unit Firm)
 - f) Additional EEI Exhibits
- 2) ~~Alternative II Wind Specifications~~
- 3) ~~Alternative III Wind Specifications~~

RFO Website:

<http://www.sdge.com/renewablerfo20072008>

Document comparison done by Workshare DeltaView on Monday, July 30, 2007
3:52:34 PM

Input:	
Document 1	file://S:\cec\DATA\2007 Eligible Renewable RFO\2007 RPS Plan\Appendix A - 2007 RFO (FINAL).DOC
Document 2	file://C:/Documents and Settings/hhebert/Desktop/Procurement Plan Comparisons/Appendix A - 2008 RFO (FINAL).DOC
Rendering set	standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	111
Deletions	102
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	213

APPENDIX B

RFO ACCOMPANYING DOCUMENTS:

OFFER RESPONSE FORMS
ADDITIONAL NARRATIVE INFORMATION SHEET
CREDIT APPLICATION
CONSENT FORM
OFFER SUMMARY SHEET & CHECK LIST
CONTRACT DOCUMENTS

OFFER RESPONSE FORMS

ALTERNATIVE I PPA-ONLY OFFER FORMS



Alt I 2008 Redline.xls

ALTERNATIVE II PPA WITH BUYOUT OFFER FORMS



Alt II 2008
Redline.xls

ALTERNATIVE III TURNKEY OFFER FORMS



Alt III 2008
Redline.xls

For the 2008 RFO, SDG&E
proposes minor revisions to offer forms.

The changes are summarized in red text at the
bottom of each of the attached spreadsheets.

ADDITIONAL NARRATIVE INFORMATION SHEET

APPLICABLE ONLY TO
ALTERNATIVE II AND ALTERNATIVE III
OFFERS ONLY

For the 2008 RFO, SDG&E
has removed references to wind specifications
from the Narrative Information Sheet since
such specifications will not be provided as part
of this RFO.

Respondents must attach complete design and construction specifications for the technology being proposed. Please provide the following requested information with the bid response.

Deleted: For Respondents offering Wind Resources, please review the wind specifications attached to this RFO (available for download from the RFO Website) and provide the following information in consideration of the specifications.

Deleted: proposing all other technology types

1. Conditions Precedent - The effectiveness of the Agreement shall be subject to (i) CPUC approval of the Agreement and allowing full rate recovery of all costs, (ii) issuance by the CPUC of a certificate of public convenience and necessity authorizing Buyer's ownership of the Project in form and substance acceptable to Buyer in its sole discretion, and (iii) completion of detailed interconnection and delivery studies and approval by Buyer and Respondent of the costs to be incurred by each party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Project to load as is consistent with FERC's orders and rulemakings. Please verify that these conditions are acceptable and describe any other conditions being proposed.
2. Transaction Description - Respondent will develop, design, engineer, finance, construct, complete and test the facility on a turnkey basis using qualified contractors and suppliers acceptable to Buyer pursuant to construction contracts and subcontracts in form and substance acceptable to Buyer. Respondent shall sell, and Buyer shall purchase and pay for all of Respondent's right, title and interest in all of the real property, personal property and intangible assets comprising the Project. Please verify that these conditions are acceptable and describe any other conditions being proposed.
3. Sale Assets – Please provide the following information:
 - a) A description of the plant/resource (including the underlying Project site, asset life, rated capacity, and capacity factor)
 - b) A list of spare parts and inventory to be included as of the Closing Date
 - c) A list of assumed contracts and liabilities
4. Purchase Price – Please provide the purchase price, which shall be inclusive of all state and local sales and transfer taxes of any kind, and any delay damages.
5. Financing Plan – Please provide a description of financing options during the construction phase and at closing.
6. Payment Terms – Please describe payments terms associated with the offer.
7. Performance Guarantees/Performance Liquidated Damages – Please discuss any performance guarantees and liquidated damages being offered.
8. Warranty – Please discuss the warranty being offered.
9. Project Schedule – Please provide a detailed project schedule, proposed closing date and discuss proposed closing conditions and ownership transition plans. The Project schedule shall include milestones for all phases of permitting, design, construction, financing, and testing. The Purchase Price will be adjusted for any delays in achieving the Commercial Operation Date by the guaranteed date.

10. Major Plant Equipment – Respondent shall procure all equipment for the Project from major manufacturers with a proven reliability record. Please provide a list of manufacturers and models. Buyer shall have the right to approve/reject proposed manufacturers and models for major plant equipment of the Project.
11. Land – Please describe the land underlying the site being proposed. Respondent shall sell or transfer the leasehold interest in the land on which the Project is located as part of the Project, free and clear of all liens and encumbrances (other than minor exceptions to title which Buyer agrees to accept in its sole discretion).
12. Permitting, Licensing and Regulatory Authorizations – Please list and describe any required authorizations.
13. Transmission Service/Interconnection – Please describe the interconnection plan and any transmission issues. Respondent shall be responsible for all costs related to upgrades to distribution/transmission facilities and construction of interconnection facilities required to interconnect the Project to the Delivery Point, as is consistent with FERC rules.
14. Testing Plan – Please describe the testing plan. During testing, Buyer shall have the right to witness the testing to observe the results. However, overall accountability for successful plant performance shall remain with Respondent. The certified results of any tests conducted by Respondent shall be submitted to Buyer within 21 days after the date such tests were conducted for Buyer’s review and approval.
15. Operation and Maintenance Agreement – Please propose a 10-year O&M Agreement. The Agreement shall be effect upon SDG&E ownership of the facility. The Agreement shall include, as a minimum:
 - a) Operation and Maintenance Fees
 - b) Operation and Maintenance Plan/Methods. (TPM, TQM, RCM)
 - c) Personnel profiles
 - d) Performance Management, including sample reports with (KPIs)
 - e) SCADA and Maintenance Systems.
16. Credit Support – Please describe the proposed credit support being offered
17. Lawsuits – Please discuss whether or not your firm, or any of the executive officers of your firm, been a party to a lawsuit involving the performance of any equipment it has installed. If so, please include a summary of the issues and the status of the lawsuit.

CREDIT APPLICATION

SDG&E proposes no revisions to this document.



CREDIT APPLICATION

General Information

Legal Company Name _____

Doing Business As (DBA) _____

Street Address _____ City _____ State _____ Zip Code _____

Federal Tax ID # _____

Organized & existing under the laws of: (State) _____ Year Incorporated/Established _____

Primary Contacts:

Credit Issues Contact:
Name _____ Title _____ Phone _____ FAX _____ E-Mail _____

Business Issues Contact:
Name _____ Title _____ Phone _____ FAX _____ E-Mail _____

Service Type: _____ **Estimated Volumes of Service Requested per month:** _____

Please provide the following information with this application:

- *Most recent three (3) fiscal years', CPA-audited, financial statements including notes to the financial statements.*
- *The most recent interim financial statements.*
- *A list of corporate affiliates, including addresses and relationship to your company/entity (Corporate Organization Chart).*
- *Most recent three (3) fiscal years', CPA-audited, financial statements of the ultimate parent company.*

General Certification

The undersigned declares that the statements set forth herein are true and complete. The undersigned on behalf of Applicant hereby authorizes Utility to obtain verification from any source named herein as to the accuracy of the information provided and to obtain credit information regarding Applicant as part of its approval process.

The undersigned on behalf of Applicant hereby releases, discharges, exonerates and covenants not to sue any person, company or governmental organization providing information to Utility in connection with its approval process, any recipient of such information conducting a review of such information in connection with this application, including Utility or its representatives, and its officers, agents, employees and independent contractors, from any and all liability of every nature and kind arising from or in connection with the furnishing, receipt and review of such information.

Official Signature: _____
(Must be signed by an officer of the Applicant)

Typed Name: _____ Title: _____ Dated: _____

CONSENT FORM

SDG&E proposes no changes to this document.

Consent Form

This consent form ("Consent") is entered into by [PARTY NAME] as of this ___ day of _____, 2008, to authorize the disclosure of [PARTY NAME]'s transmission-related information to San Diego Gas and Electric Company's marketing or merchant business unit (SDG&E).

Deleted: 7

Whereas, [PARTY NAME] and SDG&E are negotiating (i) a long-term power purchase agreement for the sale of renewable power to SDG&E or (ii) a term-sheet for SDG&E's purchase from [PARTY NAME] of a generating facility producing renewable power (collectively, the "Agreement").

Whereas, pursuant to the Federal Energy Regulatory Commission (FERC) Standards of Conduct enacted through FERC Order 2004, the interconnecting utility's transmission planning group (Transmission) is prohibited from sharing non-public transmission-related information with SDG&E.

Whereas, [PARTY NAME] recognizes that in order to facilitate the Agreement negotiation process and to permit SDG&E to diligently pursue the Agreement, Transmission should not be prohibited from sharing non-public transmission-related information with SDG&E.

THEREFORE, in consideration of the benefits to be received upon the successful negotiation and execution of the Agreement between [INSERT PARTY NAME] and SDG&E, [PARTY NAME] consents to and authorizes Transmission's disclosure of all non-public transmission-related and customer-related information to SDG&E to the extent that information relates to the Agreement.

IN WITNESS WHEREOF, [PARTY NAME] has caused this Consent to be duly executed and delivered by its proper and duly authorized officer as of the date set forth above.

[PARTY NAME]

By: _____

Name: _____

Title: _____

Date: _____

OFFER SUMMARY SHEET & CHECK LIST



Offer Summary
Sheet_Checklist.xls

SDG&E has added this new form to the 2008
RFO package.

CONTRACT DOCUMENTS

EEI COVER
EEI UNIT FIRM CONFIRMATION
EEI AS-AVAILABLE INTERMITTENT CONFIRMATION
EEI AS-AVAILABLE NON-INTERMITTENT CONFIRMATION
EEI EXHIBITS

For the 2008 RFO, SDG&E proposes to use the identical template contract that was issued with the 2007 solicitation.

Only two changes are being proposed: 1) minor changes to the definition of Green Attributes at Section 1.68 of the Cover Sheet; and 2) revisions to the definition of Resource Adequacy at Exhibit D. SDG&E has also highlighted all standard terms in yellow to be consistent with the other two large IOU's

MASTER POWER PURCHASE AND SALE AGREEMENT
COVER SHEET

This *Master Power Purchase and Sale Agreement* (Version 2.1; modified 4/25/00) ("*Master Agreement*") is made as of the following date: [____], 2008 ("*Effective Date*"). The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any Confirmations accepted in accordance with this Agreement) shall be referred to as the "Agreement." The Parties to this *Master Agreement* are the following:

Deleted: 7

Name: _____ ("Party A")

All Notices:

Street: _____

City: _____ Zip: _____

Attn: Contract Administration

Phone: _____

Facsimile: _____

Duns: _____

Federal Tax ID Number: _____

Invoices:

Attn: _____

Phone: _____

Facsimile: _____

Scheduling:

Attn: _____

Phone: _____

Facsimile: _____

Payments:

Attn: _____

Phone: _____

Facsimile: _____

Wire Transfer:

BNK: _____

ABA: _____

ACCT: _____

Confirmation: _____

FAX: _____

Credit and Collections:

Attn: _____

Phone: _____

Facsimile: _____

Name: San Diego Gas & Electric Company ("Party B")

All Notices:

Street: 8315 Century Park Court

City: San Diego, CA Zip: 92123

Attn: Contract Administration

Phone: (858) 650-6176

Facsimile: (858) 650-6190

Duns: 006911457

Federal Tax ID Number: 95-1184800

Invoices:

San Diego Gas & Electric Company

8315 Century Park Ct.

San Diego, California 92123-1593

Attn: Energy Accounting Manager

Phone: (858) 650-6177

Facsimile: (858) 650-6190

Scheduling:

San Diego Gas & Electric Company

8315 Century Park Ct.

San Diego, California 92123-1593

Attn: Transaction Scheduling Manager

Phone: (858) 650-6160

Facsimile: (858) 650-6191

Payments:

San Diego Gas & Electric Company

PO Box 25110

Santa Ana, CA 92799-5110

Attn: Mail Payments

Phone: (619) 696-4521

Facsimile: (619) 696-4899

Wire Transfer:

BNK: Union Bank of California

for: San Diego Gas & Electric Company

ABA: Routing # 122000496

ACCT: #4430000352

Confirmation: SDG&E, Major Markets

FAX: (213) 244-8316

Credit and Collections:

San Diego Gas & Electric Company, Major Markets

555 W. Fifth Street, ML 10E3

Los Angeles, CA 90013-1011

Attn.: Major Markets, Credit and Collections Manager

Fax No.: (213) 244-8316

Phone: (213) 244-4343

With additional Notices of an Event of Default or Potential Event of Default to:

Attn: _____
Phone: _____
Facsimile: _____

With additional Notices of an Event of Default or Potential Event of Default to:

Sempra Energy
101 Ash Street
San Diego, CA 92101
Attn: Assistant General Counsel, Commercial Law
Facsimile: (619) 696-4377

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff (type of FERC authorization needs to be determined prior to execution)

Party B Tariff FERC Electric Tariff, Original Volume No. 10, Original Sheet Nos. 1-3
(Supersedes FERC Electric Tariff, Original Volume Nos. 7 and 8)
Effective May 12, 2003, Docket No. ER03-418-000.

Article Two TO BE DETERMINED

Transaction Terms and Conditions Optional provision in Section 2.4. If not checked, inapplicable.

Article Four TO BE DETERMINED

Remedies for Failure to Deliver or Receive Accelerated Payment of Damages. If not checked, inapplicable.

Article Five TO BE DETERMINED

Events of Default; Remedies

- Cross Default for Party A:
- Party A: N/A Cross Default Amount: N/A
- Other Entity: N/A Cross Default Amount: N/A
- Cross Default for Party B:
- Party B: N/A Cross Default Amount: N/A
- Other Entity: N/A Cross Default Amount: N/A

5.6 Closeout Setoff

- Option A (Applicable if no other selection is made.)
- Option B – Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows:
- Option C (No Setoff)

Article 8 TO BE DETERMINED
Credit and Collateral Requirements

8.1 Party A Credit Protection:

(a) Financial Information:

- Option A
- Option B Specify: _____
- Option C Specify: _____

(b) Credit Assurances:

- Not Applicable
- Applicable

(c) Collateral Threshold:

- Not Applicable
- Applicable

If applicable, complete the following: N/A

Party B Collateral Threshold: \$ _____; provided, however, that Party B's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party B has occurred and is continuing.

Party B Independent Amount \$ _____

Party B Rounding Amount \$ _____

(d) Downgrade Event:

- Not Applicable
- Applicable

If applicable, complete the following: N/A

It shall be a Downgrade Event for Party B if Party B's Credit Rating falls below _____ from S&P or _____ from Moody's or if Party B is not rated by either S&P or Moody's

Other:
Specify: _____

(e) Guarantor for Party B: None

Guarantee Amount: None

8.2 Party B Credit Protection:

(a) Financial Information:

- Option A
- Option B Specify: _____
- Option C Specify: Unaudited Financial Statements as attested to by an Officer of Party A

- (b) Credit Assurances:
 Not Applicable
 Applicable
- (c) Collateral Threshold:
 Not Applicable
 Applicable
 If applicable, complete the following: N/A
 Party A Collateral Threshold: \$ _____; provided, however,
 that Party A's Collateral Threshold shall be zero if an Event of
 Default or Potential Event of Default with respect to Party A has
 occurred and is continuing.
 Party A Independent Amount \$ _____
 Party A Rounding Amount \$ _____
- (d) Downgrade Event:
 Not Applicable
 Applicable
 If applicable, complete the following: N/A
 It shall be a Downgrade Event for Party A if Party A's Credit
 Rating falls below _____ from S&P or _____
 from Moody's or if Party A is not rated by either S&P or
 Moody's
 Other:
 Specify: _____
- (e) Guarantor for Party A: _____ in accordance with Section 8.3
 Guarantee Amount: \$ _____
- (f) 8.4 If the parties elect as being applicable, Section 8.4 shall apply:
 Not Applicable
 Applicable

Article 10 TO BE DETERMINED

Confidentiality

- Option A: Confidentiality Applicable. If not checked, inapplicable.
- .
- Option B: Confidentiality Notification.
 If Option B is checked on the Cover Sheet, Seller has waived its right to
 notification in accordance with Section 10.11(v).

Schedule M

- Party A is a Governmental Entity or Public Power System
- Party B is a Governmental Entity or Public Power System
- Add Section 3.6. If not checked, inapplicable
- Add Section 8.4. If not checked, inapplicable

Schedule P

Schedule P: Products and Related Definitions shall be deleted in its entirety.

Other Changes

Specify, if any: The following changes shall be applicable:

Article One. General Definitions.

(a) **Definitions.** The following definitions are amended as set forth below:

- (1) Section 1.11 “Costs” shall be deleted in its entirety and replaced with the following:

“Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction

- (2) Section 1.23 “Force Majeure” shall be deleted in its entirety and replaced with the following:

“Force Majeure” means any cause or event beyond the reasonable control of the affected Party which was not anticipated as of the date of the Transaction and not due to the fault or negligence of the Party affected, and which could not have been avoided by due diligence and use of reasonable efforts, including but not limited to (but only to the extent that the following examples satisfy such definition): (a) acts of God such as extreme weather conditions, droughts, floods, earthquakes, (b) fires, explosions, accidents that could not have been prevented by acting in accordance with Good Utility Practice (defined below), and (c) war (declared or undeclared), riots, insurrection, rebellion, acts of the public enemy, acts of terrorism and sabotage, blockades, embargoes, industry-wide strikes. Notwithstanding anything to the contrary in the foregoing, the following shall not constitute Force Majeure: (a) lack of finances; (b) breakage or malfunction of equipment (except to the extent that such failure was caused by an event that would otherwise satisfy the definition of a Force Majeure event as defined above); (c) changes in governmental approvals or the conditions imposed thereunder or the failure to grant or renew such governmental approvals; or (d) Seller’s failure to obtain additional funds, including funds authorized by a state or the federal government or agencies thereof, to supplement the payments made by Buyer pursuant to this Agreement.

“Good Utility Practice” means any practices, methods and acts (i) required by the National Electric Safety Code or NERC, whether or not Seller is a member thereof, or (ii) otherwise engaged in or approved by a significant portion of the utility electric generation industry during the relevant time period or any of the practices, methods and acts that in the exercise of commercially reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be the optimum practice, method or act to the exclusion of all others, but rather is intended to be any of the practices, methods and/or actions generally accepted in the region.

- (3) Section 1.24 “Gains” shall be deleted in its entirety and replaced with the following:

“Gains” means with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of a Terminated

Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties, including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include the value of Green Attributes.

- (4) Section 1.25 shall be modified by adding the following as the last sentence: "Guarantor shall issue a Guaranty in substantially the same format attached hereto as Exhibit B."
- (5) Section 1.27 shall be modified by adding the words "and substantially in the same form as the Letter of Credit template attached hereto as Exhibit C" at the end of the first sentence.
- (6) Section 1.28 "Losses" shall be deleted in its entirety and replaced with the following:

"Losses" means with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include the value of Resource Adequacy and Green Attributes.

- (7) Sections 1.35 and 1.36 shall be modified by deleting the phrase "as defined in Schedule P." and replacing such phrase with "as defined in the Confirmation."
- (8) Section 1.45 shall be modified by including the words "acceptable to the requesting party" after the words "Letter(s) of Credit".
- (9) Section 1.51 is amended by replacing the current definition with the following:

"Replacement Price" means the price at which Buyer, acting in a commercially reasonable manner, purchases for delivery at the Delivery Point (or, if replacement power is not available at the Delivery Point, any other delivery point where Buyer is able to purchase replacement product) a replacement for any Product that includes its associated Green Attributes and meets the requirements of Section 10.2(xiii) but was not delivered by Seller, plus (i) costs reasonably incurred by Buyer in purchasing such substitute Product and (ii) additional transmission charges, if any, reasonably incurred by Buyer to the Delivery Point, or absent a purchase, the market price at the Delivery Point for such Product not delivered as determined by Buyer in a commercially reasonable manner. The Replacement Price also shall include all charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the scheduled supply resulting from Seller's failure to deliver; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Buyer be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller's liability. For the purposes of this definition, Buyer shall be considered to have purchased replacement Product to the extent Buyer shall have entered into one or more arrangements in a commercially reasonable manner whereby Buyer repurchases its obligation to sell and deliver the Product to another party at the Delivery Point. If for any reason a Replacement Price is unavailable at the Delivery Point during a Transaction when Seller fails to deliver Product ("Missing Hours"), then the Replacement

Price for Missing Hours shall be the last available Replacement Price prior to the Missing Hours together with any charges and penalties allocated to Buyer for the Missing Hours.

“California Renewables Portfolio Standard” means the Renewables Portfolio Standard of California under California Senate Bills 1078 and 107 as codified in Sections 387, 390.1, and 399.25 and Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of, the California Public Utilities Code, as such code reference may be amended from time to time.

(10) Section 1.53 is amended by replacing the current definition with the following:

“Sales Price” means the price at which Seller, acting in a commercially reasonable manner, resells any Product not received by Buyer, deducting from such proceeds any (i) costs reasonably incurred by Seller in reselling such Product including all costs charged by CAISO to deliver the Product into the CAISO System, and (ii) additional transmission charges, if any, reasonably incurred by Seller in delivering such Product to the third party purchasers, or absent a sale the market price at the Delivery Point for such Product not received as determined by Seller in a commercially reasonable manner. The Sales Price shall also be reduced by all costs, charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the scheduled supply resulting from Buyer’s failure to take Product; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Seller be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Buyer’s liability. The Sales Price may be less than zero.

(11) Section 1.62 is added as follows:

“Amendment 42” means Amendment 42 to the CAISO Tariff filed in Docket No. ER02-922-000 (Intermittent Resources; CT 487; Intra zonal Congestion; Real Time Pricing) as in effect on the date hereof and as may be amended from time to time.

(12) Section 1.63 is added as follows:

“CAISO” is the California Independent System Operator, or its successor in interest.

(13) Section 1.64 is added as follows:

“CAISO Tariff” means the CAISO Operating Agreement and Tariff, as it may be modified from time to time.

(14) Section 1.65 is added as follows:

“Capacity Attributes” means any current or future defined characteristic, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific as to the location or any other attribute of the Facility, intended to value any aspect of the capacity of the Facility to produce Energy or ancillary services, including but not limited to any accounting construct so that the full Contract Capacity of the Facility may be counted toward a Resource Adequacy Requirement or any other measure by the CPUC, the CAISO, the FERC, or any other entity invested with the authority under federal or state law, to require Buyer to procure, or to procure at Buyer’s expense, Resource Adequacy or other such products.

(15) Section 1.66 is added as follows:

"CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which contains the following terms:

(1) Approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer’s administration of the Agreement;

(2) finds that any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), Decision 03-06-071, or other applicable law;

(3) finds that any procurement pursuant to this Agreement constitutes incremental procurement or procurement for baseline replenishment by Buyer from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation to increase its total procurement of eligible renewable energy resources that it may have pursuant to the California Renewables Portfolio Standard, CPUC Decision 03-06-071, or other applicable law; and

(4) Finds that the cost of the contract between Buyer and developer are reasonable and in the public interest, and that approved payments are fully recoverable in rates over the life of the project.

(5) Finds that any cost of bringing generation from the delivery point to Buyer's load center is a transmission cost associated with procurement that will be recorded in the Energy Resource Recovery Account for rate recovery;

(6) Finds that any indirect costs of renewables procurement identified in Section 399.15 (a)(2) shall be recovered in rates.

CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.”

(16) Section 1.67 is added as follows:

“EIRP” means the Eligible Intermittent Resources Protocol, as in effect on the date of execution of this Agreement and as may be amended from time to time, which is part of the CAISO Tariff.

(17) Section 1.68 is added as follows:

“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Unit(s) and its displacement of conventional energy generation. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change or otherwise by law to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Unit(s), (ii) production tax credits associated with the construction or operation of the project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits

Deleted: , and Renewable Energy Credits

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encumbered or used by the Unit(s) for compliance with local, state, or federal operating and/or air quality permits. If Seller's Unit(s) is a biomass or landfill gas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Unit(s).

Deleted: such facility

(18) Section 1.69 is added as follows:

"PTC" and "Production Tax Credit" mean the renewable electricity production tax credit described in Section 45 of the Internal Revenue Code of 1986, as amended.

(19) Section 1.70 is added as follows:

"Renewable Energy Credit" has the meaning set forth in Public Utilities Code Section 399.12(g), as may be amended from time to time or as further defined or supplemented by Law.

(20) Section 1.71 is added as follows:

"Resource Adequacy" means the procurement obligation of load serving entities, including Buyer, as such obligations are described in CPUC D.04-10-035 and D.05-10-042 and subsequent CPUC decisions addressing Resource Adequacy issues, as those obligations may be altered from time to time in the CPUC Resource Adequacy Rulemaking (R.)04-04-003 and (R.)05-12-013 or by any successor proceeding, and all other Resource Adequacy obligations established by any other entity, including the CAISO.

Article Two: Transaction Terms and Conditions

- (a) Amend Section 2.1 by deleting the phrase "orally, or if expressly required by either party with respect to a particular Transaction,"
- (b) Section 2.3 shall be deleted in its entirety.

Article Three: Obligations and Deliveries

- (a) Section 3.2 "Transmission and Scheduling" shall be deleted in its entirety.
- (b) **Force Majeure.** Add the following two paragraphs at the end of Section 3.3:

"Before and after the date of Commercial Operation, this Agreement may be terminated by the non-Claiming party with no further obligation to either party if a Force Majeure event prevents the performance of a material portion of the obligations hereunder and such Force Majeure is not resolved within eight (8) months after the notice given above."

- (c) **Green Attributes.** The parties agree to add the following new Section 3.4:

"Seller hereby provides and conveys all Green Attributes from the Unit(s) to Buyer as part of the Product being delivered, as such term is described in the applicable Transaction confirmation for the period set forth in such confirmation. Seller represents and warrants that Seller holds the right to all Green Attributes from the Unit(s), and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Unit(s)."

- (d) **Resource Adequacy.** Add the following new Section 3.5:

"During the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all of the Contract Capacity, including Capacity Attributes, from the Facility to enable Buyer to meet its Resource Adequacy or successor program requirements, as the CPUC, CAISO or other regional entity may prescribe ("Resource Adequacy Requirements"). Seller understands that the CPUC is currently in the process of

developing requirements for Resource Adequacy and these requirements and the implementation thereof have not been finalized. Seller agrees that during the Delivery Term Seller shall, at a minimum, comply with the terms set forth in Exhibit D to enable Buyer to use all of the capacity, including Capacity Attributes, to be committed by Seller to Buyer pursuant to this Agreement to meet Buyer's Resource Adequacy Requirements.

- (e) Climate Action Registry. The parties agree to add the following new Section 3.6:

"Seller shall register the Facility with the California Climate Action Registry as may be required by the CPUC pursuant to Decision 06-02-032 and any subsequent order, but in any event, no later than the date of Commercial Operation."

- (f) WREGIS. The parties agree to add the following new Section 3.7:

"Prior to the date of Commercial Operation, Seller shall register the Facility in the Western Renewable Energy Generating Information System or any successor renewable energy tracking program ("WREGIS"), and take all other action necessary to ensure that the Energy and Green Attributes produced from the Facility are tracked for purposes of satisfying the requirements of the California Renewable Portfolio Standard. In the event that WREGIS is not in operation as of the date of Commercial Operation, Seller shall perform its obligations as required per this subsection, as soon as WREGIS is in operation."

Article Five: Events of Default

(a) Section 5.1 Events of Default.

Section 5.1(c) is amended by deleting the reference to "three (3) Business Days" and replacing it with "thirty (30) days."

Amend Sections 5.1(b) and 5.1(h)(i) by adding the following at the end thereof: "or with respect to the representations and warranties made pursuant to Section 10.2 of this Agreement or any additional representations and warranties agreed upon by the parties, any such representation and warranty becomes false or misleading in any material respect during the term of this Agreement or any Transaction entered into hereunder."

Within Section 5.1, add the following new Events of Default:

"(i) if at any time during the Term of Agreement, Seller delivers or attempts to deliver to the Delivery Point for sale under this Agreement electrical power that was not generated by the Unit(s)"

"(j) failure to meet the performance requirements agreed to pursuant to Section __ hereof."

"(k) a Letter of Credit Default as described in Section 8.4."

(b) Section 5 Declaration of an Early Termination Date and Calculation of Settlement Amount.

Section 5.2, 5.3, 5.4, and 5.5 shall be deleted in their entirety and replaced with the following:

"5.2 Declaration of Early Termination Date and Calculation of Settlement Amounts: If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party ("Non-Defaulting Party") shall have the right to (i) designate a day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an early termination date ("Early Termination Date") to accelerate all amounts owing between the Parties and to liquidate and terminate all, but not less than all, Transactions (each referred to as a "Terminated Transaction") between the Parties, (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance. The Non-defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages. The Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount.

5.3 Net Out of Settlement Amounts. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single amount by: netting out (a) all Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article Eight, plus any or all other amounts due to the Defaulting Party under this Agreement against (b) all Settlement Amounts that are due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement, so that all such amounts shall be netted out to a single liquidated amount (the "Termination Payment"). If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment shall be zero.

5.4 Notice of Payment of Termination Payment. As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such calculation. The Termination Payment shall be made to the Non-Defaulting Party, as applicable, within two (2) Business Days after such notice is effective.

5.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer Performance Assurance to the Non-Defaulting Party in an amount equal to the Termination Payment."

(c) Section 5.7 Suspension of Performance.

Section 5.7 is amended by deleting the phrase "ten (10) NERC Business Days" and replacing it with "five (5) NERC Business Days."

Further amend Section 5.7 by the deletion of the following phrase in the first sentence "or (b) a Potential Event of Default".

Article Six: Payment and Netting

(a) Section 6.2 Timeliness of Payment.

Section 6.2 shall be replaced by the following: "**Timeliness of Payment.** Unless otherwise agreed by the Parties in a Transaction, all invoices under this Master Agreement shall be due and payable in accordance with each Party's invoice instructions thirty (30) days after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full. Seller shall submit a monthly invoice via fax and email during the Delivery Period. Buyer has 30 days to pay the invoice. Invoice shall be itemized, identifying all component charges and unit prices. Invoice shall identify the Output scheduled and delivered during all hours of the month. The invoice shall describe in reasonable detail the calculations used to arrive at invoiced amounts."

(b) Sections 6.7

Section 6.7 Payment for Options is amended by deleting the text and substituting therefore "Intentionally omitted."

Article Eight: Credit and Collateral Requirements

(a) Party A Credit Protection. The first three sentences in Section 8.1 shall be deleted in their entirety and replaced with the following:

"8.1 Party A Credit Protection. The applicable credit and collateral requirements shall be as specified on the Cover Sheet and shall only apply if marked as "Applicable" on the Cover Sheet."

- (b) **Party B Credit Protection.** The first three sentences in Section 8.2 shall be deleted in their entirety and replaced with the following:

“8.2 Party B Credit Protection. The applicable credit and collateral requirements shall be as specified on the Cover Sheet and shall only apply if marked as “Applicable” on the Cover Sheet.”

- (c) **Performance Security.** Section 8.3 is amended by deleting “or deemed occurrence” from the beginning of the second sentence.

- (d) If the parties elect as being applicable on the Cover Sheet, the following new Section 8.4 shall be added:

“8.4 To secure its obligations under this Agreement, in addition to satisfying any credit terms pursuant to the terms of Section 8.2 to the extent marked applicable, Seller agrees to deliver to Buyer (the “Secured Party”) (a) on or before the Effective Date and until Seller posts security required pursuant to subpart (b) a [INSERT TYPE OF COLLATERAL] in the amount of [\$_____], the form of which shall be determined in the sole discretion of Buyer; (b) within thirty (30) days of the date on which all of the conditions precedent set forth in Section 1.0 of the Confirmation are either satisfied or waived, and Seller shall maintain in full force and effect until the Commercial Operation date a [INSERT TYPE OF COLLATERAL] in the amount of [\$_____], the form of which shall be determined in the sole discretion of Buyer; and (c) from the Commercial Operation date until the end of the Term [INSERT TYPE OF COLLATERAL] in the amount of [\$_____], the form of which shall be determined in the sole discretion of the Buyer.

Except as expressly provided elsewhere in this Agreement, the security posted under this Section 8.4 shall not be deemed a limitation of damages. Buyer shall return the unused portion of security posted under 8.4(a) to Seller promptly after termination of the Agreement by a Party because a condition precedent has not been satisfied or waived by its deadline as set forth in Section 1.0 of the Confirmation. Buyer shall return the unused portion of security posted under 8.4(c) to Seller promptly after the following have occurred: (a) the Term of the Agreement has ended; and (b) all payment obligations of the Seller arising under this Agreement, including compensation for Penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting).

When cash is posted as security: Buyer shall pay interest on cash held as security at the Collateral Interest Rate. On or before each Interest Payment Date, Buyer shall transfer the Interest Amount due to Seller for such security in the form of cash by wire transfer to the bank account specified under “Wire Transfer” in the Cover Sheet.

“Collateral Interest Rate” shall mean the rate per annum equal to the “Monthly” Commercial Paper rate (Prime, 3 months) published the prior month in the Federal Reserve Statistical Release, or its successor publication.

“Interest Payment Date” shall mean the last Business Day of each calendar year.

“Interest Amount” shall mean, with respect to an Interest Period, the amount of interest derived from: (w) the sum of (i) the principal amount of security in the form of cash held by Buyer during that Interest Period, and (ii) the sum of all accrued and unpaid Interest Amounts accumulated prior to such Interest Period; multiplied by (x) the Collateral Interest Rate in effect on the first day of the Interest Period; multiplied by (y) the number of days in that Interest Period; (z) divided by 360.

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

When Letters of Credit are posted as security: all Letters of Credit shall be subject to the following provisions:

- (a) The Seller shall (i) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit and in accordance with this Agreement, (ii) if the issuer has indicated its intent not to renew such Letter of Credit, provide a substitute Letter of Credit at least sixty (60) days prior to the expiration of the outstanding Letter of Credit, and (iii) if an issuer of a Letter of Credit shall fail to honor the Buyer’s properly documented request to draw on an outstanding Letter of

Credit, provide for the benefit of the Buyer a substitute Letter of Credit, that is issued by an alternate issuer acceptable to the Buyer within five (5) Business Days after the Seller receives notice of such refusal.

(b) "Letter of Credit Default" shall mean with respect to an outstanding Letter of Credit, the occurrence of any of the following events: (i) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least "A-" by S&P or "A3" by Moody's; (ii) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be continuing after the lapse of any applicable grace period; (iii) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; or (iv) Seller shall fail to meet the requirements of this Section 8.4 after the applicable cure periods, if any.

(c) In all cases, the reasonable costs and expenses of (including but not limited to the reasonable costs, expenses, and attorneys' fees, including reasonably allocated costs of in-house counsel of the Buyer for enforcing) establishing, renewing, substituting, canceling, increasing and reducing the amount of (as the case may be) one or more Letters of Credit shall be borne by the Seller.]"

Article Ten: Miscellaneous

(a) **Term of Master Agreement.** Add the following sentence to Section 10.1: "The Transaction shall terminate on the day following the last day of the Delivery Period, unless terminated sooner pursuant to the express provisions of this Agreement".

(b) **Representations, Warranties, and Covenants.**

Section 10.2(vi) is amended to delete the phrase "or any of its Affiliates."

Section 10.2(ix) is deleted in its entirety and the words "Intentionally Omitted" are put in its place.

Section 10.2(xiii) shall be added as follows:

"The Seller and, if applicable, its successors, represents and warrants throughout the term of the Delivery Term of each Transaction entered into under this Agreement that: (a) the Unit(s) qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16, and (b) the Unit(s) Output delivered to Buyer qualifies under the requirements of the California Renewable Portfolio Standard."

Section 10.2(xiv) shall be added as follows:

"Seller covenants throughout the Delivery Term that it will take no action or permit any other person or entity (other than Buyer) to take any action that would impair in any way Buyer's ability to rely on the Project in order to satisfy its Resource Adequacy Requirements"

(c) **Assignment.**

Article 10.5 shall be deleted in its entirety and replaced with the following:

"10.5 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers and the financing provider(s) shall assume the payment and performance obligations provided under this Agreement with respect to the transferring Party provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request."

(d) **Governing Law/Venue/Waiver of Jury Trial.** Article 10.6 shall be modified as follows::

Section 10.6 "Governing Law" shall be amended by deleting "NEW YORK" and inserting "CALIFORNIA" in place thereof.

Add the following to the end of Article 10.6:

“THE PARTIES HEREBY CONSENT TO CONDUCT ALL DISPUTE RESOLUTION, JUDICIAL ACTIONS OR PROCEEDINGS ARISING DIRECTLY, INDIRECTLY OR OTHERWISE IN CONJUNCTION WITH, OUT OF, RELATED TO OR ARISING FROM THIS AGREEMENT IN THE CITY OF SAN DIEGO, CALIFORNIA.

EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY TRANSACTION.”

- (e) **Section 10.9 Audit.** Section 10.9 is modified by adding the following at the end thereof:

“The Parties agree that Generally Accepted Accounting Principles and SEC rules require Buyer to evaluate if Buyer must consolidate Seller’s financial information. Buyer will require access to financial records and personnel to determine if consolidated financial reporting is required. If Buyer determines at any time that consolidation is required, Buyer shall require the following during every calendar quarter for the term of this Agreement:

- a) Complete financial statements and notes to financial statements;
- b) Financial schedules underlying the financial statements, all within 15 days of the end of each quarter; and
- c) Access to records and personnel, so that Buyer’s independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002).

Any information provided to Buyer shall be treated as confidential except that it may be disclosed for financial statement purposes.”

- (f) **Section 10.11 Confidentiality.** Section 10.11 shall be deleted in its entirety and replaced with the following:

10.11 Neither Party shall disclose the non-public terms or conditions of this Agreement or any Transaction hereunder to a third party, other than (i) the Party’s employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer’s Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section 10.12 of this Agreement; (v) in order to comply with any applicable law, regulation, or any exchange, control area or ISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party (“Disclosing Party”), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section 10.11 (“Disclosure Order”) each Party shall, to the extent practicable, use reasonable efforts: (i) to notify the other Party prior to disclosing the confidential information and (ii) prevent or limit such disclosure. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(g) **RPS Confidentiality.** Add a new section to Article 10 as follows:

“10.12 RPS Confidentiality. Notwithstanding Section 10.11 of this Agreement, no later than six months after CPUC Approval of the Agreement either Party shall be permitted to disclose the following terms with respect to such Transaction: Party names, resource type, delivery term, project location, estimated annual deliveries, delivery point, expected on-line date, and project capacity.

(h) **Publicity.** Add a new Section to Article 10 as follows:

“10.13 Publicity. Except as otherwise agreed to above in Sections 10.11 and 10.12, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed.”

(i) **Dispute Resolution.** Add a new section to Article 10 as follows:

“10.14 Dispute Resolution.

- (a) If a dispute shall arise between the Parties relating to the interpretation of this Agreement or to performance of any Transaction under it, the Party desiring resolution of the dispute shall notify the other Party in writing. The notice shall set forth the matter in dispute in reasonable detail and a proposed solution.
- (b) The Parties shall attempt to resolve any dispute within 30 calendar days after delivery of the written notice referred to above. Any disputes not so resolved shall be referred by each Party to a senior officer (or the officer's designee) for resolution. If the Parties fail to reach an agreement within 30 days after such referral, each Party shall have the right to pursue any and all remedies provided in this Agreement and as afforded by law.

(j) **10.15. Prevailing Wages.** To the extent applicable, Seller shall comply with the prevailing wage requirements of California Public Utilities Code section 399.14, subdivision (h).

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

Party A – _____

Party B – **SAN DIEGO GAS & ELECTRIC COMPANY**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

CONFIRMATION LETTER
(for use with unit firm bids)

This Confirmation Letter (“Confirmation”) is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement, dated mm/dd/yyyy (the “Master Agreement”), between _____, (“Seller”) and **San Diego Gas & Electric Company** (“Buyer”), and constitutes part of and is subject to the terms and provisions of such Master Agreement (collectively, the “Agreement”). The parties have agreed to this Agreement in good faith and shall implement it in good faith. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

1.0 Effectiveness of Confirmation Letter. Except for the Seller’s obligations listed in Section 1.1 below, all obligations of the Parties are conditioned upon the satisfaction or waiver of the conditions precedent as set forth in this Section 1.0.

1.1 Prior to the conditions precedent being satisfied or waived as set forth in this Section 1.0, Seller has the obligation to diligently pursue development of the Facility, achieve the applicable milestones, in accordance with Sections 12.0, that have due dates occurring prior to the deadlines for satisfaction or waiver of the conditions precedent set forth in this Section 1.0, and deliver the Quarterly Progress Report required in Section 12.1.3. Upon a breach by Seller of its obligations under this Section 1.1, Buyer may declare an Event of Default and terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the collateral posted under Section 8.4(a) of the Cover Sheet. Buyer may use such collateral to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to Seller’s breach of its obligations of this Section 1.1 would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for Seller’s breach of its obligations under this Section 1.1 but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, a breach by Seller of a representation or warranty.

1.2 CPUC Approval. The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval on or before [mm/dd/yyyy]. The Parties agree to cooperate and use all reasonable efforts to obtain the CPUC Approval as soon as is practicable. Should the CPUC issue an order approving this Agreement with conditions or modifications that materially alter the commercial aspects of this Agreement, the Parties shall have ten (10) Business Days from the mailing date of such order to provide the other Party written notice of the issuing Party’s acceptance or rejection of the CPUC order as issued; provided, however, if a Party fails to provide written notification of its acceptance or rejection to the other Party within such ten (10) day period, that Party’s silence shall be deemed to

constitute acceptance of the CPUC order as issued and agreement by such Party that this condition has been satisfied, upon the CPUC Approval Date. If a notice of rejection is sent, the parties agree to use good faith efforts to renegotiate this Agreement. If, within sixty (60) days, no agreement is reached, either party may terminate this Agreement upon delivery of notice to the other party. For purposes of this Agreement, the “CPUC Approval Date” shall be defined as the first Business Day after the date on which the CPUC order approving this Agreement becomes final and no longer subject to any appeal.

1.3 Interconnection Agreement. No later than [mm/dd/yyyy], Buyer and Seller shall have agreed to and approved of (in each party’s sole discretion) the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission’s then current orders and rulemakings. If the Parties have not approved of such date or costs before [mm/dd/yyyy] , either Party shall have the right to terminate this Agreement by sending the other Party prior written notice.

2.0 Product: Output (defined in Section 3.1) delivered on a Unit Firm basis which includes all associated Capacity Attributes and Green Attributes (as those terms are defined in the Cover Sheet).

“Unit Firm” means, with respect to a Transaction, that the Product subject to the Transaction is intended to be supplied from a specified generation asset or assets specified in the Transaction. [*The following Products shall be considered “Unit Firm” products and Buyer shall select one for this agreement.*]

“Peaking” means with respect to a Transaction, a Product for which Delivery Periods coincide with Peak Periods, as defined by Buyer.

“Baseload” means with respect to a Transaction, a Product for which Delivery levels are uniform for all Delivery Periods.

“Dispatchable” means with respect to a Transaction, a Product for which Seller makes available unit-contingent capacity for a Buyer to schedule and dispatch up or down at Buyer’s option.”

2.1 Unit Firm Delivery Profile

- _____ Peaking:
 - Monday – Friday (excluding NERC holidays)
 - During July, August, September, October: 11am – 7pm
 - During November – December: 1pm – 9pm
- _____ 6x16 Block: MON – SAT, 6am-10pm
- _____ 7x24 Block: MON – SUN, 24hrs/day
- _____ Other, specify: _____

3.0 Facility. The Output (defined below) will be supplied from the following generation assets only (collectively, the “Facility” or the “Units”):

Facility Name: _____
Site Name: _____
Facility Physical Address: _____
Technology Type: _____
Specific Unit Description: _____
Facility Total Nameplate Capacity: _____

3.1 “Output” means all electrical energy produced from the Facility, net of electrical energy used to operate the Facility that is generated by the Facility, which may, on an instantaneous basis, be greater or less than the total nameplate rated Output of _____ MW and an annual estimated Output of _____ MWh.

3.2 The Facility must meet Commercial Operation by the Commercial Operation Deadline. “Commercial Operation Deadline” with respect to a Facility shall be no later than mm/dd/yyyy, as extended by reason of Force Majeure or as may otherwise be extended by written agreement signed by both parties.

3.3 “Commercial Operation” means that (a) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as Exhibit E; (b) Seller shall have delivered and Buyer shall have accepted in its reasonable discretion completed Certificates of Commercial Operation from the Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below); (c) Seller shall have delivered a/an [insert type of credit support] as accepted by Buyer in accordance with Section 8 of the Master Agreement; and (d) Seller has received all local, state and federal licenses, permits and other approvals as may be required by law for the construction, operation and maintenance of the Facility, including approvals, if any, required under the California Environmental Quality Act for the Facility and related interconnection facilities.

3.4 “Licensed Professional Engineer” means a person acceptable to Buyer in its reasonable judgment who (i) is licensed to practice engineering in the state (ii) has training and experience in the [insert type of renewable technology] power industry, (iii) has no economic relationship, association, or nexus with the Seller, (iv) is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility, and (v) is licensed in an appropriate engineering discipline for the required certification being made.

4.0 Delivery Point. The Delivery Point is _____. In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for the Delivery Point or in the event the Delivery Point is otherwise modified by the CAISO, the new “Delivery Point” shall be a valid scheduling point that is either:

- a) The Buyer’s load aggregation point, if defined by the CAISO; or
- b) If a Buyer load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designed by Buyer as most closely representing Buyer’s bundled customer load.

5.0 Delivery Period. The Parties shall specify the period of Product delivery for the “Delivery Period,” as defined herein, by checking one of the following boxes:

(Check one)

- delivery shall be for a period of ten (10) years.
- delivery shall be for a period of fifteen (15) years.
- delivery shall be for a period of twenty (20) years.
- delivery shall be for a period of _____ years.

If the “Non-standard Delivery” contract term is selected, Parties need to apply to the CPUC justifying the need for non-standard delivery.

5.1 “Delivery Period” shall begin on the date of Commercial Operation and continue for the time period specified above.

5.2 “Contract Year” shall mean any of the twelve (12) consecutive months starting with the first day of the month following the date of Commercial Operation.

6.0 Output Requirements.

6.1 Contract Quantity. During the Delivery Period, Seller shall deliver, and Buyer shall receive and pay for, the Output from the Facility as more fully described in Section 10. In no event shall Seller have the right to procure capacity and electric energy from sources other than the Facility for sale and delivery pursuant to this Agreement. Station Service Power - Retail (defined below) shall be provided by the local service provider and the electrical usage shall be metered separately from the Output metered at the Delivery Point.

6.2 “Station Service Power - Retail” means electrical energy used to operate the Facility other than electrical energy that is generated by the Facility.

7.0 Capacity Testing.

7.1 Pre-Commercial Operation Capacity Test. No later than thirty (30) days prior to the pre-Commercial Operation Capacity Testing, Seller shall provide Buyer with complete capacity testing plan and schedule for the facility that is reasonably acceptable to Buyer. The plan shall describe in detail the testing standard(s) to be used applicable to the technology of the project, justification for the adopted testing standards, conditions under which testing shall take place and testing procedures. The same plan shall be applied to all subsequent capacity tests. The Net Rated Output Capacity for the first contract year shall be the Facility’s

average capacity over all hours of the Pre-Commercial Operation Capacity Test. The Net Rated Output Capacity shall not be greater than the Contract Capacity, defined in Section 8.1.

- 7.2 Annual Capacity Test. The test to determine Net Rated Output Capacity for the second Contract Year and each Contract Year thereafter shall be conducted in accordance with Section 8.1.
- 7.3 Additional Capacity Tests. Seller may request once per year, at Seller’s cost, an additional capacity test. The associated Energy Price for a Seller requested capacity test shall be zero. Buyer may request, at Buyer’s cost, additional capacity tests if Buyer reasonably believes that there is a material change to the Net Rated Output Capacity.
- 7.4 Buyer’s Right to Witness. Buyer reserves the right to send one (1) or more representative(s) to witness all capacity tests.
- 7.5 Test Report. No later than fourteen (14) days following the capacity test, Seller shall submit a testing report detailing results and findings of the test. The report shall include meter readings and plant log sheets verifying the operating conditions and output of the plant.
- 7.6 Test Energy. Seller shall coordinate scheduling of test energy with Buyer. Seller shall deliver all test energy to the delivery point. During the pre-Commercial Operation Capacity Test, Seller shall provided energy and all associated Green Attributes to the Buyer at no cost. For test energy during Annual Capacity Tests and during Additional Capacity Tests at Buyer’s request, Buyer shall pay the Energy Price or Market Price, whichever is lower. Seller shall reimburse Buyer for all CAISO imbalance costs and charges related to pre-Commercial Operation Test Energy.
- 7.7 For purposes of this Agreement, Market Price shall be defined as the CAISO SP-15 Ex Post price or a successor CAISO pricing mechanism. If the CAISO SP-15 Ex Post price or successor pricing is unavailable, both parties shall accept a mutually agreeable market pricing mechanism.

8.0 Performance Guarantees / Excuses for Failure to Perform.

- 8.1 Net Rated Output Capacity. If the Net Rated Output Capacity at the Commercial Operation date or at the end of the first twelve (12) consecutive months after the Commercial Operation date and every twelve (12) consecutive months thereafter is less than ____MW, Buyer shall have the right to declare an Event of Default. For subsequent contract years, Buyer shall trigger an Annual Capacity Test to determine each year’s Net Rated Output Capacity by scheduling Deliveries from the facility for two consecutive weeks. Buyer shall provide Seller two (2) weeks notice of the Annual Capacity Test. For the second year and thereafter the Net

Rated Output Capacity shall be the ratio of the sum of average hourly Energy Delivered for two (2) weeks divided by 336 hours (24 hours x 14 days). Energy Delivered shall exclude any energy greater than ___MW average in each hour. The resulting Net Rated Output Capacity shall remain in effect until the next Annual Capacity Test. The Net Rated Output Capacity shall not exceed the Contract Capacity of ___MW.

8.2 Additional Event of Default. It shall be an additional Event of Default if (i) the Availability Adjustment Factor is less than ___% for ___ consecutive months, or (ii) Net Rated Output Capacity falls below ___MW. In no event shall the Seller have the right to procure Energy from sources other than the Facility for sale and delivery pursuant to this Agreement.

8.3 Seller Excuses.

- a. Seller shall be excused from achieving the Availability Adjustment Factor for the applicable time period, in the event that Seller fails to deliver the Product to Buyer for any of the following reason:
 - i. during Force Majeure;
 - ii. by Buyer’s failure to perform; or,
 - iii. a reduction in Output as ordered under terms of the dispatch-down and Curtailment provisions (including CAISO or Buyer’s system emergencies).
- b. Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement, in the event that Seller fails to deliver the Product to Buyer for any of the following reason:
 - i. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller’s negligence or willful misconduct;
 - ii. Force Majeure;
 - iii. by the Buyer’s failure to perform;
 - iv. by scheduled maintenance outages of the specified units; or, a reduction in Output as ordered under terms of the dispatch- down and Curtailment provisions (including CAISO or Buyer’s system emergencies-).”

8.4 Buyer Excuses. The performance of the Buyer to receive the product may be excused only (i) during periods of Force Majeure, (ii) during periods of dispatch-down, or (iii) by the Seller’s failure to perform.

Periods of dispatch-down will be treated in accordance with Section 17 of this Confirmation.

9.0 Exclusivity/Option to Purchase.

- 9.1 Exclusivity. At no time shall Seller sell or otherwise dispose of Output or Green Attributes from the Facility to any third party except in the case of an Event of Default of Buyer.
- 9.2 Right of First Refusal. If, at any time during the term of this Agreement, Seller or any of its affiliates intends to install new facilities using _____[generally describe fuel] supplies from the _____[generally describe facility] or any expansion thereof to produce additional energy beyond that produced by the Facility (the “New Facilities Energy”), it shall first offer, or shall cause its affiliate to offer, the New Facilities Energy to Buyer by delivering notice to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail (each, an “Option Election Notice”). Except to the extent otherwise noted in the Option Election Notice, any such New Facilities Energy shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall, or shall cause its affiliate to, promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. If Buyer does not accept in writing the offered terms and conditions within thirty (30) days after receiving the Option Election Notice, Seller or its affiliate may enter into an agreement to sell the New Facilities Energy to a third party on terms and conditions no more favorable to the third party than those offered to Buyer. If Seller or its affiliate wishes to enter into an agreement with a third party on terms more favorable to Buyer than those previously offered to Buyer, Seller shall, or shall cause its affiliate to, first offer the revised terms and conditions to Buyer under this Section, and Buyer shall have an additional thirty (30) days after receiving the revised Option Election Notice to accept the revised offer. If Buyer accepts an offer made under this Section, Seller shall, or shall cause its affiliate to, within a further sixty (60) days enter into with Buyer a power purchase agreement in substantially the same form as this Agreement, but incorporating such changes as are expressly identified in the terms and conditions in the Option Election Notice.

10.0 Monthly Payments.

- 10.1 Contract Price. The annual Contract Price shall be as follows:

Contract Year	Energy Price (\$/MWh)	Capacity Price (\$/KW-yr)

Note: SDG&E is utilizing Time of Delivery (“TOD”) factors for non-baseload resources. The Contract Price will be adjusted as shown below to reflect the

relative value of the Output during the indicated time period. SDG&E reserves the right to contract baseload resources under flat or TOD-adjusted pricing.

	Summer July 1 – October 31	Winter November 1 – June 30
On-Peak	Weekdays 11am – 7pm 1.6293	Weekdays 1pm - 9pm 1.1916
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400	Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790
Off-Peak*	All other hours 0.8833	All other hours 0.7928
*All hours during NERC holidays are off-peak.		

10.1.1 The annual Capacity Price is further broken down to the following Monthly Capacity Prices.

(For Illustrative Purposes Only)

Contract Year	Month	Capacity Price (\$/KW)
1	JAN	
	FEB	
	MAR	
	APR	
	MAY	
	JUN	
	JUL	
	AUG	
	SEPT	
	OCT	
	NOV	
	DEC	
2	JAN	
	FEB	
	MAR	
	APR	
	MAY	
	JUN	
	JUL	
	AUG	
	SEPT	
	OCT	
	NOV	
	DEC	

10.2 Capacity Payment. The capacity payment shall be calculated as follows:

$$\text{Monthly Capacity Payment} = \left(\frac{\text{Net Rated Output Capacity}}{\text{Output Capacity}} \right) \times \left(\frac{\text{Monthly Capacity Price}}{\text{Capacity Price}} \right) \times \left(\frac{\text{Availability Adjustment Factor}}{\text{Adjustment Factor}} \right)$$

10.2.1 Availability Adjustment Factor. The Availability Adjustment Factor shall depend on the Monthly Availability Factor and shall be applied as follows:

Monthly Availability Factor	Winter Availability Adjustment Factor	Summer Availability Adjustment Factor
%	%	%
%	%	%
%	%	%
%	%	%
% or lower	%	%

10.2.2 Monthly Availability Factor. The Monthly Availability Factor is measure of the Facility’s performance and shall in no event exceed 1.0. The factor shall be calculated as follows:

$$\text{Monthly Availability Factor} = \frac{\sum_{Hr} (\text{Metered Output} + \text{MWH}_{\text{excused}})}{\text{Net Rated Output Capacity} \times Hr}$$

where:

- Metered Output = Metered Output up to scheduled amount;
- MWH excused = MWH not delivered up to rated capacity but excused according to Section 8.3(a)
- Net Rated Output Capacity= Facility’s output capability following a Capacity Test.
- H_T = Total hours Facility obligated to deliver pursuant to Section 2.

10.3 Energy Payment. Energy payment shall be only for Metered Output, delivered by the Seller and received by the Buyer at the Delivery Point. The energy payment shall be calculated as follows:

$$\text{Energy Payment} = \sum_1^{H_T} \text{Delivered Energy} \times \text{Contract Price}$$

Where:

H_T = All hours of the billing month.

Contract Price is the price (\$/MWH) specified in Section 10.1.

Delivered Energy means the lower of scheduled or metered amounts less Delivery Losses.

Delivery Losses means all electrical losses occurring between the CAISO approved revenue meter and the Delivery Point and electrical losses occurring over the CAISO grid as such losses are assigned by the CAISO to the Facility including if applicable, but not limited to:

- a. If the CAISO approved revenue meter is not installed on the high voltage side of the Facility’s substation bus bar, transformer and other electrical losses occurring between the CAISO approved revenue meter and the high voltage side of the Facility’s substation bus bar;
- b. Any electrical losses between the high voltage side of the Facility’s substation bus bar and the CAISO grid, including the following if applicable: DLF or TLF.

DLF means a measure of all net electrical losses as determined by the CPUC associated with the transmission of electric energy through the electric system from the high voltage side of the Facility’s substation bus bar to the interface with the CAISO grid, also known as the distribution loss factor.

TLF (for resources outside of the CAISO grid) means a measure of all net electrical losses, as determined by the Transmission Provider, associated with the transmission of electric energy through the electric system from the high voltage side of the Facility’s substation bus bar to the interface with the CAISO grid, also known as the transmission loss factor.

; and

- c. Electrical losses determined by utilizing the GMM, or TMM if applicable, assigned to the Facility.

GMM(s) means the generation meter multipliers as determined by the CAISO representing the calculation of all electrical losses assigned to the Facility associated with the transmission of electric energy delivered by the Facility over the CAISO grid, which values are, as of the Effective Date, posted by CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

TMM means the tie meter multipliers as determined by the CAISO representing the calculation of all electrical losses over the CAISO grid associated with the transmission of electric energy delivered at a CAISO Control Area boundary, which values are, as of the Effective Date, posted by the CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

- 10.4 CAISO Charges. Seller shall assume all liability and pay for all imbalance charges attributable to it and inter-zonal congestion charges. Seller shall also assume all liability and reimburse Buyer for any Penalties (as defined below) incurred by Buyer as a result of Seller’s failure to abide by the CAISO Tariff and all applicable protocols. The Parties shall cooperate to eliminate imbalances and minimize Penalties to the extent possible. Seller shall promptly notify Buyer as soon as possible of any material imbalance that is occurring or has occurred. Such notification shall not impact Seller’s responsibilities for payment for all imbalance and inter-zonal congestion charges and Penalties under this Agreement. Notwithstanding anything to the contrary which may be contained herein, Seller shall be entitled to any and all credits and/or payments made by CAISO to Seller or its Scheduling Coordinator in accordance with the CAISO Tariff and all applicable protocols.
- 10.5 “Penalties” shall be defined as any fees, liabilities, assessments, or similar charges assessed by the CAISO.
- 10.6 Test Energy. [The parties to negotiate test energy terms and pricing here.]

11.0 Reserved.

12.0 Facility Schedule. The Facility Milestones are the following:

No.	Task	Milestone Date
	Maintain Facility’s position in the CAISO interconnection queue	From the Effective Date
	Completion of Design	
	Material Environmental Permits	
	EPC Contract, Overall Project Schedule, Construction Schedule To evidence Seller’s ability to achieve the Commercial Operation by the Commercial Operation Date.	
	Land Rights. Deliver to Buyer documentation in form and substance acceptable to Buyer evidencing Seller’s good and marketable title in fee simple to the Facility site free and clear of all liens and encumbrances except for customary exceptions which are acceptable to Buyer in its sole judgment or a valid leasehold interest in the Facility site for the duration of the Term of this Agreement. Any lease of the Facility site shall be subject to the prior review and approval of Buyer, which approval may not be unreasonably withheld or delayed.	
	Executed Participating Generator Agreement with CAISO.	
	Executed Meter Service Agreement with CAISO.	
	Engineering, Procurement and Construction Agreement(s) are in full force and effect.	
	Issuance of a final unconditional notice to proceed to complete the Facility.	

12.1 Buyer’s Right to Monitor. Buyer may exercise its due diligence responsibilities via the following:

12.1.1 Buyer shall have the right to review Facility design drawings and documents.

12.1.2 Buyer may inspect the Facility’s construction site or on-site Seller data and information pertaining to the Facility during business hours upon reasonable notice.

12.1.3 Within seven (7) days after the close of each calendar quarter (or more frequently upon request by Buyer) until the date of Commercial

Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit F: Quarterly Progress Reports to Buyer as may be modified from time to time to meet applicable CPUC requirements. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller’s construction progress.

12.2 Milestone Completion Notice. No later than seven (7) days after completion of each milestone set forth in Section 12.0, Seller shall submit written notice to inform Buyer of milestone completion. Seller must provide accompanying documentation (including copies of applicable agreements redacted, permits and certificates) sufficient to demonstrate evidence of such milestone completion.

13.0 Facility Delays.

13.1 Missed Milestones. If Seller misses three or more milestones set forth in Section 12.0 or misses any one by more than 90 days except as a result of Force Majeure, Seller shall submit to Buyer, within ten (10) days of such missed milestone date, a remedial action plan (the “Remedial Action Plan”).

13.2 Missed Commercial Operation Deadline. Seller shall cause the Facility to achieve Commercial Operation on or before the scheduled Commercial Operation Deadline of mm/dd/yyyy. If Commercial Operation occurs after the scheduled Commercial Operation Deadline, Seller shall pay Buyer delay damages equal to [_____] for each day or portion of a day that the Commercial Operation occurs after the scheduled Commercial Operation Deadline, up to a total of [----] days. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Deadline. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to delay in achieving the Commercial Operation on or before the scheduled Commercial Operation Deadline would be difficult or impossible to predict with certainty, (b) the daily delay damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the daily delay damages set forth in this section are the exclusive remedy for Seller’s delay in achieving Commercial Operation by the scheduled Commercial Operation Deadline but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether

13.3 Remedial Action Plan/Additional Event of Default. For purposes of Section 13.1 and Section 13.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of Seller’s course of action and plan to achieve all milestones set forth in Section 12.0 and Commercial Operation by the Commercial Operation Deadline. Approval of Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent milestones and Commercial Operation by the Commercial Operation Deadline. Buyer at its sole discretion may reject any

Remedial Action Plan submitted under Sections 13.1 or 13.2 and declare an Event of Default.

14.0 Operating Procedures. No later than forty-five (45) days before the date of Commercial Operation, and from time to time as reasonably determined necessary by the Parties, the Parties shall meet to address how each Party will perform its respective obligations under this Agreement, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Scheduled Maintenance Outage reporting; (4) procedures for delivery forecasting; (5) procedures for record keeping; (6) scheduling procedures if applicable; and (7) invoicing and payment procedures; provided, that the failure to agree on Operating Procedures will not relieve the Parties of their respective obligations under this Agreement.

15.0 Maintenance.

15.1 Scheduled Maintenance Outages. Seller shall operate, maintain, and arrange Scheduled Maintenance Outages for the Facility in accordance with Good Utility Practices. Seller shall be limited to _____ hours of Scheduled Maintenance Outages per year.

15.1.1 No later than forty-five (45) days before the start of each calendar year, Seller shall provide Buyer with a timetable of Scheduled Maintenance Outages for the following twelve (12) months. Buyer may accept or reject such schedules but shall not unreasonably withhold or delay approval. If Seller reasonably determines that it is necessary to change a Scheduled Maintenance Outage, Seller shall notify Buyer of the proposed change at least five (5) days before the outage begins. Buyer shall promptly respond to such notice and may request reasonable modifications in the schedule for the outage. Seller shall use Good Utility Practices not to schedule Scheduled Maintenance Outages during Summer Months (as defined below). “Summer Months” shall be defined as July, August, September and October.

15.1.2 A “Scheduled Maintenance Outage” means a planned shut down of any part of the Facility scheduled by Seller in accordance with this Section that affects Seller’s ability to provide Output from the Facility to Buyer under this Agreement.

15.2 Emergency Periods. At Buyer’s request, Seller shall use commercially reasonable efforts to deliver Output during CAISO declared emergency periods. In the event the Seller has previously scheduled a Scheduled Maintenance Outage coincident with an emergency, Seller shall use commercially reasonable efforts to reschedule the Scheduled Maintenance Outage.

15.3 Maintenance Log. Seller shall maintain a maintenance log for the Facility. The log shall include but not be limited to information on power production, fuel

consumption and efficiency (if applicable), availability, maintenance (both breakdown and preventative) performed, outages, changes in operating status, inspections, manufacturer recommended services and replacement, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Information maintained pursuant to this Paragraph shall be kept for 2 years and provided to Buyer electronically, within 30 days of Buyer's request.

- 16.0 Scheduling and Scheduling Coordinator. Seller or Seller's designee shall be the Scheduling Coordinator for the Facility and shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Period. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and CAISO tariff or its successor, and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. Subject to Article 10, in the event that the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified replaced or terminated (collectively, the "Program Modifications"), Seller and Buyer hereby agree to comply with such Program Modifications and, to the extent practical, to implement the necessary Program Modifications in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.

Notwithstanding anything to the contrary herein, in the event Seller makes a change to its schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer's on-duty scheduling coordinator. Within two hours of the scheduling change due to a Forced Outage, Seller shall submit Exhibit G: Outage Notification Form to the Buyer in accordance with the instructions shown on the form. Seller shall keep Buyer informed of any developments that will affect either the duration of the outage or the availability of the Facility during or after the end of the outage.

- 16.1 Annual Delivery Forecast. No later than forty-five (45) days before the beginning of each calendar year, Seller shall provide a non-binding forecast of each month's average-day deliveries of Output, by hour, for the following calendar year.
- 16.2 Monthly Delivery Forecast. Ten Business Days before the beginning of each month, Seller shall provide a non-binding forecast of each day's average deliveries of Output, by hour, for the following month ("Monthly Delivery Forecast").
- 16.3 Daily Delivery Schedules. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, Seller shall cause the Facility's

Scheduling Coordinator (as defined in the CAISO tariff) to provide Buyer with a copy of a binding hourly schedule of deliveries of Output for each hour of the immediately succeeding day concurrent with delivery of the same to CAISO. A schedule provided in a day prior to any non-Business Day(s) shall include schedules for the immediate day, each succeeding non-Business Day and the next Business Day. Seller shall provide Buyer with a copy of any and all updates to such schedule indicating a change in scheduled Output from the then current schedule which is provided to CAISO.

- 17.0 Dispatch Down/Curtailment. Seller shall reduce deliveries for (a) curtailments ordered directly or indirectly from the CAISO or (b) scheduled or unscheduled maintenance on Buyer’s facilities that prevents Buyer from taking Output at the Delivery Point. [NOTE to bidders, if you have indicated in your offer that your resource can accommodate economic dispatch down at Buyer’s request, we will negotiate such language here.]
- 18.0 Delivery and Metering. All deliveries of Output shall be metered in real-time basis at the Delivery Point. A copy of hourly metered and hourly scheduled information shall be included in each monthly invoice. All meters and equipment used for the measurement of Output shall be provided, owned, maintained, inspected, tested and read at no cost to Buyer by the Seller.
- 18.1 CAISO Agreements. Seller shall enter into a Participating Generator Agreement and a Meter Service Agreement with the CAISO and shall comply with the CAISO Tariff and standards applicable to metering. All meters and equipment used for the measurement of deliveries shall be provided, owned, maintained, inspected and tested at no cost to Buyer. To facilitate monthly settlement processes, Seller shall authorize Buyer to view the Facility’s CAISO on-line meter data by identifying Buyer as an authorized user with “read only” privileges on Schedule 3 of Seller’s Meter Service Agreement with the CAISO.
- 18.2 Testing and Calibration. Seller shall perform or cause to be performed, at its expense, annual testing and calibration of the electric meters in accordance with Good Industry Practice and the CAISO Tariff. Seller shall give Buyer reasonable advance notice of any inspection, testing or calibration of the electric meters. Buyer shall have the right to have a representative or designee present at such inspection, test or calibration of the electric meters. Buyer shall have the right to require, at Buyer’s expense, except as required below, a test of any of the electric meters not more often than two (2) times every twelve (12) months.
- 18.3 Inaccurate Meters. If any of the electric meters is deemed to be inaccurate under the Meter Service Agreement, deliveries shall be measured by reference to Seller’s check-meters, if installed and registering accurately, or the meter readings for the period of inaccuracy shall be adjusted as far as can be reasonably ascertained by Seller from the best available data, subject to review and approval by Buyer. If the period of the inaccuracy cannot be ascertained reasonably, any such adjustment shall be for a period equal to one-half of the time elapsed since

the preceding test by applying the percentage of inaccuracy so found. Seller shall promptly cause such electric meters to be corrected and, where such inaccuracy was determined pursuant to a test required by Buyer, Seller shall bear the expense of any such test.

- 18.4 Delivered MWh Adjustments. In the event that, due to correction for inaccurate electric meters deemed to be inaccurate under the Meter Service Agreement, the amount of Output is increased or decreased, the revised quantity of Output shall be used for purposes of calculating the Energy Payment. If any of such amounts for any period have already been calculated using the previous quantity of Output, they shall be recalculated using the revised quantity of Output. If the recalculation increases any amount payable by Seller to Buyer or decreases any amount payable by Buyer to Seller, Seller shall pay to Buyer the amount of such increase or decrease. If the recalculation increases any amount payable by Buyer to Seller or decreases any amount payable by Seller to Buyer, Buyer shall pay to Seller the amount of such increase or decrease.

19.0 SEP Awards, Contingencies

Seller's Termination Right

- (a) If Seller's Bid Price exceeds the Market Price Referent, Seller may seek a PGC Funding Award from the California Energy Commission, or its successor agency ("CEC"), for an amount (in \$ per MWh) equal to the positive difference derived by subtracting (a) the Market Price Referent (in \$ per MWh) from (b) the Bid Price (in \$ per MWh) ("PGC Fund Amount"). To the extent that Seller seeks such PGC Fund Award, Seller shall use best efforts to comply with all funding criteria and obtain the PGC Fund Amount and Buyer shall reasonably support Seller's efforts. If Seller does not obtain a PGC Funding Confirmation or PGC Funding Award by 11:59 p.m. Pacific Standard Time on the 120th day from the date on which Buyer files this Transaction for CPUC Approval ("Funding Termination Deadline"), then Seller may unilaterally terminate this Transaction prior to the Funding Termination Deadline effective as of the date on which Buyer receives Seller's written notice of termination. If Seller exercises this termination right, neither Buyer nor Seller shall be subject to liability of any kind.
- (b) At any time prior to the Funding Termination Deadline, if applicable, Seller shall send to Buyer within ten (10) days of (i) obtaining a PGC Funding Confirmation or PGC Funding Award, written notice of such confirmation or award and a copy of the final funding award agreement entered into by the California Energy Commission, or its successor agency ("CEC") and Seller, if the funding award agreement has been granted at that time, or (ii) receiving written notice from the CEC denying Seller's application for the requested PGC Fund Amount, a copy of such notice and a written statement from Seller, in which Seller shall (A) waive its termination rights under this Section 19 or (B) notify Buyer that the Transaction is terminated, pursuant to the terms of this Confirmation. If Seller has

the right to terminate this Transaction, but fails to send written notice of termination by the Funding Termination Deadline, then Seller’s termination right per this Section 19 shall be deemed waived in its entirety

“Bid Price” means the price as bid by Seller in response to the RFP or such other price as may be arrived at through negotiation.

“Market Price Referent” means the market price referent applicable to this Agreement, as determined by the CPUC in accordance with Public Utilities Code Section 399.15(c).

“Public Goods Charge Funding” or “PGC Funds” means any supplemental energy payments, pursuant to Public Utilities Code Section 399.15, as shall be modified or amended from time to time.

“PGC Funding Award” means the final award of allocated PGC Funds from the CEC to Seller, pursuant to Section [25743(a) of the Public Resource Code], as shall be modified or amended from time to time.”

“PGC Funding Confirmation” means a written notice from the CEC to the Seller acknowledging Seller’s request for PGC Funds and the availability of such funds for Seller in a future PGC Funding Award.

20. PGC Funding Termination Event

- (a) PGC Funding Revocation. If at any time after Seller obtains a PGC Funding Confirmation or PGC Funding Award, (i) the PGC Funding Confirmation or PGC Funding Award is revoked in whole or in part by the CEC for reasons not caused by Seller’s action or inaction, (ii) such revocation occurs prior to the issuance of a PGC Funding Award or during the term of the PGC Funding Award, and (iii) Seller has not received a financial benefit in the form of tax credits or any other source of public funding or credit directly related to the Product sold under this Confirmation, which benefit would offset the loss incurred from the revocation of the PGC Funding Confirmation or PGC Funding Award, then Seller shall have the right to terminate this Transaction, subject to Buyer’s Right of First Refusal Option. If Seller exercises this termination right neither Buyer nor Seller shall be subject to liability arising from such termination.
- Not more than ten (10) days from the Seller’s receipt of written notification regarding revocation of the PGC Funding Confirmation or PGC Funding Award in whole or part, Seller shall notify Buyer in writing of the revocation of the PGC Funding Confirmation or PGC Funding Award, certify it has not received an offsetting financial benefit per clause (iii) above, and certify that such revocation is not due to Seller’s action or inaction. Seller shall also provide Buyer with a copy of such CEC notification. (“Revocation Notice”). Seller shall specify in its Revocation Notice what percentage of lost PGC funding it is willing to accept to continue to perform under this Transaction (not exceeding 100%).

(b) Right of First Refusal Option.

(i) Option. Buyer, in its sole discretion, shall have the right, but not the obligation, to pay to Seller the percentage of lost PGC funding specified in its Revocation Notice (“Lost PGC Funds”) and Seller shall continue performing under the Transaction for the remaining term of the Transaction (the “Option”). Buyer shall have 30 days from its receipt of the Revocation Notice to exercise the Option (“Exercise Period”), subject to Option Approval, as defined below.

(ii) Exercise of Option. If Buyer chooses to exercise the Option, Buyer shall send written notice to Seller stating that Buyer is exercising the Option, conditioned upon Buyer’s receipt of Option Approval, as defined below, within 180 days of date on which Buyer received the Revocation Notice. The effectiveness of the Option exercise shall be subject to Buyer’s receipt of a final, non-appealable order issued by the CPUC, satisfactory to Buyer, approving Buyer’s exercise of the Option and recovery of costs associated with the payment of the percentage of lost PGC Funding (“Option Approval”). The date on which Buyer provides written notice of its Option exercise to Seller shall be the “Exercise Date.” Buyer shall file an advice filing or application seeking the Option Approval within 30 days of the Exercise Date.

(iii) Payment. Prior to Buyer’s receipt of Option Approval, Buyer shall pay Seller the Lost PGC Funds, which would have been due to Seller on a monthly basis for the period between the Exercise Date and the next invoice following the date on which the Option Approval is issued. Upon receipt of Option Approval Buyer shall continue paying Seller’s Lost PGC Funds on a monthly basis until the expiration of the term of Seller’s PGC Funding Award, or Reinstatement of Seller’s PGC funding, whichever comes first.

(iv) Seller’s Termination Right. Seller may terminate the Transaction in accordance with subSection (a) above upon the occurrence of any of the following events: (A) Buyer provides written notice to Seller rejecting the exercise of the Option, (B) the Option expires without being exercised, (C) Buyer fails to seek Option Approval within 30 days of the Exercise Date, or (D) Buyer fails to obtain Option Approval within 180 days of Buyer’s receipt of the Revocation Notice. If Seller then terminates the Transaction, such termination shall be effective 30 days from the date on which Seller notifies Buyer of such termination. Both Parties shall continue to perform under this Transaction until the effectiveness of any such termination by Seller.

(c) Reinstatement of PGC Funding. If the PGC Funding Award is reinstated in its entirety, including retroactive payments for lost PGC Funds, at anytime before (i) Seller’s termination of this Transaction or (ii) Buyer’s exercise of the Option, then Seller shall no longer be permitted to terminate this Transaction, pursuant to Section 20(a), and both Parties shall continue to perform under this Transaction. If the PGC Funding Award is reinstated in whole or in part at anytime after Buyer

has exercised the Option, then Buyer shall be relieved of all further obligations to pay any of Seller’s lost PGC Funds, which will be covered by the reinstated PGC Funding Award. If PGC Funding Award is reinstated in whole or in part on a retroactive basis after Buyer has exercised the Option, then Buyer shall have the right to offset against payments due to Seller that portion of such award amount equivalent to the lost PGC Funds paid by Buyer to Seller between the period in which the PGC Funds were revoked and reinstated. Seller shall notify Buyer in writing of any such reinstatement of PGC Funds within 10 days of receiving notice of such reinstatement from the CEC, CPUC, or other regulatory agency responsible for the PGC Funds program, which notice shall include a copy of such notice.

IN WITNESS WHEREOF, the Parties have caused this Confirmation Letter to be duly executed as of the date first above written.

Seller: _____ Buyer: San Diego Gas & Electric
Company

Signature: _____ Signature: _____

By: _____ By: _____

Title: _____ Title: _____

**CONFIRMATION LETTER
(intermittent As-Available)**

This Confirmation Letter (“Confirmation”) is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement, dated mm/dd/yyyy (the “Master Agreement”), between _____ (“Seller”) and **San Diego Gas & Electric Company** (“Buyer”), and constitutes part of and is subject to the terms and provisions of such Master Agreement (collectively, the “Agreement”). The parties have agreed to this Agreement in good faith and shall implement it in good faith. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

1.0 Effectiveness of Confirmation Letter. Except for the Seller’s obligations listed in Section 1.1 below, all obligations of the Parties are conditioned upon the satisfaction or waiver of the conditions precedent as set forth in this Section 1.0.

1.1 Prior to the conditions precedent being satisfied or waived as set forth in this Section 1.0, Seller has the obligation to diligently pursue development of the Facility, achieve the applicable milestones, in accordance with Sections 11.0, that have due dates occurring prior to the deadlines for satisfaction or waiver of the conditions precedent set forth in this Section 1.0, and deliver the Quarterly Progress Report required in Section 11.1.3. Upon a breach by Seller of its obligations under this Section 1.1, Buyer may declare an Event of Default and terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the collateral posted under Section 8.4(a) of the Cover Sheet. Buyer may use such collateral to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to Seller’s breach of its obligations of this Section 1.1 would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for Seller’s breach of its obligations under this Section 1.1 but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, a breach by Seller of a representation or warranty.

1.2 CPUC Approval. The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval on or before [mm/dd/yyyy]. The Parties agree to cooperate and use all reasonable efforts to obtain the CPUC Approval as soon as is practicable. Should the CPUC issue an order approving this Agreement with conditions or modifications that materially alter the commercial aspects of this Agreement, the Parties shall have ten (10) Business Days from the mailing date of such order to provide the other Party written notice of the issuing Party’s acceptance or rejection of the CPUC order as issued; provided, however, if a Party fails to provide written notification of its acceptance or rejection to the other Party within such ten (10) day period, that Party’s silence

shall be deemed to constitute acceptance of the CPUC order as issued and agreement by such Party that this condition has been satisfied, upon the CPUC Approval Date. If a notice of rejection is sent, the parties agree to use good faith efforts to renegotiate this Agreement. If, within sixty (60) days, no agreement is reached, either party may terminate this Agreement upon delivery of notice to the other party. For purposes of this Agreement, the “CPUC Approval Date” shall be defined as the first Business Day after the date on which the CPUC order approving this Agreement becomes final and no longer subject to any appeal.

1.3 Interconnection Agreement. No later than [mm/dd/yyyy], Buyer and Seller shall have agreed to and approved of (in each party’s sole discretion) the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission’s then current orders and rulemakings. If the Parties have not approved of such date or costs before [mm/dd/yyyy], either Party shall have the right to terminate this Agreement by sending the other Party prior written notice.

2.0 Product. Output (defined in Section 3.1) delivered on an As-Available basis which includes all associated Capacity Attributes and Green Attributes (as those terms are defined in the Cover Sheet). “As Available” means, with respect to a Transaction, that Seller shall deliver to Buyer and Buyer shall purchase at the Delivery Point the Product from the Units, in accordance with the terms of this Agreement and subject to the excuses for performance specified in this Agreement.

3.0 Facility. The Output (defined below) will be supplied from the following generation assets only (collectively, the “Facility” or the “Units”):

Facility Name: _____
Site Name: _____
Facility Physical Address: _____
Technology Type: _____
Specific Unit Description: _____
Facility Total Nameplate Capacity: _____

3.1 “Output” means all electrical energy produced from the Facility, net of electrical energy used to operate the Facility that is generated by the Facility, which may, on an instantaneous basis, be greater or less than the total nameplate rated Output of _____ MW and an annual estimated Output of _____ MWh.

3.2 The Facility must meet Commercial Operation by the Commercial Operation Deadline. “Commercial Operation Deadline” with respect to a Facility shall be no later than mm/dd/yyyy, as extended by reason of Force Majeure or as may otherwise be extended by written agreement signed by both parties.

3.3 “Commercial Operation” means that (a) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as Exhibit E; (b) Seller shall have delivered and Buyer shall have accepted in its reasonable discretion completed Certificates of Commercial Operation from the Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below); (c) Seller shall have delivered a/an [insert type of credit support] as accepted by Buyer in accordance with Section 8 of the Master Agreement; and (d) Seller has received all local, state and federal licenses, permits and other approvals as may be required by law for the construction, operation and maintenance of the Facility, including approvals, if any, required under the California Environmental Quality Act for the Facility and related interconnection facilities.

3.4 “Licensed Professional Engineer” means a person acceptable to Buyer in its reasonable judgment who (i) is licensed to practice engineering in the state (ii) has training and experience in the [insert type of renewable technology] power industry, (iii) has no economic relationship, association, or nexus with the Seller, (iv) is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility, and (v) is licensed in an appropriate engineering discipline for the required certification being made.

4.0 Delivery Point. The Delivery Point is _____. In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for the Delivery Point or in the event the Delivery Point is otherwise modified by the CAISO, the new “Delivery Point” shall be a valid scheduling point that is either:

- a) The Buyer’s load aggregation point, if defined by the CAISO; or
- b) If a Buyer load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designed by Buyer as most closely representing Buyer’s bundled customer load.

5.0 Delivery Term. The Parties shall specify the period of Product delivery for the “Delivery Term,” as defined herein, by checking one of the following boxes:

(Check one)

- _____ delivery shall be for a period of ten (10) years.
- _____ delivery shall be for a period of fifteen (15) years.
- _____ delivery shall be for a period of twenty (20) years.
- _____ delivery shall be for a period of _____ years.

If the “Non-standard Delivery” contract term is selected, Parties need to apply to the CPUC justifying the need for non-standard delivery.

5.1 “Delivery Term” shall begin on the date of Commercial Operation and continue for the time period specified above.

5.2 “Contract Year” shall mean any of the twelve (12) consecutive months starting with the first day of the month following the date of Commercial Operation.

6.0 Output Requirements.

6.1 Contract Quantity. During the Delivery Term, Seller shall deliver, and Buyer shall receive and pay for, the energy from the Facility as more fully described in Section 9. In no event shall Seller have the right to procure electric energy from sources other than the Facility for sale and delivery pursuant to this Agreement. Station Service Power - Retail (defined below) shall be provided by the local service provider and the electrical usage shall be metered separately from the Output metered at the Delivery Point.

6.2 “Station Service Power - Retail” means electrical energy used to operate the Facility other than electrical energy that is generated by the Facility.

7.0 Performance Guarantees / Excuses for Failure to Perform.

7.1 Energy Production Guarantees. The Buyer shall in its sole discretion have the right to declare an Event of Default if Seller fails to achieve the Guaranteed Energy Production in any [12 month period] [or] [24 month period] and such failure is not excused by the reasons set forth in subSections (ii), (iii), or (v) of Section 7.2 of this Agreement, “Excuses for Failure to Perform.”

Guaranteed Energy Production = _____ MWh.

7.2 Seller Excuses. Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement in the event that Seller fails to deliver the Product to Buyer for any of the following reasons:

- i. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller’s negligence or willful misconduct;
- ii. Force Majeure;
- iii. by the Buyer’s failure to perform;
- iv. by Scheduled Maintenance Outages of the specified units;
- v. a reduction in Output as ordered under terms of the dispatch down and Curtailment provisions (including CAISO or Buyer’s system emergencies); or
- vi. [the unavailability of landfill gas which was not anticipated as of the date this Confirmation was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided; OR

insufficient wind power for the specified units to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the specified units' technical specifications; OR
the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the date this Confirmation was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.]

- 7.3 Buyer Excuses. The performance of the Buyer to receive the Product may be excused only (i) during periods of Force Majeure, (ii) by the Seller's failure to perform or (iii) during dispatch down periods.

Dispatch down periods will be treated in accordance with Section 17 of this Confirmation.

8.0 Exclusivity/Option to Purchase.

- 8.1 Exclusivity. At no time shall Seller sell or otherwise dispose of Output or Green Attributes from the Facility to any third party except in the case of an Event of Default of Buyer.
- 8.2 Right of First Refusal. If, at any time during the term of this Agreement, Seller or any of its affiliates intends to install new facilities using ____ [generally describe fuel] supplies from ____ [generally describe the Facility] or any expansion thereof to produce additional energy beyond that produced by the Facility (the "New Facilities Energy"), it shall first offer, or shall cause its affiliate to offer, the New Facilities Energy to Buyer by delivering notice to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail (each, an "Option Election Notice"). Except to the extent otherwise noted in the Option Election Notice, any such New Facilities Energy shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall, or shall cause its affiliate to, promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. If Buyer does not accept in writing the offered terms and conditions within thirty (30) days after receiving the Option Election Notice, Seller or its affiliate may enter into an agreement to sell the New Facilities Energy to a third party on terms and conditions no more favorable to the

third party than those offered to Buyer. If Seller or its affiliate wishes to enter into an agreement with a third party on terms more favorable to Buyer than those previously offered to Buyer, Seller shall, or shall cause its affiliate to, first offer the revised terms and conditions to Buyer under this Section, and Buyer shall have an additional thirty (30) days after receiving the revised Option Election Notice to accept the revised offer. If Buyer accepts an offer made under this Section, Seller shall, or shall cause its affiliate to, within a further sixty (60) days enter into with Buyer a power purchase agreement in substantially the same form as this Agreement, but incorporating such changes as are expressly identified in the terms and conditions in the Option Election Notice.

9.0 Monthly Payments.

9.1 Contract Price. The Contract Price shall be as follows:

Contract Year	Contract Price (\$/MWh)

Note: SDG&E is utilizing Time of Delivery (“TOD”) factors for non-baseload resources. The Contract Price will be adjusted as shown below to reflect the relative value of the Output during the indicated time period. SDG&E reserves the right to contract baseload resources under flat or TOD-adjusted pricing.

	Summer July 1 – October 31	Winter November 1 – June 30
On-Peak	Weekdays 11am – 7pm 1.6293	Weekdays 1pm - 9pm 1.1916
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400	Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790
Off-Peak*	All other hours 0.8833	All other hours 0.7928
*All hours during NERC holidays are off-peak.		

9.2 Energy Payment. As long as Amendment 42 is in effect or has not materially changed, on or about the 5th day of each month, the Parties will compare Delivered Energy (defined in 9.4) to scheduled energy for the preceding month.

Buyer shall pay for all energy on a monthly basis in accordance with the following:

9.2.1.1 Over Deliveries. In the event that Delivered Energy for such month is equal to or greater than scheduled energy for such month, Buyer shall pay for the scheduled energy at the Contract Price. Buyer shall receive all Green Attributes for all Output in such month regardless of whether it was sold into the CAISO.

9.2.1.2 Under Deliveries. In the event that scheduled energy for such month is greater than Delivered Energy for such month, Buyer shall pay for (i) the Delivered Energy at the Contract Price, and (ii) the incremental amount of energy equal to the scheduled energy minus Delivered Energy (“Incremental Energy”) at the lower of the Contract Price or the monthly average imbalance price applied by the CAISO and paid by the Seller with respect to imbalance charges for Participating Intermittent Resources (“Imbalance Price”).

9.2.1.3 Monthly billing for the Incremental Energy will be done using the last available Imbalance Price. Beginning with the first month’s invoice following the month in which the actual Imbalance Price becomes available for the applicable month, there shall be a true-up of the Imbalance Price payable in the monthly invoice. Notwithstanding the foregoing provisions of this paragraph, if either, (a) Amendment 42 is not in effect or (b) Amendment 42 is materially changed each of Seller or Buyer shall have the right at its sole discretion to discontinue the settlement arrangements as described in this paragraph and shall continue performing under this Agreement in accordance with Section 9.2.1.4.

9.2.1.4 In the event that either Party discontinues settlement arrangements as described above, Seller and Buyer will use commercially reasonable efforts to modify this Agreement to arrive at a mutually agreeable amendment that will provide a scheduling or other arrangement for the delivery of energy from the Facility to Buyer. Regardless of whether such an amendment is agreed upon, each of the Parties’ obligations hereunder shall continue in force and effect and until such time as a mutually agreeable amendment is reached Seller shall be paid on the monthly basis the lower of scheduled or Delivered Energy.

9.3 CAISO Charges. Seller shall assume all liability and pay for all imbalance charges attributable to it and inter-zonal congestion charges. Seller shall also assume all liability and reimburse Buyer for any Penalties (as defined below) incurred by Buyer as a result of Seller’s failure to abide by the CAISO Tariff and

all applicable protocols. Both parties shall cooperate to eliminate imbalances and minimize Penalties to the extent possible. Seller shall promptly notify Buyer as soon as possible of any material imbalance that is occurring or has occurred. Such notification shall not impact Seller’s responsibilities for payment for all imbalance charges attributable to it and inter-zonal congestion charges and Penalties under this Agreement. Notwithstanding anything to the contrary which may be contained herein, Seller shall be entitled to any and all credits and/or payments made by CAISO to Seller or its Scheduling Coordinator in accordance with the CAISO Tariff and all applicable protocols.

9.3.1 “Penalties” shall be defined as any fees, liabilities, assessments, or similar charges assessed by the CAISO.

9.4 “Delivered Energy” means the metered energy less Delivery Losses. “Delivery Losses” means all electrical losses occurring between the CAISO approved revenue meter and the Delivery Point and electrical losses occurring over the CAISO grid as such losses are assigned by the CAISO to the Facility including if applicable, but not limited to:

a. If the CAISO approved revenue meter is not installed on the high voltage side of the Facility’s substation bus bar, transformer and other electrical losses occurring between the CAISO approved revenue meter and the high voltage side of the Facility’s substation bus bar;

b. Any electrical losses between the high voltage side of the Facility’s substation bus bar and the CAISO grid, including the following if applicable DLF or TLF

“DLF” means a measure of all net electrical losses as determined by the CPUC associated with the transmission of electric energy through the electric system from the high voltage side of the Facility’s substation bus bar to the interface with the CAISO grid, also known as the distribution loss factor.

“TLF” (for resources outside of the CAISO grid) means a measure of all net electrical losses, as determined by the Transmission Provider, associated with the transmission of electric energy through the electric system from the high voltage side of the Facility’s substation bus bar to the interface with the CAISO grid, also known as the transmission loss factor.

; and

c. Electrical losses determined by utilizing the GMM, or TMM if applicable, assigned to the Facility.

“GMM(s)” means the generation meter multipliers as determined by the CAISO representing the calculation of all electrical losses assigned to the Facility associated with the transmission of electric energy delivered by the Facility over the CAISO grid, which values are, as of the Effective Date, posted by the CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

“TMM” means the tie meter multipliers as determined by the CAISO representing the calculation of all electrical losses over the CAISO grid associated with the transmission of electric energy delivered at a CAISO Control Area boundary, which values are, as of the Effective Date, posted by the CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

9.5 Test Energy. [The parties to negotiate test energy terms and pricing here.]

10.0 Reserved.

11.0 Facility Schedule. The Facility Milestones are the following:

No.	Task	Milestone Date
	Maintain Facility’s position in the CAISO interconnection queue	From the Effective Date
	Completion of Design	
	Material Environmental Permits	
	EPC Contract, Overall Project Schedule, Construction Schedule To evidence Seller’s ability to achieve the Commercial Operation by the Commercial Operation Date.	
	Land Rights. Deliver to Buyer documentation in form and substance acceptable to Buyer evidencing Seller’s good and marketable title in fee simple to the Facility site free and clear of all liens and encumbrances except for customary exceptions which are acceptable to Buyer in its sole judgment or a valid leasehold interest in the Facility site for the duration of the Term of this Agreement. Any lease of the Facility site shall be subject to	

	the prior review and approval of Buyer, which approval may not be unreasonably withheld or delayed.	
	Executed Participating Generator Agreement with CAISO.	
	Executed Meter Service Agreement with CAISO.	
	Engineering, Procurement and Construction Agreement(s) are in full force and effect.	
	Issuance of a final unconditional notice to proceed to complete the Facility.	

11.1 Buyer’s Right to Monitor. Buyer may exercise its due diligence responsibilities via the following:

11.1.1 Buyer shall have the right to review Facility design drawings and documents.

11.1.2 Buyer may inspect the Facility’s construction site or on-site Seller data and information pertaining to the Facility during business hours upon reasonable notice.

11.1.3 Within seven (7) days after the close of each calendar quarter (or more frequently upon request by Buyer) until the date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit F: Quarterly Progress Reports to Buyer as may be modified from time to time to meet applicable CPUC requirements. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller’s construction progress.

11.2 Milestone Completion Notice. No later than seven (7) days after completion of each milestone set forth in Section 11.0, Seller shall submit written notice to inform Buyer of milestone completion. Seller must provide accompanying documentation (including copies of applicable agreements redacted, permits and certificates) sufficient to demonstrate evidence of such milestone completion.

12.0 Facility Delays.

12.1 Missed Milestones. If Seller misses three or more milestones set forth in Section 11.0 or misses any one by more than 90 days except as a result of Force Majeure, Seller shall submit to Buyer, within ten (10) days of such missed milestone date, a remedial action plan (the “Remedial Action Plan”).

12.2 Missed Commercial Operation Deadline. Seller shall cause the Facility to achieve Commercial Operation on or before the scheduled Commercial Operation Deadline of mm/dd/yyyy. If Commercial Operation occurs after the scheduled Commercial Operation Deadline, Seller shall pay Buyer delay damages equal to [_____] for each day or portion of a day that the

Commercial Operation occurs after the scheduled Commercial Operation Deadline, up to a total of [---] days. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Deadline. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to delay in achieving Commercial Operation on or before the scheduled Commercial Operation Deadline would be difficult or impossible to predict with certainty, (b) the daily delay damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the daily delay damages set forth in this section are the exclusive remedy for Seller’s delay in achieving Commercial Operation by the scheduled Commercial Operation Deadline but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether.

12.3 Remedial Action Plan/Additional Event of Default. For purposes of Section 12.1 and Section 12.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of Seller’s course of action and plan to achieve all milestones set forth in Section 11.0 and Commercial Operation by the Commercial Operation Deadline. Approval of a Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent milestones and achieving Commercial Operation by the Commercial Operation Deadline. Buyer at its sole discretion may reject any Remedial Action Plan submitted under Section 12.1 or 12.2 and declare an Event of Default.

13.0 Operating Procedures. No later than forty-five (45) days before the Commercial Operation, and from time to time as reasonably determined necessary by the Parties, the Parties shall meet to address how each Party will perform its respective obligations under this Agreement, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Scheduled Maintenance Outage reporting; (4) procedures for delivery forecasting; (5) procedures for record keeping; (6) scheduling procedures if applicable; and (7) invoicing and payment procedures; provided, that the failure to agree on Operating Procedures will not relieve the Parties of their respective obligations under this Agreement.

14.0 Maintenance.

14.1 Scheduled Maintenance Outages. Seller shall operate, maintain, and arrange Scheduled Maintenance Outages for the Facility in accordance with Good Utility Practices. Seller shall be limited to _____ hours of Scheduled Maintenance Outages per year.

14.1.1 No later than forty-five (45) days before the start of each calendar year, Seller shall provide Buyer with a timetable of Scheduled Maintenance Outages for the following twelve (12) months. Buyer shall promptly respond to such notice and may request reasonable modifications in the schedule for the outage. Seller shall use best efforts in accordance with

Good Utility Practices not to schedule Scheduled Maintenance Outages during Summer Months (as defined below). “Summer Months” shall be defined as July, August, September and October.

14.1.2 A “Scheduled Maintenance Outage” means a planned shut down of any part of the Facility scheduled by Seller in accordance with this Section that affects Seller’s ability to provide Output from the Facility to Buyer under this Agreement.

14.2 Emergency Periods. At Buyer’s request, Seller shall use commercially reasonable efforts to deliver Output during CAISO declared emergency periods. In the event the Seller has previously scheduled a Scheduled Maintenance Outage coincident with an emergency, Seller shall use commercially reasonable efforts to reschedule the Scheduled Maintenance Outage.

14.3 Maintenance Log. Seller shall maintain a maintenance log for the Facility. The log shall include but not be limited to information on power production, fuel consumption and efficiency (if applicable), availability, maintenance (both breakdown and preventative) performed, outages, changes in operating status, inspections, manufacturer recommended services and replacement, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Information maintained pursuant to this paragraph shall be kept for two years and provided to Buyer electronically, within 30 days of Buyer’s request.

15.0 Participating Intermittent Resources. Seller shall cause the Facility to become a Participating Intermittent Resource (as defined in the CAISO Tariff) including negotiating and executing a CAISO Participating Generator Agreement, Meter Service Agreement for CAISO Metered Entities and a Letter of Intent to become a Participating Intermittent Resource (collectively, the “Program Agreements”). Seller and Buyer shall comply with Amendment 42 and all applicable protocols issued by CAISO relating to Participating Intermittent Resources, including the EIRP, for the term of the Delivery Term.

16.0 Scheduling and Scheduling Coordinator.

Seller or Seller’s designee shall be the Scheduling Coordinator for the Facility and shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Term in accordance with Amendment 42 and the EIRP. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output consistent with Amendment 42 and the EIRP. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and CAISO tariff or its successor, and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing

a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. Subject to Article 9, in the event that Amendment 42 or the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified replaced or terminated (collectively, the "Program Modifications"), Seller and Buyer hereby agree to comply with such Program Modifications and, to the extent practical, to implement the necessary Program Modifications in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.

Notwithstanding anything to the contrary herein, in the event Seller makes a change to its schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer's on-duty scheduling coordinator. Within two hours of the scheduling change due to Forced Outage, Seller shall submit Exhibit G: Outage Notification Form to the Buyer in accordance with the instructions shown on the form. Seller shall keep Buyer informed of any developments that will affect either the duration of the outage or the availability of the Facility during or after the end of the outage.

- 16.1 Annual Delivery Schedules. No later than forty-five (45) days before the beginning of each calendar year, Seller shall provide a non-binding forecast of each month's average-day deliveries of Output, by hour, for the following calendar year.
- 16.2 Monthly Delivery Schedules. Ten Business Days before the beginning of each month, Seller shall provide a non-binding forecast of each day's average deliveries of Output, by hour, for the following month ("Monthly Delivery Forecast").
- 16.3 Daily Delivery Schedules. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, Seller shall cause the Facility's Scheduling Coordinator (as defined in the CAISO tariff) to provide Buyer with a copy of a non-binding hourly forecast of deliveries of Output for each hour of the immediately succeeding day concurrent with delivery of the same to CAISO. A forecast provided in a day prior to any non-Business Day(s) shall include forecasts for the immediate day, each succeeding non-Business Day and the next Business Day. Seller shall provide Buyer with a copy of any and all updates to such forecast indicating a change in forecasted Output from the then current CAISO forecast which is provided to CAISO under Amendment 42 and any and all scheduling protocols issued by CAISO.
- 17.0 Dispatch Down/Curtailment. Seller shall reduce deliveries for (a) curtailments ordered directly or indirectly by the CAISO or (b) scheduled and unscheduled maintenance on Buyer's facilities that prevents Buyer from taking Output at the Delivery Point. [NOTE to bidders, if you have indicated in your offer that your resource can accommodate economic dispatch down at Buyer's request, we will negotiate such language here.]

- 18.0 Delivery and Metering. All deliveries of Output shall be metered in real-time basis to reflect delivery to the Delivery Point. A copy of hourly metered and hourly scheduled information shall be included in each monthly invoice. All meters and equipment used for the measurement of Output shall be provided, owned, maintained, inspected, tested and read at no cost to Buyer by the Seller.
- 18.1 CAISO Agreements. Seller shall enter into a Participating Generator Agreement and a Meter Service Agreement with the CAISO and shall comply with the CAISO Tariff and standards applicable to metering. All meters and equipment used for the measurement of deliveries shall be provided, owned, maintained, inspected and tested at no cost to Buyer. To facilitate monthly settlement processes, Seller shall authorize Buyer to view the Facility’s CAISO on-line meter data by identifying Buyer as an authorized user with “read only” privileges on Schedule 3 of Seller’s Meter Service Agreement with the CAISO.
- 18.2 Testing and Calibration. Seller shall perform or cause to be performed, at its expense, annual testing and calibration of the electric meters in accordance with Good Industry Practice and the CAISO Tariff. Seller shall give Buyer reasonable advance notice of any inspection, testing or calibration of the electric meters. Buyer shall have the right to have a representative or designee present at such inspection, test or calibration of the electric meters. Buyer shall have the right to require, at Buyer’s expense, except as required below, a test of any of the electric meters not more often than two (2) times every twelve (12) months.
- 18.3 Inaccurate Meters. If any of the electric meters is deemed to be inaccurate under the Meter Service Agreement, deliveries shall be measured by reference to Seller’s check-meters, if installed and registering accurately, or the meter readings for the period of inaccuracy shall be adjusted as far as can be reasonably ascertained by Seller from the best available data, subject to review and approval by Buyer. If the period of the inaccuracy cannot be ascertained reasonably, any such adjustment shall be for a period equal to one-half of the time elapsed since the preceding test by applying the percentage of inaccuracy so found. Seller shall promptly cause such electric meters to be corrected and, where such inaccuracy was determined pursuant to a test required by Buyer, Seller shall bear the expense of any such test.
- 18.4 Delivered MWh Adjustments. In the event that, due to correction for inaccurate electric meters deemed to be inaccurate under the Meter Service Agreement, the amount of Output is increased or decreased, the revised quantity of Output shall be used for purposes of calculating the Energy Payment. If any of such amounts for any period have already been calculated using the previous quantity of Output, they shall be recalculated using the revised quantity of Output. If the recalculation increases any amount payable by Seller to Buyer or decreases any amount payable by Buyer to Seller, Seller shall pay to Buyer the amount of such increase or decrease. If the recalculation increases any amount payable by Buyer

to Seller or decreases any amount payable by Seller to Buyer, Buyer shall pay to Seller the amount of such increase or decrease.

19.0 SEP Awards, Contingencies.

Seller Termination Right

- (a) If Seller’s Bid Price exceeds the Market Price Referent, Seller may seek a PGC Funding Award from the California Energy Commission, or its successor agency (“CEC”), for an amount (in \$ per MWh) equal to the positive difference derived by subtracting (a) the Market Price Referent (in \$ per MWh) from (b) the Bid Price (in \$ per MWh) (“PGC Fund Amount”). To the extent that Seller seeks such PGC Fund Award, Seller shall use best efforts to comply with all funding criteria and obtain the PGC Fund Amount and Buyer shall reasonably support Seller’s efforts. If Seller does not obtain a PGC Funding Confirmation or PGC Funding Award by 11:59 p.m. Pacific Standard Time on the 120th day from the date on which Buyer files this Transaction for CPUC Approval (“Funding Termination Deadline”), then Seller may unilaterally terminate this Transaction prior to the Funding Termination Deadline effective as of the date on which Buyer receives Seller’s written notice of termination. If Seller exercises this termination right, neither Buyer nor Seller shall be subject to liability of any kind.
- (b) At any time prior to the Funding Termination Deadline, if applicable, Seller shall send to Buyer within ten (10) days of (i) obtaining a PGC Funding Confirmation or PGC Funding Award, written notice of such confirmation or award and a copy of the final funding award agreement entered into by the California Energy Commission, or its successor agency (“CEC”) and Seller, if the funding award agreement has been granted at that time, or (ii) receiving written notice from the CEC denying Seller’s application for the requested PGC Fund Amount, a copy of such notice and a written statement from Seller, in which Seller shall (A) waive its termination rights under this Section 19 or (B) notify Buyer that the Transaction is terminated, pursuant to the terms of this Confirmation. If Seller has the right to terminate this Transaction, but fails to send written notice of termination by the Funding Termination Deadline, then Seller’s termination right per this Section 19 shall be deemed waived in its entirety.

“Bid Price” means the price as bid by Seller in response to the RFP or such other price as may be arrived at through negotiation.

“Market Price Referent” means the market price referent applicable to this Agreement, as determined by the CPUC in accordance with Public Utilities Code Section 399.15(c).

“Public Goods Charge Funding” or “PGC Funds” means any supplemental energy payments, pursuant to Public Utilities Code Section 399.15, as shall be modified or amended from time to time.

“PGC Funding Award” means the final award of allocated PGC Funds from the CEC to Seller, pursuant to Section [25743(a) of the Public Resource Code], as shall be modified or amended from time to time.

“PGC Funding Confirmation” means a written notice from the CEC to the Seller acknowledging Seller’s request for PGC Funds and the availability of such funds for Seller in a future PGC Funding Award.

20.0 PGC Funding Termination Event

- (a) PGC Funding Revocation. If at any time after Seller obtains a PGC Funding Confirmation or PGC Funding Award, (i) the PGC Funding Confirmation or PGC Funding Award is revoked in whole or in part by the CEC for reasons not caused by Seller’s action or inaction, (ii) such revocation occurs prior to the issuance of a PGC Funding Award or during the term of the PGC Funding Award, and (iii) Seller has not received a financial benefit in the form of tax credits or any other source of public funding or credit directly related to the Product sold under this Confirmation, which benefit would offset the loss incurred from the revocation of the PGC Funding Confirmation or PGC Funding Award, then Seller shall have the right to terminate this Transaction, subject to Buyer’s Right of First Refusal Option. If Seller exercises this termination right neither Buyer nor Seller shall be subject to liability arising from such termination.

Not more than ten (10) days from the Seller’s receipt of written notification regarding revocation of the PGC Funding Confirmation or PGC Funding Award in whole or part, Seller shall notify Buyer in writing of the revocation of the PGC Funding Confirmation or PGC Funding Award, certify it has not received an offsetting financial benefit per clause (iii) above, and certify that such revocation is not due to Seller’s action or inaction. Seller shall also provide Buyer with a copy of such CEC notification. (“Revocation Notice”). Seller shall specify in its Revocation Notice what percentage of lost PGC funding it is willing to accept to continue to perform under this Transaction (not exceeding 100%).

- (b) Right of First Refusal Option.

(i) Option. Buyer, in its sole discretion, shall have the right, but not the obligation, to pay to Seller the percentage of lost PGC funding specified in its Revocation Notice (“Lost PGC Funds”) and Seller shall continue performing under the Transaction for the remaining term of the Transaction (the “Option”). Buyer shall have 30 days from its receipt of the Revocation Notice to exercise the Option (“Exercise Period”), subject to Option Approval, as defined below.

(ii) Exercise of Option. If Buyer chooses to exercise the Option, Buyer shall send written notice to Seller stating that Buyer is exercising the Option, conditioned

upon Buyer’s receipt of Option Approval, as defined below, within 180 days of date on which Buyer received the Revocation Notice. The effectiveness of the Option exercise shall be subject to Buyer’s receipt of a final, non-appealable order issued by the CPUC, satisfactory to Buyer, approving Buyer’s exercise of the Option and recovery of costs associated with the payment of the percentage of lost PGC Funding (“Option Approval”). The date on which Buyer provides written notice of its Option exercise to Seller shall be the “Exercise Date.” Buyer shall file an advice filing or application seeking the Option Approval within 30 days of the Exercise Date.

(iii) Payment. Prior to Buyer’s receipt of Option Approval, Buyer shall pay Seller the Lost PGC Funds, which would have been due to Seller on a monthly basis for the period between the Exercise Date and the next invoice following the date on which the Option Approval is issued. Upon receipt of Option Approval Buyer shall continue paying Seller’s Lost PGC Funds on a monthly basis until the expiration of the term of Seller’s PGC Funding Award, or Reinstatement of Seller’s PGC funding, whichever comes first.

(iv) Seller’s Termination Right. Seller may terminate the Transaction in accordance with subSection (a) above upon the occurrence of any of the following events: (A) Buyer provides written notice to Seller rejecting the exercise of the Option, (B) the Option expires without being exercised, (C) Buyer fails to seek Option Approval within 30 days of the Exercise Date, or (D) Buyer fails to obtain Option Approval within 180 days of Buyer’s receipt of the Revocation Notice. If Seller then terminates the Transaction, such termination shall be effective 30 days from the date on which Seller notifies Buyer of such termination. Both Parties shall continue to perform under this Transaction until the effectiveness of any such termination by Seller.

(c) Reinstatement of PGC Funding. If the PGC Funding Award is reinstated in its entirety, including retroactive payments for lost PGC Funds, at anytime before (i) Seller’s termination of this Transaction or (ii) Buyer’s exercise of the Option, then Seller shall no longer be permitted to terminate this Transaction, pursuant to Section 20(a), and both Parties shall continue to perform under this Transaction. If the PGC Funding Award is reinstated in whole or in part at anytime after Buyer has exercised the Option, then Buyer shall be relieved of all further obligations to pay any of Seller’s lost PGC Funds, which will be covered by the reinstated PGC Funding Award. If PGC Funding Award is reinstated in whole or in part on a retroactive basis after Buyer has exercised the Option, then Buyer shall have the right to offset against payments due to Seller that portion of such award amount equivalent to the lost PGC Funds paid by Buyer to Seller between the period in which the PGC Funds were revoked and reinstated. Seller shall notify Buyer in writing of any such reinstatement of PGC Funds within 10 days of receiving notice of such reinstatement from the CEC, CPUC, or other regulatory agency

responsible for the PGC Funds program, which notice shall include a copy of such notice.

IN WITNESS WHEREOF, the Parties have caused this Confirmation Letter to be duly executed as of the date first above written.

Seller: _____ Buyer: San Diego Gas & Electric Company

Signature: _____ Signature: _____

By: _____ By: _____

Title: _____ Title: _____

CONFIRMATION LETTER
(non-intermittent As-Available)

This Confirmation Letter (“Confirmation”) is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement, dated mm/dd/yyyy (the “Master Agreement”), between _____ (“Seller”) and **San Diego Gas & Electric Company** (“Buyer”), and constitutes part of and is subject to the terms and provisions of such Master Agreement (collectively, the “Agreement”). The parties have agreed to this Agreement in good faith and shall implement it in good faith. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

- 1.0 Effectiveness of Confirmation Letter. Except for the Seller’s obligations listed in Section 1.1 below, all obligations of the Parties are conditioned upon the satisfaction or waiver of the conditions precedent as set forth in this Section 1.0.
 - 1.1 Prior to the conditions precedent being satisfied or waived as set forth in this Section 1.0, Seller has the obligation to diligently pursue development of the Facility, achieve the applicable milestones, in accordance with Sections 11.0, that have due dates occurring prior to the deadlines for satisfaction or waiver of the conditions precedent set forth in this Section 1.0, and deliver the Quarterly Progress Report required in Section 11.1.3. Upon a breach by Seller of its obligations under this Section 1.1, Buyer may declare an Event of Default and terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the collateral posted under Section 8.4(a) of the Cover Sheet. Buyer may use such collateral to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to Seller’s breach of its obligations of this Section 1.1 would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for Seller’s breach of its obligations under this Section 1.1 but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, a breach by Seller of a representation or warranty.
 - 1.2 CPUC Approval. The obligation of Buyer to purchase the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement is expressly conditioned upon CPUC Approval on or before [mm/dd/yyyy]. The Parties agree to cooperate and use all reasonable efforts to obtain the CPUC Approval as soon as is practicable. Should the CPUC issue an order approving this Agreement with conditions or modifications that materially alter the commercial aspects of this Agreement, the Parties shall have ten (10) Business Days from the mailing date of such order to provide the other Party written notice of the issuing Party’s acceptance or rejection of the CPUC order as issued; provided, however, if a Party fails to provide written notification of its acceptance or rejection to the other Party within such ten (10) day period, that Party’s silence shall be deemed to constitute acceptance of the CPUC order as issued and

agreement by such Party that this condition has been satisfied, upon the CPUC Approval Date. If a notice of rejection is sent, the parties agree to use good faith efforts to renegotiate this Agreement. If, within sixty (60) days, no agreement is reached, either party may terminate this Agreement upon delivery of notice to the other party. For purposes of this Agreement, the "CPUC Approval Date" shall be defined as the first Business Day after the date on which the CPUC order approving this Agreement becomes final and no longer subject to any appeal.

1.3 Interconnection Agreement. No later than [mm/dd/yyyy], Buyer and Seller shall have agreed to and approved of (in each party's sole discretion) the in-service interconnection date and the costs to be incurred by each Party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Facility to load as is consistent with the Federal Energy Regulatory Commission's then current orders and rulemakings. If the Parties have not approved of such date or costs before [mm/dd/yyyy], either Party shall have the right to terminate this Agreement by sending the other Party prior written notice.

2.0 Product. Output (defined in Section 3.1) delivered on an As-Available basis which includes all associated Capacity Attributes and Green Attributes (as those terms are defined in the Cover Sheet. "As Available" means, with respect to a Transaction, that Seller shall deliver to Buyer and Buyer shall purchase at the Delivery Point the Product from the Units, in accordance with the terms of this Agreement and subject to the excuses for performance specified in this Agreement.

3.0 Facility. The Output (defined below) will be supplied from the following generation assets only (collectively, the "Facility" or the "Units"):

Facility Name: _____
 Site Name: _____
 Facility Physical Address: _____
 Technology Type: _____
 Specific Unit Description: _____
 Facility Total Nameplate Capacity: _____

3.1 "Output" means all electrical energy produced from the Facility, net of electrical energy used to operate the Facility that is generated by the Facility, which may, on an instantaneous basis, be greater or less than the total nameplate rated Output of _____ MW and an annual estimated Output of _____ MWh.

3.2 The Facility must meet Commercial Operation by the Commercial Operation Deadline. "Commercial Operation Deadline" with respect to a Facility shall be no later than mm/dd/yyyy, as extended by reason of Force Majeure or as may otherwise be extended by written agreement signed by both parties.

3.3 "Commercial Operation" means that (a) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as Exhibit E; (b) Seller shall have delivered and Buyer shall have

accepted in its reasonable discretion completed Certificates of Commercial Operation from the Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below); (c) Seller shall have delivered a/an [insert type of credit support] as accepted by Buyer in accordance with Section 8 of the Master Agreement; and (d) Seller has received all local, state and federal licenses, permits and other approvals as may be required by law for the construction, operation and maintenance of the Facility, including approvals, if any, required under the California Environmental Quality Act for the Facility and related interconnection facilities.

3.4 “Licensed Professional Engineer” means a person acceptable to Buyer in its reasonable judgment who (i) is licensed to practice engineering in the state (ii) has training and experience in the [insert type of renewable technology] power industry, (iii) has no economic relationship, association, or nexus with the Seller, (iv) is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility, and (v) is licensed in an appropriate engineering discipline for the required certification being made.

4.0 Delivery Point. The Delivery Point is _____. In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for -the Delivery Point or in the event the Delivery Point is otherwise modified by the CAISO, the new “Delivery Point” shall be a valid scheduling point - that is either:

- a) The Buyer’s load aggregation point, if defined by the CAISO; or
- b) If a Buyer load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designed by Buyer as most closely representing Buyer’s bundled customer load.

5.0 Delivery Term. The Parties shall specify the period of Product delivery for the “Delivery Term,” as defined herein, by checking one of the following boxes:

(Check one)

- _____ delivery shall be for a period of ten (10) years.
- _____ delivery shall be for a period of fifteen (15) years.
- _____ delivery shall be for a period of twenty (20) years.
- _____ delivery shall be for a period of _____ years.

If the “Non-standard Delivery” contract term is selected, Parties need to apply to the CPUC justifying the need for non-standard delivery.

5.1 “Delivery Term” shall begin on the date of Commercial Operation and continue for the time period specified above.

5.2 “Contract Year” shall mean any of the twelve (12) consecutive months starting with the first day of the month following the date of Commercial Operation.

6.0 Output Requirements.

- 6.1 Contract Quantity. During the Delivery Term, Seller shall deliver, and Buyer shall receive and pay for, the energy from the Facility as more fully described in Section 9. In no event shall Seller have the right to procure electric energy from sources other than the Facility for sale and delivery pursuant to this Agreement. Station Service Power - Retail (defined below) shall be provided by the local service provider and the electrical usage shall be metered separately from the Output metered at the Delivery Point.
- 6.2 “Station Service Power - Retail” means electrical energy used to operate the Facility other than electrical energy that is generated by the Facility.

7.0 Performance Guarantees / Excuses for Failure to Perform.

- 7.1 Energy Production Guarantees. The Buyer shall in its sole discretion have the right to declare an Event of Default if Seller fails to achieve the Guaranteed Energy Production in any [12 month period] [or] [24 month period] and such failure is not excused by the reasons set forth in subSections (ii), (iii), or (v) of Section 7.2 of this Agreement, “Excuses for Failure to Perform.”

Guaranteed Energy Production = _____MWh.

- 7.2 Seller Excuses. Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement in the event that Seller fails to deliver the Product to Buyer for any of the following reasons:
- i. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller’s negligence or willful misconduct;
 - ii. Force Majeure;
 - iii. by the Buyer’s failure to perform;
 - vii. by Scheduled Maintenance Outages of the specified units;
 - viii. a reduction in Output as ordered under terms of the dispatch down and Curtailment provisions (including CAISO or Buyer’s system emergencies); or
 - ix. [the unavailability of landfill gas which was not anticipated as of the date this Confirmation was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided; OR
insufficient wind power for the specified units to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the specified units’ technical specifications; OR

the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the date this Confirmation was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.]

- 7.3 Buyer Excuses. The performance of the Buyer to receive the Product may be excused only (i) during periods of Force Majeure, (ii) by the Seller's failure to perform or (iii) during dispatch down periods. Dispatch down periods will be treated in accordance with Section 17 of this Confirmation.

8.0 Exclusivity/Option to Purchase.

- 8.1 Exclusivity. At no time shall Seller sell or otherwise dispose of Output or Green Attributes from the Facility to any third party except in the case of an Event of Default of Buyer.
- 8.2 Right of First Refusal. If, at any time during the term of this Agreement, Seller or any of its affiliates intends to install new facilities using ____ [generally describe fuel] supplies from ____ [generally describe the Facility] or any expansion thereof to produce additional energy beyond that produced by the Facility (the "New Facilities Energy"), it shall first offer, or shall cause its affiliate to offer, the New Facilities Energy to Buyer by delivering notice to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail (each, an "Option Election Notice"). Except to the extent otherwise noted in the Option Election Notice, any such New Facilities Energy shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall, or shall cause its affiliate to, promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. If Buyer does not accept in writing the offered terms and conditions within thirty (30) days after receiving the Option Election Notice, Seller or its affiliate may enter into an agreement to sell the New Facilities Energy to a third party on terms and conditions no more favorable to the third party than those offered to Buyer. If Seller or its affiliate wishes to enter into an agreement with a third party on terms more favorable to Buyer than those previously offered to Buyer, Seller shall, or shall cause its affiliate to, first offer the revised terms and conditions to Buyer under this Section, and Buyer shall have an additional thirty (30) days after receiving the revised Option Election Notice to accept the revised offer. If Buyer accepts an offer made under this Section, Seller shall, or shall cause its affiliate to, within a further sixty (60) days enter into with Buyer a power purchase agreement in substantially the same form as this Agreement, but incorporating such changes as are expressly identified in the terms and conditions in the Option Election Notice.

9.0 Monthly Payments.

9.1 Contract Price. The Contract Price shall be as follows:

Contract Year	Contract Price (\$/MWh)

Note: SDG&E is utilizing Time of Delivery (“TOD”) factors for non-baseload resources. The Contract Price will be adjusted as shown below to reflect the relative value of the Output during the indicated time period. SDG&E reserves the right to contract baseload resources under flat or TOD-adjusted pricing.

	Summer July 1 – October 31	Winter November 1 – June 30
On-Peak	Weekdays 11am – 7pm 1.6293	Weekdays 1pm - 9pm 1.1916
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400	Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790
Off-Peak*	All other hours 0.8833	All other hours 0.7928
*All hours during NERC holidays are off-peak.		

9.2 Energy Payment.

Energy Payment. Energy payment shall be only for Delivered Energy, delivered by Seller and received by Buyer. The energy payment shall be calculated as follows:

$$\text{Energy Payment} = \sum_1^{\text{Hr}} \text{Delivered Energy} \times \text{Contract Price}$$

Where:

H_T = All hours of the billing month.

Contract Price is the price specified in Section 9.1.

Delivered Energy means the lower of scheduled or metered amounts less Delivery Losses.

Delivery Losses means all electrical losses occurring between the CAISO approved revenue meter and the Delivery Point and electrical losses occurring over the CAISO grid as such losses are assigned by the CAISO to the Facility including if applicable, but not limited to:

- a. If the CAISO approved revenue meter is not installed on the high voltage side of the Facility's substation bus bar, transformer and other electrical losses occurring between the CAISO approved revenue meter and the high voltage side of the Facility's substation bus bar;
- b. Any electrical losses between the high voltage side of the Facility's substation bus bar and the CAISO grid, including the following if applicable: DLF or TLF.

DLF means a measure of all net electrical losses as determined by the CPUC associated with the transmission of electric energy through the electric system from the high voltage side of the Facility's substation bus bar to the interface with the CAISO grid, also known as the distribution loss factor.

TLF (for resources outside of the CAISO grid) means a measure of all net electrical losses, as determined by the Transmission Provider, associated with the transmission of electric energy through the electric system from the high voltage side of the Facility's substation bus bar to the interface with the CAISO grid, also known as the transmission loss factor.

; and

- c. Electrical losses determined by utilizing the GMM, or TMM if applicable, assigned to the Facility.

GMM(s) means the generation meter multipliers as determined by the CAISO representing the calculation of all electrical losses assigned to the Facility associated with the transmission of electric energy delivered by the Facility over the CAISO grid, which values are, as of the Effective Date, posted by CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

TMM means the tie meter multipliers as determined by the CAISO representing the calculation of all electrical losses over the CAISO grid associated with the transmission of electric energy delivered at a CAISO Control Area boundary, which values are, as of the Effective

Date, posted by the CAISO on its website. The values used in the Agreement will be those appearing on the CAISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

9.2.1 CAISO Charges. Seller shall assume all liability and pay for all imbalance charges attributable to it and inter-zonal congestion charges. Seller shall also assume all liability and reimburse Buyer for any Penalties (as defined below) incurred by Buyer as a result of Seller’s failure to abide by the CAISO Tariff and all applicable protocols. The Parties shall cooperate to eliminate imbalances and minimize Penalties to the extent possible. Seller shall promptly notify Buyer as soon as possible of any material imbalance that is occurring or has occurred. Such notification shall not impact Seller’s responsibilities for payment for all imbalance and inter-zonal congestion charges and Penalties under this Agreement. Notwithstanding anything to the contrary which may be contained herein, Seller shall be entitled to any and all credits and/or payments made by CAISO to Seller or its Scheduling Coordinator in accordance with the CAISO Tariff and all applicable protocols.

9.2.2 “Penalties” shall be defined as any fees, liabilities, assessments, or similar charges assessed by the CAISO.

9.4 Test Energy. [The parties to negotiate test energy terms and pricing here.]

10.0 Reserved.

11.0 Facility Schedule. The Facility Milestones are the following:

No.	Task	Milestone Date
	Maintain Facility’s position in the CAISO interconnection queue	From the Effective Date
	Completion of Design	
	Material Environmental Permits	
	EPC Contract, Overall Project Schedule, Construction Schedule To evidence Seller’s ability to achieve the Commercial Operation by the Commercial Operation Date.	
	Land Rights. Deliver to Buyer documentation in form and substance acceptable to Buyer evidencing Seller’s good and marketable title in fee simple to the Facility site free and clear of all liens and encumbrances except for customary exceptions which are acceptable to Buyer in its sole judgment or a valid leasehold interest in the Facility site for the duration of the Term of this Agreement. Any lease of the Facility site shall be subject to	

	the prior review and approval of Buyer, which approval may not be unreasonably withheld or delayed.	
	Executed Participating Generator Agreement with CAISO.	
	Executed Meter Service Agreement with CAISO.	
	Engineering, Procurement and Construction Agreement(s) are in full force and effect.	
	Issuance of a final unconditional notice to proceed to complete the Facility.	

11.1 Buyer's Right to Monitor. Buyer may exercise its due diligence responsibilities via the following:

15.1.1 Buyer shall have the right to review Facility design drawings and documents.

15.1.2 Buyer may inspect the Facility's construction site or on-site Seller data and information pertaining to the Facility during business hours upon reasonable notice.

15.1.3 Within seven (7) days after the close of each calendar quarter (or more frequently upon request by Buyer) until the date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit F: Quarterly Progress Reports to Buyer as may be modified from time to time to meet applicable CPUC requirements. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller's construction progress.

11.2 Milestone Completion Notice. No later than seven (7) days after completion of each milestone set forth in Section 11.0, Seller shall submit written notice to inform Buyer of milestone completion. Seller must provide accompanying documentation (including copies of applicable agreements redacted, permits and certificates) sufficient to demonstrate evidence of such milestone completion.

12.0 Facility Delays.

12.1 Missed Milestones. If Seller misses three or more milestones set forth in Section 11.0 or misses any one by more than 90 days except as a result of Force Majeure, Seller shall submit to Buyer, within ten (10) days of such missed milestone date, a remedial action plan (the "Remedial Action Plan").

12.2 Missed Commercial Operation Deadline. Seller shall cause the Facility to achieve Commercial Operation on or before the scheduled Commercial Operation Deadline of mm/dd/yyyy. If Commercial Operation occurs after the scheduled Commercial Operation Deadline, Seller shall pay Buyer delay damages equal to [] for each day or portion of a day that the Commercial Operation occurs after the scheduled Commercial Operation

Deadline, up to a total of [---] days. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Deadline. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to delay in achieving Commercial Operation on or before the scheduled Commercial Operation Deadline would be difficult or impossible to predict with certainty, (b) the daily delay damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the daily delay damages set forth in this section are the exclusive remedy for Seller's delay in achieving Commercial Operation by the scheduled Commercial Operation Deadline but shall not otherwise act to limit any of Buyer's rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether.

12.3 Remedial Action Plan/Additional Event of Default. For purposes of Section 12.1 and Section 12.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of Seller's course of action and plan to achieve all milestones set forth in Section 11.0 and Commercial Operation by the Commercial Operation Deadline. Approval of a Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent milestones and achieving Commercial Operation by the Commercial Operation Deadline. Buyer at its sole discretion may reject any Remedial Action Plan submitted under Section 12.1 or 12.2 and declare an Event of Default.

13.0 Operating Procedures. No later than forty-five (45) days before the Commercial Operation, and from time to time as reasonably determined necessary by the Parties, the Parties shall meet to address how each Party will perform its respective obligations under this Agreement, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Scheduled Maintenance Outage reporting; (4) procedures for delivery forecasting; (5) procedures for record keeping; (6) scheduling procedures if applicable; and (7) invoicing and payment procedures; provided, that the failure to agree on Operating Procedures will not relieve the Parties of their respective obligations under this Agreement.

14.0 Maintenance.

14.1 Scheduled Maintenance Outages. Seller shall operate, maintain, and arrange Scheduled Maintenance Outages for the Facility in accordance with Good Utility Practices. Seller shall be limited to _____ hours of Scheduled Maintenance Outages per year.

14.1.1 No later than forty-five (45) days before the start of each calendar year, Seller shall provide Buyer with a timetable of Scheduled Maintenance Outages for the following twelve (12) months. Buyer shall promptly respond to such notice and may request reasonable modifications in the schedule for the outage. Seller shall use best efforts in accordance with Good Utility Practices not to schedule Scheduled Maintenance Outages during Summer Months (as defined below). "Summer Months" shall be defined as July, August, September and October.

14.1.2 A “Scheduled Maintenance Outage” means a planned shut down of any part of the Facility scheduled by Seller in accordance with this Section that affects Seller’s ability to provide Output from the Facility to Buyer under this Agreement.

14.2 Emergency Periods. At Buyer’s request, Seller shall use commercially reasonable efforts to deliver Output during CAISO declared emergency periods. In the event the Seller has previously scheduled a Scheduled Maintenance Outage coincident with an emergency, Seller shall use commercially reasonable efforts to reschedule the Scheduled Maintenance Outage.

14.3 Maintenance Log. Seller shall maintain a maintenance log for the Facility. The log shall include but not be limited to information on power production, fuel consumption and efficiency (if applicable), availability, maintenance (both breakdown and preventative) performed, outages, changes in operating status, inspections, manufacturer recommended services and replacement, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Information maintained pursuant to this paragraph shall be kept for two years and provided to Buyer electronically, within 30 days of Buyer’s request.

15.0 Scheduling and Scheduling Coordinator.

Seller or Seller’s designee shall be the Scheduling Coordinator for the Facility and shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Term. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and the CAISO Tariff or its successor, and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. Subject to Article 9, in the event that the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified replaced or terminated (collectively, the "Program Modifications"), Seller and Buyer hereby agree to comply with such Program Modifications and, to the extent practical, to implement the necessary Program Modifications in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.

Notwithstanding anything to the contrary herein, in the event Seller makes a change to its schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer’s on-duty scheduling coordinator. Within two hours of the scheduling change due to Forced Outage, Seller shall submit Exhibit G: Outage Notification Form to the Buyer in accordance with the instructions shown on the form. Seller shall keep Buyer informed

of any developments that will affect either the duration of the outage or the availability of the Facility during or after the end of the outage.

- 15.1 Annual Delivery Schedules. No later than forty-five (45) days before the beginning of each calendar year, Seller shall provide a non-binding forecast of each month's average-day deliveries of Output, by hour, for the following calendar year.
 - 15.2 Monthly Delivery Schedules. Ten Business Days before the beginning of each month, Seller shall provide a non-binding forecast of each day's average deliveries of Output, by hour, for the following month ("Monthly Delivery Forecast").
 - 15.3 Daily Delivery Schedules. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, Seller shall cause the Facility's Scheduling Coordinator (as defined in the CAISO Tariff) to provide Buyer with a copy of the required schedule of deliveries of Output for each hour of the immediately succeeding day concurrent with delivery of the same to CAISO. A schedule provided in a day prior to any non-Business Day(s) shall include schedules for the immediate day, each succeeding non-Business Day and the next Business Day. Seller shall provide Buyer with a copy of any and all updates to such schedule indicating a change in scheduled Output.
16. Dispatch Down/Curtailment. Seller shall reduce deliveries for (a) curtailments ordered directly or indirectly by the CAISO or (b) scheduled and unscheduled maintenance on Buyer's facilities that prevents Buyer from taking Output at the Delivery Point. [NOTE to bidders, if you have indicated in your offer that your resource can accommodate economic dispatch down at Buyer's request, we will negotiate such language here.]
 17. Delivery and Metering. All deliveries of Output shall be metered in real-time basis to reflect delivery to the Delivery Point. A copy of hourly metered and hourly scheduled information shall be included in each monthly invoice. All meters and equipment used for the measurement of Output shall be provided, owned, maintained, inspected, tested and read at no cost to Buyer by the Seller.
 - 17.1 CAISO Agreements. Seller shall enter into a Participating Generator Agreement and a Meter Service Agreement with the CAISO and shall comply with the CAISO Tariff and standards applicable to metering. All meters and equipment used for the measurement of deliveries shall be provided, owned, maintained, inspected and tested at no cost to Buyer. To facilitate monthly settlement processes, Seller shall authorize Buyer to view the Facility's CAISO on-line meter data by identifying Buyer as an authorized user with "read only" privileges on Schedule 3 of Seller's Meter Service Agreement with the CAISO.
 - 17.2 Testing and Calibration. Seller shall perform or cause to be performed, at its expense, annual testing and calibration of the electric meters in accordance with Good Industry Practice and the CAISO Tariff. Seller shall give Buyer reasonable advance notice of any inspection, testing or calibration of the electric meters.

Buyer shall have the right to have a representative or designee present at such inspection, test or calibration of the electric meters. Buyer shall have the right to require, at Buyer's expense, except as required below, a test of any of the electric meters not more often than two (2) times every twelve (12) months.

- 17.3 Inaccurate Meters. If any of the electric meters is deemed to be inaccurate under the Meter Service Agreement, deliveries shall be measured by reference to Seller's check-meters, if installed and registering accurately, or the meter readings for the period of inaccuracy shall be adjusted as far as can be reasonably ascertained by Seller from the best available data, subject to review and approval by Buyer. If the period of the inaccuracy cannot be ascertained reasonably, any such adjustment shall be for a period equal to one-half of the time elapsed since the preceding test by applying the percentage of inaccuracy so found. Seller shall promptly cause such electric meters to be corrected and, where such inaccuracy was determined pursuant to a test required by Buyer, Seller shall bear the expense of any such test.
- 17.4 Delivered MWh Adjustments. In the event that, due to correction for inaccurate electric meters deemed to be inaccurate under the Meter Service Agreement, the amount of Output is increased or decreased, the revised quantity of Output shall be used for purposes of calculating the Energy Payment. If any of such amounts for any period have already been calculated using the previous quantity of Output, they shall be recalculated using the revised quantity of Output. If the recalculation increases any amount payable by Seller to Buyer or decreases any amount payable by Buyer to Seller, Seller shall pay to Buyer the amount of such increase or decrease. If the recalculation increases any amount payable by Buyer to Seller or decreases any amount payable by Seller to Buyer, Buyer shall pay to Seller the amount of such increase or decrease.

18. SEP Awards, Contingencies.

Seller Termination Right

- (a) If Seller's Bid Price exceeds the Market Price Referent, Seller may seek a PGC Funding Award from the California Energy Commission, or its successor agency ("CEC"), for an amount (in \$ per MWh) equal to the positive difference derived by subtracting (a) the Market Price Referent (in \$ per MWh) from (b) the Bid Price (in \$ per MWh) ("PGC Fund Amount"). To the extent that Seller seeks such PGC Fund Award, Seller shall use best efforts to comply with all funding criteria and obtain the PGC Fund Amount and Buyer shall reasonably support Seller's efforts. If Seller does not obtain a PGC Funding Confirmation or PGC Funding Award by 11:59 p.m. Pacific Standard Time on the 120th day from the date on which Buyer files this Transaction for CPUC Approval ("Funding Termination Deadline"), then Seller may unilaterally terminate this Transaction prior to the Funding Termination Deadline effective as of the date on which Buyer receives Seller's written notice of termination. If Seller exercises this termination right, neither Buyer nor Seller shall be subject to liability of any kind.

- (b) At any time prior to the Funding Termination Deadline, if applicable, Seller shall send to Buyer within ten (10) days of (i) obtaining a PGC Funding Confirmation or PGC Funding Award, written notice of such confirmation or award and a copy of the final funding award agreement entered into by the California Energy Commission, or its successor agency (“CEC”) and Seller, if the funding award agreement has been granted at that time, or (ii) receiving written notice from the CEC denying Seller’s application for the requested PGC Fund Amount, a copy of such notice and a written statement from Seller, in which Seller shall (A) waive its termination rights under this Section 19 or (B) notify Buyer that the Transaction is terminated, pursuant to the terms of this Confirmation. If Seller has the right to terminate this Transaction, but fails to send written notice of termination by the Funding Termination Deadline, then Seller’s termination right per this Section 19 shall be deemed waived in its entirety

“Bid Price” means the price as bid by Seller in response to the RFP or such other price as may be arrived at through negotiation.

“Market Price Referent” means the market price referent applicable to this Agreement, as determined by the CPUC in accordance with Public Utilities Code Section 399.15(c).

“Public Goods Charge Funding” or “PGC Funds” means any supplemental energy payments, pursuant to Public Utilities Code Section 399.15, as shall be modified or amended from time to time.

“PGC Funding Award” means the final award of allocated PGC Funds from the CEC to Seller, pursuant to Section [25743(a) of the Public Resource Code], as shall be modified or amended from time to time.

“PGC Funding Confirmation” means a written notice from the CEC to the Seller acknowledging Seller’s request for PGC Funds and the availability of such funds for Seller in a future PGC Funding Award.

19. PGC Funding Termination Event

- (a) PGC Funding Revocation. If at any time after Seller obtains a PGC Funding Confirmation or PGC Funding Award, (i) the PGC Funding Confirmation or PGC Funding Award is revoked in whole or in part by the CEC for reasons not caused by Seller’s action or inaction, (ii) such revocation occurs prior to the issuance of a PGC Funding Award or during the term of the PGC Funding Award, and (iii) Seller has not received a financial benefit in the form of tax credits or any other source of public funding or credit directly related to the Product sold under this Confirmation, which benefit would offset the loss incurred from the revocation of the PGC Funding Confirmation or PGC Funding Award, then Seller shall have the right to terminate this Transaction, subject to Buyer’s Right of First Refusal Option. If Seller exercises this termination right neither Buyer nor Seller shall be subject to liability arising from such termination.
Not more than ten (10) days from the Seller’s receipt of written notification regarding revocation of the PGC Funding Confirmation or PGC Funding Award

in whole or part, Seller shall notify Buyer in writing of the revocation of the PGC Funding Confirmation or PGC Funding Award, certify it has not received an offsetting financial benefit per clause (iii) above, and certify that such revocation is not due to Seller's action or inaction. Seller shall also provide Buyer with a copy of such CEC notification. ("Revocation Notice"). Seller shall specify in its Revocation Notice what percentage of lost PGC funding it is willing to accept to continue to perform under this Transaction (not exceeding 100%).

(b) Right of First Refusal Option.

(i) Option. Buyer, in its sole discretion, shall have the right, but not the obligation, to pay to Seller the percentage of lost PGC funding specified in its Revocation Notice ("Lost PGC Funds") and Seller shall continue performing under the Transaction for the remaining term of the Transaction (the "Option"). Buyer shall have 30 days from its receipt of the Revocation Notice to exercise the Option ("Exercise Period"), subject to Option Approval, as defined below.

(ii) Exercise of Option. If Buyer chooses to exercise the Option, Buyer shall send written notice to Seller stating that Buyer is exercising the Option, conditioned upon Buyer's receipt of Option Approval, as defined below, within 180 days of date on which Buyer received the Revocation Notice. The effectiveness of the Option exercise shall be subject to Buyer's receipt of a final, non-appealable order issued by the CPUC, satisfactory to Buyer, approving Buyer's exercise of the Option and recovery of costs associated with the payment of the percentage of lost PGC Funding ("Option Approval"). The date on which Buyer provides written notice of its Option exercise to Seller shall be the "Exercise Date." Buyer shall file an advice filing or application seeking the Option Approval within 30 days of the Exercise Date.

(iii) Payment. Prior to Buyer's receipt of Option Approval, Buyer shall pay Seller the Lost PGC Funds, which would have been due to Seller on a monthly basis for the period between the Exercise Date and the next invoice following the date on which the Option Approval is issued. Upon receipt of Option Approval Buyer shall continue paying Seller's Lost PGC Funds on a monthly basis until the expiration of the term of Seller's PGC Funding Award, or Reinstatement of Seller's PGC funding, whichever comes first.

(iv) Seller's Termination Right. Seller may terminate the Transaction in accordance with subSection (a) above upon the occurrence of any of the following events: (A) Buyer provides written notice to Seller rejecting the exercise of the Option, (B) the Option expires without being exercised, (C) Buyer fails to seek Option Approval within 30 days of the Exercise Date, or (D) Buyer fails to obtain Option Approval within 180 days of Buyer's receipt of the Revocation Notice. If Seller then terminates the Transaction, such termination shall be effective 30 days from the date on which Seller notifies Buyer of such termination. Both Parties shall continue to perform under this Transaction until the effectiveness of any such termination by Seller.

- (c) **Reinstatement of PGC Funding.** If the PGC Funding Award is reinstated in its entirety, including retroactive payments for lost PGC Funds, at anytime before (i) Seller's termination of this Transaction or (ii) Buyer's exercise of the Option, then Seller shall no longer be permitted to terminate this Transaction, pursuant to Section 20(a), and both Parties shall continue to perform under this Transaction. If the PGC Funding Award is reinstated in whole or in part at anytime after Buyer has exercised the Option, then Buyer shall be relieved of all further obligations to pay any of Seller's lost PGC Funds, which will be covered by the reinstated PGC Funding Award. If PGC Funding Award is reinstated in whole or in part on a retroactive basis after Buyer has exercised the Option, then Buyer shall have the right to offset against payments due to Seller that portion of such award amount equivalent to the lost PGC Funds paid by Buyer to Seller between the period in which the PGC Funds were revoked and reinstated. Seller shall notify Buyer in writing of any such reinstatement of PGC Funds within 10 days of receiving notice of such reinstatement from the CEC, CPUC, or other regulatory agency responsible for the PGC Funds program, which notice shall include a copy of such notice.

IN WITNESS WHEREOF, the Parties have caused this Confirmation Letter to be duly executed as of the date first above written.

Seller: _____ Buyer: San Diego Gas & Electric Company

Signature: _____ Signature: _____

By: _____ By: _____

Title: _____ Title: _____

EXHIBIT B
FORM OF GUARANTY

GUARANTY

In consideration of San Diego Gas and Electric Company ("Company") entering into a power purchase agreement with [NAME OF COUNTERPARTY] (hereinafter referred to as "Applicant"), [NAME OF GUARANTOR], a [TYPE OF LEGAL ENTITY i.e. California corporation], (hereinafter referred to as "Guarantor") agrees with Company as follows:

1. The term "Obligations" shall mean all obligations, liabilities and indebtedness of any kind whatsoever arising in connection with _____ or arising in connection with or under any security agreement or other agreement between the Company and Applicant. The amount of Obligations existing from time to time shall be calculated after giving effect to all contractual netting arrangements between Applicant and the Company.

2. Guarantor unconditionally and irrevocably guarantees to Company the full, prompt and faithful payment and performance when due of each and all of the Obligations.

3. This is a continuing guaranty relating to the Obligations. Guarantor acknowledges that there is a continuing consideration to Guarantor for this Guaranty and therefore Guarantor waives and relinquishes the right to revoke or terminate this Guaranty as provided in California Civil Code Section 2815 except for the right to terminate this Guaranty in accordance with this paragraph 3. No termination of this Guaranty by Guarantor shall affect any Obligations outstanding or contracted or committed for as of the effective date of the termination, the payment of which Obligations shall continue to be guaranteed by Guarantor pursuant to this Guaranty notwithstanding such termination, and this Guaranty shall remain in full force and effect with respect to such Obligations until finally and irrevocably paid in full. Guarantor may terminate this Guaranty with respect to future Obligations only by delivering personally, by certified mail, postage prepaid and return receipt requested, or by confirmed facsimile transmission (fax), written notice thereof to Company, provided that such notice shall specify the effective date thereof, which effective date shall be no sooner than forty-five (45) days after Company's actual receipt of such notice, at the address set forth below (or to such new address or fax number as Company may designate hereafter in a notice to Guarantor):

San Diego Gas and Electric Company
555 W. Fifth Street
Attn: Major Markets 10E3, Credit Manager
Los Angeles, CA 90013
Fax No.: (213) 244-8316

4. Any of the Obligations may be amended, modified, waived, or increased (whether or not beyond any dollar limitation hereunder), further agreements may be entered into between Company and Applicant, Company may provide additional goods or services or credit to Applicant or increase or decrease the dollar value of such goods, services or credit, and further obligations (including, without limitation, the provision or pledging of security to Company for any obligation), indebtedness and liabilities may be entered into or incurred from time to time by Applicant and without further authorization from or notice to Guarantor and no such action shall terminate, release, impair, reduce, discharge, diminish or in any way affect any of the obligations of Guarantor hereunder or any security furnished by Guarantor or give Guarantor any recourse or defense against Company. Company need not inquire into the power of Applicant or the authority of its officers, directors, partners or agents acting or purporting to act in its behalf.

5. With respect to all Obligations, this is a guaranty of payment and performance and not of collection, and Guarantor waives and agrees not to assert or take advantage of:

(a) any right to require Company to proceed against Applicant or any other person or to resort to, proceed against or exhaust any security held by it at any time or to pursue any other remedy in its power before proceeding against any Guarantor;

(b) demand, presentment, protest and notice of any kind including, without limiting the generality of the foregoing, notice of nonperformance, protest, dishonor and acceptance of this Guaranty, notice under Section 9611 of the California Commercial Code, and notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of Applicant, Company, a guarantor under this or any other instrument, or creditor of Applicant or any other person whomsoever, in connection with any of the Obligations or any collateral for any of the Obligations or in connection with any of the Obligations; and

(c) any suretyship defenses and suretyship rights of every nature otherwise available under California law and the laws of any other state or jurisdiction, including, without limitation, all defenses and rights arising under Sections 2787 through 2855 of the California Civil Code (the "Suretyship Provisions") and any successor provisions to those Sections. Without limiting the generality of the foregoing, Guarantor acknowledges his, her or its understanding that the Suretyship Provisions provide various partial or complete defenses to the recovery by Company from Guarantor and/or grant Guarantor rights the enforcement of which could reduce or eliminate entirely Guarantor's liability hereunder to Company. Among the defenses and rights contained in the Suretyship Provisions are the following: (1) Section 2809 of the Civil Code, which provides, in part, that the obligation of a surety must not be either larger in amount or in other respects more burdensome than that of the principal; (2) Section 2810 of the Civil Code, which provides, in part, that a surety is not liable if for any reason other than the mere personal disability of the principal there is no liability upon the part of the principal at the time of execution of the contract, or the liability of the principal thereafter ceases; (3) Section 2819 of the Civil Code, which provides, in part, that a surety is exonerated if the creditor alters the original obligation of the principal without the consent of the surety; (4) Section 2845 of the Civil Code, which provides, in part, that a surety is exonerated to the extent that the creditor fails to proceed against the principal, or to pursue any other remedy in the creditor's power which the surety cannot pursue and which would lighten the surety's burden; (5) Section 2846 of the Civil Code, which provides that a surety may compel his principal to perform the obligation when due; (6) Section 2847 of the Civil Code, which provides, in part, that if a surety satisfies the principal obligation, or any part thereof, the principal is obligated to reimburse the surety for the amounts paid by the surety; (7) Section 2848 of the Civil Code, which provides, in part, that a surety, upon satisfaction of the obligation of the principal is entitled to enforce remedies which the creditor then has against the principal; (8) Section 2849 of the Civil Code, which provides, in part, that a surety is entitled to the benefit of security held by the creditor for the performance of the principal obligation held by the creditor; (9) Section 2850 of the Civil Code, which provides, in part, that whenever the property of a surety is hypothecated with property of the principal, the surety is entitled to have the property of the principal first applied to the discharge of the obligation; and (10) Section 2822 of the Civil Code, which provides, in part, for a right to have the principal designate the portion of any obligation to be satisfied by the surety in the event that the principal provides partial satisfaction of such obligation.

6. All existing and future indebtedness of Applicant to Guarantor ("Intercompany Obligations") is subordinated to all Obligations hereby guaranteed. All of Guarantor's right, title and interest in and to the Intercompany Obligations and rights to receive any payments of the Intercompany Obligations are hereby granted and assigned to Company as continuing security for the Obligations hereby guaranteed, and, in the event of any default in the payment of any of the Obligations when due and until the Obligations guaranteed hereby have been paid in full (a) at the Company's request, Applicant shall forthwith pay to the Company all or any part of such Intercompany Obligations and any capital

which Guarantor is entitled to withdraw until all of the Obligations guaranteed hereby have been paid in full, and (b) Guarantor shall pay to Company immediately any payments of such Intercompany Obligations received by Guarantor.

7. Guarantor agrees to pay all attorneys' fees (including without limitation, reasonably allocated fees of in-house counsel) and all other costs and expenses which may be incurred by Company in the enforcement of this Guaranty against Guarantor.

8. This Guaranty is not assignable by Guarantor without Company's consent. This Guaranty shall inure to the benefit of Company and its successors and assigns, including the assignees of any Obligations, and bind the heirs, executors, administrators, successors and permitted (if any) assigns of Guarantor. This Guaranty is assignable by Company with respect to all or any portion of the Obligations, and when so assigned Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by Company.

9. This Guaranty shall be governed by and construed in accordance with the laws of the State of California, without reference to its choice of law provisions. Guarantor hereby irrevocably and unconditionally agrees that any legal action or proceeding against Guarantor or any of Guarantor's property with respect to this Guaranty may be brought in the courts of the State of California in the County of San Diego or the courts of the United States in the County of San Diego, as Company may elect, and by executing and delivering this Guaranty Guarantor hereby submits to and accepts with regard to any such action or proceeding for himself, herself or itself and in respect of his, her or its property, generally, irrevocably and unconditionally, the jurisdiction of the above mentioned courts. Guarantor hereby irrevocably appoints the Secretary of State of the State of California as his, her or its agent for service of process in any suit or proceeding if the Guarantor is located outside the State of California at the time of service or cannot reasonably be located by Company. The foregoing, however, shall not limit the right of Company as it may elect to bring any legal action or proceeding or to obtain execution of judgment in any other appropriate jurisdiction including but not limited to any other jurisdiction in which Guarantor or his, her or its property is located.

10. Except as provided in any other written agreement now or at any time hereafter in force between Company and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with Company with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Company unless expressed herein.

11. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and, except for notice of termination of this Guaranty pursuant to paragraph 3 which shall be effective as provided therein, shall be given personally, by certified or registered mail, postage prepaid, return receipt requested, or by reliable overnight courier to the address of the Company set forth in paragraph 3 herein (or to such new address as Company may designate hereafter in a notice to Guarantor) in the case of a communication to the Company and to the address appearing next to Guarantor's signature on this Guaranty (or to such new address as Guarantor may designate hereafter in a notice to Company) in the case of a communication to Guarantor. Any notice served personally shall be deemed delivered upon receipt, and any notice served by certified or registered mail or by reliable overnight courier shall be deemed delivered on the date of receipt as shown on the addressee's registry or certification of receipt or on the date receipt is refused as shown on the records or manifest of the U.S. Postal Service or such courier.

12. Until all of the Obligations guaranteed hereby have been satisfied in full, Guarantor shall have no right of subrogation or reimbursement from the Applicant which Guarantor may have as a result of any payment by Guarantor under this Guaranty, and waives any right to enforce any remedy which

Company now has or may hereafter have against the Applicant as a result of such payment by Guarantor under this Guaranty and waives any right under section 2849 of the California Civil Code and any other benefit of or right to participate in any security now or hereafter held by Company.

13. All amounts payable by Guarantor hereunder shall be paid without set-off or counterclaim and without any deduction or withholding whatsoever unless and to the extent that Guarantor shall be prohibited by law from doing so, in which case Guarantor shall pay to Company such additional amount as shall be necessary to ensure that Company receives the full amount it would have received if no such deduction or withholding had been made.

14. If any portion of this Guaranty is held to be unenforceable by a court of competent jurisdiction, the remainder of this Guaranty shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty on [MONTH AND DAY], 2008.

Deleted: 7

GUARANTOR: [NAME OF GUARANTOR]

Signature

Title

Printed Name of Person Signing for Guarantor

Guarantor's Address

City, State, Zip

Guarantor's Phone No.

EXHIBIT C
FORM OF LETTER OF CREDIT

[DATE]

To: [Name and Address of Secured Party]

Re: Our Irrevocable Standby Letter of Credit No. _____
In the Amount of US _____

Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number _____ in favor of [name of Secured Party] (“Secured Party”), by order and for account of [name of Account Party] (“Account Party”), [address of Account Party], available at sight upon demand at our counters, at [location] for an amount of US\$ _____ [amount spelled out and xx/100 U.S. Dollars] against presentation one of the following documents:

1- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “[name of Account Party] (“Account Party”) is in default under the agreement between Secured Party and Account Party dated _____ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a “default”, “event of default” or similar term as defined in such agreement, any other agreement between Secured Party and Account Party, or otherwise). The amount due to Secured Party is US \$ _____.”

or

2- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “as of the close of business on _____ [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Secured Party, whether or not a default has occurred, is U.S. \$ _____.”

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Account Party.
- Partial and multiple drawings are permitted.
- Fax of Document 1 or 2 above acceptable.

This Letter of Credit expires on _____ at our counters.

We hereby engage with Secured Party that upon presentation of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1 or 2 above. If a document is so presented by 1:00 pm on any New York banking day, we will honor the same in full in immediately available New York funds on that day and, if so presented after 1:00 pm on a New York banking day, we will honor the same in full in immediately available New York funds by noon on the following New York banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500 ("UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 13(b) and 17 of the UCP, in which case the terms of this Letter of Credit shall govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.

[Name of Bank]

Authorized Signature(s)

EXHIBIT D

RESOURCE ADEQUACY

Seller and Buyer agree that throughout the Delivery Term the Parties shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable Buyer to use the Facility Total Net Capacity to satisfy Buyer's Resource Adequacy Requirements.

Deleted: 1. Seller and Buyer agree that throughout the Delivery Term the Parties shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable Buyer to use the RA Capacity to satisfy Buyer's Resource Adequacy Requirements. Such commercially reasonable actions may include, but are not limited to, the following:¶

¶

A. Cooperating with and encouraging the regional entity, including the CAISO, if applicable, responsible for Resource Adequacy administration to certify or qualify the Contract Capacity for Resource Adequacy Requirements purposes. This includes following requirements the CPUC has established and may establish in the future, including calculation of RA Capacity over all hours required for Resource Adequacy Requirement eligibility, and delivery of the RA Capacity to the CAISO Interconnection Point; and¶

¶

B. Negotiating in good faith to make necessary amendments, if any, to this Agreement to conform this Agreement to subsequent clarifications, revisions or decisions of the CPUC or any other entity, including the CAISO, with respect to Resource Adequacy.¶

¶

2. CAISO Dispatch Requirements:¶

¶

A. Seller shall deliver the full Contract Capacity to the CAISO interconnection Point; and¶

¶

B. Seller shall commit the Facility to generate up to the full Contract Capacity, as ordered by the CAISO, unless the Facility (i) is subject to a partial or full Forced Outage, (ii) is undergoing a Planned Outage, or (iii) is affected by an event of Force Majeure.¶

¶

3. RA Capacity Delivery Point. The delivery point for the Facility, with respect to Buyer's Resource Adequacy Requirements, shall be [_____]¶

¶

EXHIBIT E
COMMERCIAL OPERATION CERTIFICATE

The undersigned, _____ (“EPC Contractor”), _____ (“_____ Supplier”), _____ (“Licensed Professional Engineer”) and _____ (“Owner”) make the following certifications to San Diego Gas & Electric Company (“SDG&E”), dated as of _____. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Sale Agreement dated _____ between Owner and SDG&E (the “Agreement”).

[Major Generation Equipment] Supplier hereby certifies that:

1. The _____ comprising the Facility have been erected and installed at the project site and have been commissioned as required under the Supply and Installation Agreement (“_____ Supply Agreement”) dated as of _____, by and between _____ Supplier and Owner and each such _____ has passed the performance testing required to be performed pursuant to the _____ Supply Agreement.
2. The Warranty Period under the Warranty Agreement (“Warranty Agreement”) dated as of _____, by and between _____ Supplier and Owner has commenced.

EPC Contractor hereby certifies that:

All requirements necessary to achieve [Commercial Operation/Substantial Completion] as set forth in the agreement between the EPC Contractor and Owner dated ____ (“EPC Contract”) have been completed and the Facility has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [*minimum performance guarantees*].

Owner hereby certifies that:

1. Except for punch list items that would not materially affect the performance, reliability or safe operation of the Facility, the Facility has been completed in accordance with all applicable specifications and is ready for continuous commercial operation in compliance with all applicable laws and governmental approvals. The Facility has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [*insert minimum performance guarantees*], and complete test reports have been submitted to Buyer.

2. The Operation and Maintenance Agreement (O&M Agreement), by and between Owner and _____ dated as of _____ has commenced.
3. Owner has a valid leasehold or real property interest in the Facility Site for a term of at least [] years from the Commercial Operation date.
4. The interconnection facilities have been completed in accordance with applicable specifications, tariffs, laws and governmental approvals to enable power generated by the Facility to be received at the Delivery Point.
5. Owner has obtained all governmental approvals necessary for the continuous commercial operation of the Facility and the Facility is in compliance with all such governmental approvals and all other applicable laws.

Licensed Professional Engineer certifies that:

1. We have read the Agreement, the [] Supply Contract, and the EPC Contract and we understand the requirements for Commercial Operation under the Agreement, the specifications and performance testing requirements under the [] Supply Contract, and the requirements for [Commercial Operation/Substantial Completion] under the EPC Contract.
2. We have reviewed the material and data made available to us by the Owner, the [] Supplier, and the EPC Contractor for the Facility.
3. To the extent practical, we have reviewed the engineering, procurement, construction and performance testing for the Facility and in the course of this review we have not discovered any material errors or omissions in the work performed to date.
4. We have reviewed the certificates of Owner, [] Supplier, and EPC Contractor above, and find the representations provided to be correct in all material respects.
5. We have reviewed all governmental approvals and permits identified by the Owner as being required for the construction and operation of the Facility and are of the opinion that the Facility as completed is in compliance in all material respects with the environmental and technical requirements contained therein.
6. Based on our review of the aforementioned information and of information provided to us by others which we have not independently verified, we are of the opinion that, as of, Commercial Operation has occurred as defined in the Agreement.

Executed this ___ day of ___, 200_

_____ **SUPPLIER**

a _____ corporation

By: _____

Name:

Title:

EPC CONTRACTOR

a _____ corporation

By: _____

Name:

Title:

OWNER

a _____ limited liability company

By: _____

Name:

Title:

LICENSED PROFESSIONAL ENGINEER:

a _____ corporation

By: _____

Name:

Title:

ACCEPTED BY SDG&E

BY: _____

NAME: _____

TITLE: _____

DATE: _____

EXHIBIT F
FORM OF QUARTERLY PROGRESS REPORT

Quarterly Progress Report
of
[_____]
(“Seller”)

provided to
San Diego Gas & Electric Company

[Date]

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1.0 Instructions.

All capitalized terms used in this report shall have the meanings set forth below and any capitalized terms used in this report which are not defined below shall have the meanings ascribed thereto in the Master Power Purchase and Sale Agreement by and between _____ ("Seller") and San Diego Gas & Electric Company dated _____, 2004 (the "Agreement").

Seller shall review the status of each significant element of the Facility Schedule provided pursuant to Section 10.0 of the Confirmation and Seller shall identify such matters referenced in clauses (i)-(v) below as known to Seller and which in Seller's reasonable judgment are expected to adversely affect the Project or the Facility Schedule, and with respect to any such matters, shall state the actions which Seller intends to take to ensure that Conditions and the Milestones will be attained by their required dates. Such matters may include, but shall not be limited to:

(i) Any material matter or issue arising in connection with a Governmental Approval, or compliance therewith, with respect to which there is an actual or threatened dispute over the interpretation of a law or regulation, actual or threatened opposition to the granting of a necessary Governmental Approval, any organized public opposition, any action or expenditure required for compliance or obtaining approval that Seller is unwilling to take or make, or in each case which could reasonably be expected to materially threaten or prevent financing of the Project, attaining any Condition or Milestone, or obtaining any contemplated agreements with other parties which are necessary for attaining any Condition or Milestone or which otherwise reasonably could be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(ii) Any development or event in the financial markets or the independent power industry, any change in taxation or accounting standards or practices or in Seller's business or prospects which reasonably could be expected to materially threaten financing of the Project, attainment of any Condition or Milestone or materially threaten any contemplated agreements with other parties which are necessary for attaining any Condition or Milestone or could otherwise reasonably be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(iii) A change in, or discovery by Seller of, any legal or regulatory requirement which would reasonably be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(iv) Any material change in the Seller's schedule for initiating or completing any material aspect of Project;

(v) The status of any matter or issue identified as outstanding in any prior Quarterly Report and any material change in the Seller's proposed actions to remedy or overcome such matter or issue.

Seller shall complete, certify, and deliver this form Quarter Quarterly Progress Report to [____], together with all attachments and exhibits, with [3] copies of the Report delivered to [____] and [_____].

2.0 Executive Summary.

2.1 Major activities to be performed for each aspect of the Project during the current calendar quarter.

Please provide a brief summary of the Major¹ activities to be performed for each of the following aspects of the Project during the current calendar quarter:

- 2.1.1 Design
- 2.1.2 Engineering
- 2.1.3 Major Equipment procurement
- 2.1.4 Construction
- 2.1.5 Milestone report
- 2.1.6 Permitting (See Section 3.0)

2.2 Major activities scheduled to be performed in the previous calendar quarter but not completed as scheduled.

Please provide a brief summary of the Major activities which were scheduled to be performed in the previous calendar quarter and their status, including those activities that were not completed as scheduled:

- 2.2.1 Design
- 2.2.2 Engineering
- 2.2.3 Major Equipment procurement
- 2.2.4 Construction
- 2.2.5 Milestone report
- 2.2.6 Permitting

¹ For Purposes of this Report, “Major” shall mean any activity, event, or occurrence which may have a material adverse impact on the construction of the Facility or completion of the Project on a timely basis if such activity, event, or occurrence occurs or if such activity, event, or occurrence fails to occur as anticipated or scheduled, which material adverse impact includes, but is not limited to, Seller’s inability to achieve a Milestone Date.

3.0 Permitting.

The following describes each of the Major Governmental Approvals required for the construction of the Facility and the status of each:

3.1 State and/or federal Governmental Approvals.

Please describe each of the Major state and/or federal Governmental Approval (including the Permit to Construct issued by the San Diego County Air Pollution Control District) to be obtained by Seller (or EPC Contractor) and the status of each.

DESCRIPTION	STATUS

3.2 Local and/or county Governmental Approvals.

Please describe each of the Major local and/or county Governmental Approvals to be obtained by Seller and the status of each.

DESCRIPTION	STATUS

3.3 Permitting activities which occurred during the previous calendar quarter.

Please list all permitting activities which occurred during the previous calendar quarter.

3.4 Permitting activities occurring during the current calendar quarter.

Please list all permitting activities which are expected to occur during the current calendar quarter.

3.5 Permitting Notices received from EPC Contractor.

Please attach to this Quarterly Progress Report copies of any notices related to permitting activities received from EPC Contractor during the previous calendar quarter.

4.0 Design Activities.

4.1 Table of design schedule to be followed by Seller and its subcontractors.

The following table lists the design schedule to be followed by Seller and its subcontractors.

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE

4.2 Design activities to be performed during the current calendar quarter.

Please explain in detail the design activities which are expected to be performed during the current calendar quarter.

4.3 Table of design activities completed during the previous calendar quarter.

Please explain in detail the design activities which were completed during the previous calendar quarter.

5.0 Engineering Activities.

5.1 Table of engineering schedule to be followed by Seller and its subcontractors.

The following table lists the engineering schedule to be followed by Seller and its subcontractors:

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE

5.2 Engineering activities to be performed during the current calendar quarter.

Please explain in detail the engineering activities which are expected to be performed during the current calendar quarter.

5.3 Engineering activities completed during the previous calendar month.

Please explain in detail the engineering activities which were completed during the previous calendar quarter.

5.4 Three-month look-ahead engineering schedule.

Please provide a three-month look ahead engineering schedule.

6.0 Major Equipment Procurement.

6.1 Table of major equipment to be procured by Seller and its subcontractors.

The following table lists major equipment to be procured by Seller and its subcontractors:

EQUIPME NT DESCRIPT ION	MANUFACTU RER	MOD EL	CONTRAC TED DELIVERY DATE	ACTUAL DELIVER Y DATE	PROJECTE D INSTALLA TION DATE	ACTUAL INSTALLA TION DATE

6.2 Major Equipment procurement activities to be performed during the current calendar quarter.

Please explain in detail the major equipment procurement activities which are expected to be performed during the current calendar quarter.

6.3 Major Equipment procurement activities completed during the previous calendar quarter.

Please explain in detail the major equipment procurement activities which were completed during the previous calendar quarter.

7.0 Construction Activities.

7.1 Table of construction activities to be performed by Seller and its subcontractors.

The following tables lists construction activities to be performed by Seller and its subcontractors:

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE
Civil Progress			
Structural Progress			
[Steam] Generator Progress			
Piping Progress			
IC and Electrical Progress			
Subcontractor Progress			

7.2 Construction activities to be performed during the current calendar quarter.

Please explain in detail the construction activities which are expected to be performed during the current calendar quarter.

7.3 Construction activities completed during the previous calendar quarter.

Please explain in detail the construction activities which are expected to be performed during the previous calendar quarter.

7.4 EPC Contractor Monthly Progress Report.

Please attach a copy of the Monthly Progress Reports received during the previous calendar quarter from the EPC Contractor pursuant to the EPC Contract, certified by the EPC Contractor as being true and correct as of the date issued.

7.5 Three-month look-ahead construction schedule.

Please provide a three-month look ahead construction schedule.

8.0 Milestones.

8.1 Milestone schedule.

Please state the status and progress of each Milestone and identify any completed Milestone(s) for the previous calendar quarter.

8.2 Remedial Action Plan (applicable if Seller fails to achieve Milestone by the Milestone Date).

Please explain in detail each of the following aspects of Seller's remedial action plan:

8.2.1 Missed Milestone

8.2.2 Plans to achieve missed Milestone

8.2.3 Plans to achieve subsequent Milestone

8.2.4 Delays in engineering schedule

Please explain in detail any delays beyond the scheduled Milestone Dates stated in Section 5.1, any impact from the delays on the engineering schedule, and Seller's plans to remedy such impact.

8.2.5 Delays in Major Equipment procurement

Please explain in detail any delays beyond the contracted delivery date and/or the projected installation date stated in Section 6.1, any impact from the delays on Major Equipment procurement schedule, and Seller's plans to remedy such impact.

8.2.6 Delays in construction schedule

Please explain in detail any delays beyond the scheduled completion dates stated in Section 7.1, any impact from the delays on the construction schedule, and Seller's plans to remedy such impact.

9.0 Safety and Health Reports

9.1 Please list all accidents from the previous calendar quarter:

9.2 Any work stoppage from the previous calendar quarter:

9.3 Work stoppage impact on construction of the Facility:

I, _____, on behalf of and as an authorized representative of, do hereby certify that any and all information contained in the attached Seller's Quarterly Progress Report is true and accurate, and reflects, to the best of my knowledge, the current status of the construction of the Facility as of the date specified below.

By: _____

Name: _____

Title: _____

Date: _____

RPS Project Development Status Report			
Project Name			
Date			
Date of Latest Construction Progress Report from Counterparty:			
Project Owner/Counterparty:			
Technology:			
Capacity (MW):	Annual Energy (GWh/year):		
On-Line Date:	Term/Duration (years):		
Construction Start Date:	Point of Delivery:		
Location:			
Status At-A-Glance			
The below to be filled in w/ either: Completed, Acceptable, Unknown, or Concern. See Section B for a description of milestones. When the answer is "Concern" the milestone should be flagged with a notation number where additional detail is provided in Section A.			
Milestones	Status	Initial Completion Date	Projected Completion Date
Fuel/Resource Supply:			
Financing:			
Corporate Financing			
Project Financing			
Site Control (100%):			
Permitting:			
Engineering:			
Major Equipment Procurement:			
Construction:			
Startup Testing and Commissioning:			
Transmission:			
Transmission - Detail (see Section C)			
Dependent Transmission Upgrade(s):			
Scheduled Completion:			
Point of Interconnection:			
Early Interconnection:			
Gen-Tie Length:			
Gen-Tie Voltage:			
ISO Queue Position:			
Feasibility Study (FS):			
System Impact Study (SIS):			
Facilities Study (FAS):			
Remedial Action Plan:			
Additional Comments:			
Date of Preparation:			

EXHIBIT G

OUTAGE NOTIFICATION FORM

OUTAGE NOTIFICATION FORM

This form may be used to comply with CAISO's outage notification requirements for both planned and forced outages. Report outages as soon as possible by submitting form via email to TSched@SempraUtilities.com or via fax at (858) 650-6191.

Request Type:

New Scheduled Maintenance Outage ▼

Previous Notification (if applicable)

Date Sent: mm/dd/yyyy
 Time Sent: hh:mm

Generator Name: _____

Location Code: _____

Address: _____

Contact Name: _____

Phone Number: _____

Email: _____

Alternate Name: _____

Alternate Number: _____

Email: _____

(For times, use 24hr format)

Today's Date: mm/dd/yyyy

Current Time: hh:mm

Outage Start Date: mm/dd/yyyy

Outage Start Time: hh:mm

Outage End Date: mm/dd/yyyy

Outage End Time: hh:mm

Outage Duration: _____

MW Available During Outage: _____

MW Unavailable During Outage: _____

RMR Unit? Yes/No

System (Select One)

- | | | |
|--|--|--|
| <input checked="" type="radio"/> Boiler
Codes 0010-1999 | <input type="radio"/> Generator
Codes 4500-4899 | <input type="radio"/> Regulatory, Safety, Environmental
Codes 9504-9720 |
| <input type="radio"/> Balance of Plant
Codes 3110-3999 | <input type="radio"/> Pollution Control Equipment
Codes 8000-8835 | <input type="radio"/> Others
Codes 9900-9999 |
| <input type="radio"/> Steam Turbine
Codes 4000-4499 | <input type="radio"/> External
Codes 9000-9040 | |

Cause Code Ranges / Affected Component

(Select One) ▼

Cause Code / Component Problem

(Select One) ▼

Comments

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ALTERNATIVE II ¶
WIND SPECIFICATIONS ¶
¶
<sp>
=====Section Break (Next Page)===== ¶
WIND FACILITY ENGINEERING ¶
AND ¶
DESIGN SPECIFICATIONS ¶
¶
A. **GENERAL** ¶
1. **General Configuration** ¶
a. The Facility shall be designed to have a general configuration so that the wind turbines are spread out so that energy production is optimized by the site topography, and the collection system connects the turbines with the substation. The site area is situated in a rural, open landscape that consists of rolling hills and or mountainous terrain. The Respondent shall site the wind turbines within the boundary shown on the Site Topographical Map provided by Respondent. ¶
b. The setbacks of the Wind Turbine generators shall be designed to maintain a distance of _____ feet from residences, if applicable, and _____ feet from roadways and substation. ¶
2. **Site Conditions** ¶
a. Site meteorological data including wind speed and wind direction distribution to be provided by Respondent. The Facility shall be designed for the appropriate IEC class based on the data provided. ¶ ... [1]

Deleted: EXHIBIT D ¶
FORM OF QUARTERLY ¶
PROGRESS REPORT ¶
¶
Quarterly Progress Report ¶
of ¶
[_____] ¶
¶
("Seller") ¶
¶
¶
¶
¶
provided to ¶
San Diego Gas & Electric Company ¶
¶
[Date] ¶
=====Section Break (Next Page)===== ¶
1.0 **Instructions.** 1 ¶
¶
2.0 **Executive Summary.** 2 ¶
2.1 **Major activities to be performed for each aspect of the Project during the current calendar quarter.** 2 ¶
2.1.1 **Design** 2 ¶
2.1.2 **Engineering** 2 ¶
2.1.3 **Major Equipment procurement** 2 ¶
2.1.4 **Construction** 2 ¶
2.1.5 **Milestone report** 2 ¶
2.1.6 **Permitting (See Section 3.0)** 2 ¶
2.2 **Major activities scheduled to** ... [2]

ALTERNATIVE II

WIND SPECIFICATIONS

.....Section Break (Next Page).....

WIND FACILITY ENGINEERING AND DESIGN SPECIFICATIONS

A. GENERAL

1. General Configuration

a. The Facility shall be designed to have a general configuration so that the wind turbines are spread out so that energy production is optimized by the site topography, and the collection system connects the turbines with the substation. The site area is situated in a rural, open landscape that consists of rolling hills and or mountainous terrain. The Respondent shall site the wind turbines within the boundary shown on the Site Topographical Map provided by Respondent.

b. The setbacks of the Wind Turbine generators shall be designed to maintain a _____ feet from

2. S
a

SDG&E proposes the deletion of this document for the 2008 RFO.

distribution to
the appropriate

The vertical wind shear component for the wind data is ____

The air density for the site is approximately ____ Kg/m³

The average __ meter wind speed for 200_ was __ meter/second.

The average annual wind capacity factor is ____%.

- b. The temperature range for the site is -__ °F to __ °F.
- c. The peak 3-second wind gust should be assumed to be ____ mph.
- d. The maximum glaze ice covering should be assumed to be ____".
- e. A preliminary geo technical report to be provided by Respondent.
- f. The elevation of the site for the wind turbines is approximately ____ feet above sea level.

3. Operating Design

- a. The wind turbines shall be capable of autonomous control, using their own sensors and controllers from which key status indications and other data can be acquired by direct access to the information readout from a SCADA system that can be locally and remotely accessed.

4. Access and Clearances to Equipment

The following accessibility requirements shall be incorporated into the design of the Facility, unless more stringent criteria are provided elsewhere in these specifications.

- a. Equipment and machinery shall be designed so all parts thereof are easily accessible for operation, maintenance, adjustment and repair.
- b. Parts subject to wear, corrosion or other deterioration or requiring adjustment, calibration, inspection, or repairs shall be safely accessible and capable of convenient removal, replacement, and repair.
- c. Junction boxes and pull boxes will be sized such that all wiring contained within the box or terminated on terminal blocks within the box are easily accessible.

5. General Design

- a. Components, features, and design parameters specified in this document are minimum requirements. If the Respondent's design and/or experience dictates that these minimum requirements need to be exceeded or altered to meet

specified performance or capability requirements, it shall be the Respondent's responsibility to furnish all equipment above and beyond the specified requirements at no additional cost to SDG&E. However, the Respondent shall notify SDG&E, in writing, of any exceptions taken to these design specifications and shall obtain SDG&E's prior approval of these changes.

- b. Performance Guarantees and Facility Capability Requirements shall be mutually agreed upon between SDG&E and Respondent and specified in the contract documents.
- c. All wind turbines and associated equipment shall be electrically, mechanically, and structurally identical.
- d. All equipment shall be designed to operate at 100% nameplate capacity under conditions stated in this document.
- e. Each system and all associated equipment shall be suitable for outdoor operation and installation. All parts of the equipment requiring protection from the weather, from moisture, dust, and from the local ambient temperatures, shall be of weatherproof construction or shall be provided with weather tight shields or enclosures. Equipment shall be able to withstand ice shed from the turbine blades, nacelle, and tower.
- f. The use of lead-based paint is not permitted.
- g. The use of ASBESTOS is not permitted, nor shall it be used in the manufacturing of any insulating material, gaskets, cloths, pipes, or in any Respondent supplied materials, associated with the work performed under the contract documents.
- h. The entire facility shall be designed for a minimum 20-year life.

6. Disclaimer

The information in this document has been prepared to assist the Respondent in the RFO bid process. SDG&E makes no warranty, expressed or implied, and assumes no legal liability for the information in this document, nor represents that the use of this information will not infringe upon privately owned rights.

B. WIND TURBINE

1. Design Criteria

- a. Analysis of the turbine design shall be conducted and documented in a manner which meets the requirements of the IEC standard TC-88 - "Wind Turbines."
- b. Wind turbines installed shall be of the following standard models capacities:

- (1) Bonus - 1.3 MW
- (2) GE Wind - 1.5
- (3) MW Mitsubishi-, 1.0 MW
- (4) NEG Micon -1.5 MW, 1.65 MW
- (5) Nordex - 1.0 MW, 1.3 MW
- (6) Vestas - 1.8 MW
- (7) Other - (Specify Mfg. and rated nameplate capacity)

- c. The wind turbine shall utilize utility grade protection. Means shall be provided to automatically disconnect the wind turbine generator from the system if the utility connection is lost. The wind turbine shall be designed to clear faults on the generator system without damage to the wind turbine/generator.
- d. Wind turbine controls shall be designed to allow safe and reliable control of the wind turbines during all modes of operation. The wind turbines shall remain in a safe condition despite the failure of any one component, part, or power source. The wind turbines and associated equipment shall safely shut down when unsafe operating conditions are detected.
- e. Wind turbines shall meet power quality requirements defined in IEEE Standard 519-1992.
- f. The wind turbines must be Type Certified to meet IEC Standard 61400-1 for operation in the U.S.

2. Design Features

- a. Wind turbines shall interface with a 3 phase, 60 hertz utility power grid.
- b. Wind turbines shall be a horizontal axis, three bladed, up-wind facing design.
- c. Wind turbine generators shall employ windings with at least a Class F insulation rating.
- d. The Respondent will assist SDG&E in modeling the electric system with the wind turbines for computer fault analysis needs.
- e. An anemometer and wind vane shall be mounted on top of the nacelle to provide wind information for the controls.

- f. Standard sound/vibration isolation features shall be provided in the nacelle.
- g. A yaw system shall position the wind turbine so that the turbine blades face perpendicular into the wind direction.
- h. The turbines shall have redundancy in the braking system such that in the event of failure of any one component, the braking system will stop the rotor or maintain a safe rotational speed at any wind speed. The rotor and the nacelle shall be able to be secured by means other than the braking system.
- i. The turbines shall have integrated lightning protection systems.
- j. Obstruction lighting systems shall be installed on top of the wind turbines per FAA requirements. The Respondent shall submit a site layout plan to the FAA prior to construction for the FAA's notification of detailed obstruction lighting requirements. A Notice of Proposed Construction or Alteration shall also be submitted to the FAA for each wind turbine before that turbine is erected. Each wind turbine shall comply with the FAA's marking and lighting recommendations. Light on indication and light failure indication for each obstruction light shall be monitored by the turbine SCADA system with alarms generated when appropriate.
- k. There shall be a duplex 120 VAC convenience receptacle and lighting inside the turbine nacelle.
- l. A low noise, isolated ground system shall be provided for grounding of all sensitive electronic equipment according to the manufacturer's instructions. Other special grounding required by equipment manufacturers shall be provided as necessary.
- m. No logos shall be placed on the nacelle.
- n. Wind turbine blades shall be white.
- o. Wind turbines shall be supplied with Mobil synthetic lubricants.
- p. Number of wind turbine generators to be interconnected pursuant to this interconnection request: (provide description)

3. Reactance Control

- a. The Generator and Excitation System shall be designed to deliver the full nameplate output capability of the wind turbine at all ambient conditions at rated voltage and frequency. Power factor correction shall be provided by the Respondent to accommodate a 90 % lagging to 95 % leading reactive capability range without machine instability or any damage to the generator. The Generator

and Excitation System shall be excited from the interconnected system and shall not be separately or self-excited. If power factor correction capacitors are utilized, transient voltage reduction shall be incorporated into the design when the capacitors are switched on.

- b. If the wind turbine design cannot accommodate a 90% lagging to 95% leading reactive capability range, power factor correction (supplemental dynamic voltage control) shall be required. The supplemental dynamic Volt Ampere Reactive (VAR) capability (i.e. Static VAR Compensation System (SVS) or comparable technology) shall need to provide dynamic voltage regulation for the transmission interconnection bus with a minimum capability range of 90% lagging and 95% leading.
- c. For reference information, please see the SDG&E Transmission System Impact Study, to be provided by SDG&E at a later date.
- d. When changing the reactive power output, step changes corresponding to a reactive power of more than 2.5% of the network connection capacity in the high voltage network and 5% in the extra high voltage network are not permissible. No step changes smaller than 500 KVar will be required.

4. Protection System

- a. Electrical protection devices (contactors, relays, circuit breakers, fuses) shall be supplied by the Respondent to provide protection from damage to equipment caused by electrical overload and fault conditions.
- b. The Respondent shall develop settings for protective relays and shall provide SDG&E with documentation of the settings and calculations used to develop the settings.
- c. Indication/targets/alarms of wind turbine protection system malfunction shall be provided.
- d. For microprocessor relays a signed and dated print out for each relay listing all applied settings and installed software revision shall be provided. For all other relays, a signed and dated copy of the relay setting order or equivalent design document showing the actual setting applied, electrical test results verifying the relay set points and relay operation. Data must include overall current and potential device ratios (including auxiliary transformers)

5. Control System

- a. There shall be an operator station at the base of the turbine that provides local control of the turbine. A minimum of two control-system access ports shall be provided, one located within the nacelle and one within the base of the enclosed wind turbine tower.

- b. The control system shall provide for stand-alone, autonomous operation during startup, synchronization, running, and shutdown. The control system shall be designed to preclude generator start-up and/or connection to the utility grid if normal utility voltage and frequency are not present.

- c. The control system shall provide fail-safe safety system performance under all expected operating and fault conditions. The control system shall be able to detect and ensure safe shutdown for potentially dangerous operating conditions including all of the following conditions:
 - (1) Loss of utility grid connection over the complete operating wind speed range
 - (2) Rotor over speed
 - (3) Excessive nacelle tower vibration, which affects the operation of the unit
 - (4) Excessive generator temperature
 - (5) Excessive brake pad wear
 - (6) Phase errors - loss of one or more phases, phase reversal
 - (7) Under or over frequency error
 - (8) Under or over voltage error
 - (9) Ground fault
 - (10) Low wind speed
 - (11) High wind speed
 - (12) Low fluid levels
 - (13) Controller error
 - (14) Excessive energy production
 - (15) Excessive cable twist
 - (16) Low oil temperature
 - (17) Low oil pressure

6. Power Quality

a. Harmonics

Each Wind Turbine Generator shall not exceed the harmonic distortion levels as specified in IEEE 519-1992. The harmonics distortion levels at the low voltage winding terminals of the wind turbine generator step up transformer (PCC) shall not exceed the current limits as outlined in Table 10.5 [Current Distortion Limits for General Transmission Systems (>161 kV), Dispersed Generation and Cogeneration], and the voltage limits as outlined in Table 11.1 (Voltage Distortion Limits) in IEEE 519-1992.

b. Rapid Voltage Changes

Rapid voltage changes are defined as a single, rapid change of the voltage RMS value where the voltage change is of certain duration.

The connection point shall be designated at the 34.5 kV bus in the 69kV, 138kV or 230kV Substation.

With a disturbed network the generating units must support the voltage. If a voltage drops more than 10% of the root mean square (r.m.s.) of the generator terminal voltage, the generation unit must be switched over to voltage support. The support of the network voltage must be provided within 20 ms after fault identification by providing reactive power at the generator terminals with a factor of 2% of the rated current per percent of the voltage drop. Switching back from voltage control to normal operation is possible after 3 seconds.

c. Voltage Variations and Flicker

The flicker contributions Pst and Pit are defined in IEC 868 and IEC 1000-3-7. The connection point is the 34.5 kV bus in the 69kV, 138kV, or 230kV substation.

d. Telephone Interference

The Telephone Harmonic Form Factor (THFF) is defined as:

$$THFF = \sqrt{\sum_{n=1}^{50} \left(\frac{U_n}{U_1} \times F_n \right)^2}$$

$$F_n = P_n \times n \times \frac{f_1}{800}$$

f_n : frequency for the nth harmonic, Hz

U_f : 60 Hz component of the phasing voltage (RMS), kV

U_n : the nth harmonic of the voltage (RMS), kV

n : number of the harmonic

P_n : relative interference at frequency f_n in a telephone circuit as determined from a sophomoric weight factor according to CCITT (Directives Concerning the Protection of Telecommunication Lines against Harmful Effects from Electric Lines, CCITT 1978)

The THFF factor shall not exceed 1 % at the connection point (34.5 kV bus in the 69kV, 138kV, or 230kV Substation).

e. Telecommunication Interference

The wind facility shall not generate noise in the frequency range of 40-500 kHz of more than-35 dB (0 dB ~ 0.775 V) measured on a conventional PLC coupling at each of the individual wind turbines. The bandwidth shall be 2 kHz.

7. Audible Noise

Measured continuous A-weighted sound pressure level corrected for background noise, LAeq, at 6, 8, and 10 m/s standardized wind speed Vs, at the facility boundaries as measured according to IEC 61400-11 [3] must be less than 55dBA, and at any residence must be less than 45 dBA.

C. WIND TURBINE TOWER

1. Design Criteria

- a. The design basis for the Grounding System shall be IEEE 142, IEEE 80-1986, IEEE 81-1983, IEEE-665-1995 and IEEE 1050-1996, and the applicable utility industry standards and practices.
- b. Utility Industry standards for safe step-and-touch potentials shall be paramount in design considerations. The Grounding System shall be designed with sufficient capacity to dissipate the ground current under the most severe conditions and to maintain safe voltage gradients.
- c. The wind turbine tower is required to comply with applicable Occupational Safety and Health Administration (OSHA) safety regulations.

2. Tower Foundations

- a. Turbine tower foundations should be constructed to the standards specified by the wind turbine manufacturer and tower supplier and in section H "CONCRETE".
3. Tower
- a. The wind turbine tower shall be a free standing tubular steel tower designed to support the proposed wind turbine under the environmental conditions found at the site.
 - b. All towers should meet the following requirements:
 - (1) Certification for use with the supplied wind turbines.
 - (2) Grounding protection
 - (3) Work platforms at flange splice locations, cable curve transition points, ladder transfer points, and tower top to allow access to all components mounted within the tower.
 - (4) Attachment points on all components requiring lifting by material handling equipment.
 - (5) Attachment points on work platforms for personnel to attach to.
 - (6) Access ladder from the base of the tower to the nacelle with intermediate landings and safety ladder properly secured to the structure.
 - (7) Safety climb cable on ladder for personnel to attach to.
 - (8) Climbing Aid climbing assist device for the tower.
 - (9) Corrosion protection.
 - (10) A lockable steel personnel access door at the bottom of the tower facing down-wind of the prevailing wind. The door shall be equipped with a closing mechanism operable from both outside and inside the tower with a retainer to hold the door open.
 - (11) Duplex, interior 120 VAC, 20 amp, GFI receptacles installed in the base of the tower at all intermediate platforms requiring bolted installation, and at the top of the tower (under the nacelle).
 - (12) Interior lighting in the tower base, at all landings where bolting is required, and in the top of the tower.

(13) Towers shall be painted with an exterior white paint that will have a life of at least 15 years in the environmental conditions found at the site.

(14) Earthquake stress protection (if required).

- c. Turbine towers shall have SDG&E's logo on one side at a location to be designated by SDG&E in the future. The decal design will be supplied to the Respondent electronically. The Respondent shall fabricate and install the decal.
- d. Components of the Raceway System in the tower shall separate different voltages classes of cables to avoid electromagnetic interference as required by equipment manufacturers and applicable codes.
- e. Turbine towers shall be designed to withstand site wind shear with the turbine nacelle and blades supplied on the tower.

4. Tower Grounding

- a. A ground grid system consisting of bare stranded soft drawn copper conductors connected to copper-clad ground rods shall be installed to provide a low resistance path to ground for fault currents, lightning strikes, and other electrical current surges. The ground grid shall consist of a ground loop with ground rods buried around the tower perimeter. The number, location, and depth of the ground rods shall be determined by the soil resistivity and subsurface structural properties of the tower site such that the grounding requirements of the wind turbine manufacturer are met.
- b. All below grade connections between grounding conductors or between ground conductors and ground rods shall be made using an exothermal welding process which fuses the two members together, or compression connections from an approved supplier.
- c. Bare copper ground "stingers" shall be exothermally welded or compression bonded to the grid and extended through ground slabs to electrically connect the ground grid to tower steel, support steel, step-up transformers, and control enclosures. Bare ground conductors shall be insulated or run through PVC sleeves where they penetrate concrete.
- d. A copper grounding conductor shall be installed the entire length of all cable trays, racks, and wire ways containing power cables included in the Raceway System. A ground conductor for cable trays shall be bolted to each tray section. The conductor shall be connected at various locations to the ground grid or ground loop and to each end of electrical power distribution equipment ground buses when the ground bus extends through more than one section of equipment.

D. COLLECTION SYSTEM

A transmission interconnection is defined as 60 kV and above (phase-to-phase potential), overhead and/or underground. SDG&E will design, construct, own, and maintain all transmission facilities between SDG&E's existing transmission system and the point(s) of demarcation, typically an air-break, manually operated disconnect(s) located on the Respondent's property immediately adjacent to existing or proposed SDG&E transmission facilities. It is the Respondent's responsibility to purchase the property and obtain any required permits for the transmission line or lines required to interconnect their generator to the point(s) of demarcation. The Respondent may expedite the transmission interconnection process by obtaining the transmission right-of-way for SDG&E's portion of the interconnecting transmission facilities.

Each of SDG&E's 69 kV and 138 kV transmission circuits are generally capable of a maximum loading of 854 Amps. Similarly, each of SDG&E's 230 kV transmission circuits are generally capable of a maximum loading of 1145 Amps.

The Respondent is to design, construct, own, and maintain the transmission line or lines from their generator to the point(s) of demarcation. The Respondent is to design, specify, procure and install his transmission line(s) based on applicable industry codes and standards published by the NESC, ANSI, ASCE, AISC, ACI, IEEE, OSHA, ASTM and/or EEI, and in accordance with applicable state and local laws and regulations. The Respondent's line(s) shall meet the following minimum design requirements:

Calculated outages from lightning must not exceed 1 outage per 100 miles per year per circuit.

Transmission line(s) shall be designed to provide the minimum clearances required by the NESC and/or OSHA. The minimum ground clearance shall be provided under the maximum sag anticipated for the conductor.

Transmission line(s) shall be designed to withstand the wind conditions with overload capacity factors as defined in the latest edition of the NESC and shall also be designed to withstand the structural loads as specified in the ASCE Manual and Report on Engineering Practice No. 74, "Guidelines for Electrical Transmission Line Structural Loading." The Respondent shall furnish drawings, documents and calculations with adequate time for SDG&E to review only for compliance with these requirements. Details concerning the static wire and/or grounding interconnections, the electrical phasing, and the mechanical loading, geometry of the points of attachment, spacing, location and orientation of the structure(s) at the point(s) of demarcation will be communicated on a project specific basis.

l. Design Criteria

- a. The collection system shall be designed to transfer the maximum kVA output of each wind turbine, under all operating conditions, to the substation.

- b. The collection system shall also be designed so the voltage drop from the 34.5 kV terminals of the wind generator step-up transformers to the 34.5 kV bus at the transmission Substation is less than 2 % (of the nominal voltage) when all wind generators are at maximum kVA output with a power factor of 0.95 (lagging or leading). The ampere capacity of the collection system shall be designed to transfer the maximum kVA output of each wind generator at 95% of nominal voltage.
- c. Each step-up transformer shall have sufficient capacity to carry the maximum power output of the respective turbine across the site ambient temperature range.
- d. Step-up transformers shall be designed to ANSI standards and shall meet ANSI standard Z for transformer losses. The transformer impedance shall be 5.75% as defined in ANSI/IEEE step-up transformer standards. The collection system shall be designed to supply power to the turbines when the turbines are not generating power.
- e. The collection system shall be designed to supply power to the turbines when the turbines are not generating power.
- f. For environmental concerns, the collection system shall utilize under ground wiring within a 1000 foot radius of each wind turbine unless approved otherwise by SDG&E.
- g. If overhead wiring is used, applicable procedures outlined in the Avian Power Line Interaction Committee (APLIC) Raptor Research Foundation publication "Suggested Practices for Raptor Protection on Power Lines" should be followed.

2. Design Features

- a. The Respondent shall submit documentation on the final design of the collection system to SDG&E for review prior to any work being done.
- b. The collection system shall be operated at 34.5 kV to allow for interconnection with the substation.
- c. Manually operated load break disconnecting means shall be provided between the transformers and wind turbines to allow each wind turbine to be independently isolated from the collection system circuit.

3. Cable (Overhead or Underground)

- a. The Respondent shall submit detailed documents on procedures used to construct/install overhead and underground cable systems to SDG&E for review prior to any work being done. Details shall include, but not be limited to the following:

- (1) Pole classing for tangent.
 - (2) Deadend and angle structures.
 - (3) Hardware connection details.
 - (4) Anchoring details.
 - (5) Grounding plans.
 - (6) Trench details.
 - (7) Wire terminations.
 - (8) Cable pulling limitations.
- b. Routing of the collection system wiring shall follow site roads where possible.
 - c. All conductors and grounds shall be installed in a manner such that they meet applicable codes and standards and the manufacturer's recommendations.
 - d. Dead-End Structure – The Respondent will supply the structure and foundations where SDG&E will dead-end or terminate its transmission conductors. SDG&E will supply the insulators at the Respondent's expense. The Respondent shall supply the associated hardware for the transmission connection and the conductor up to the first device. The Respondent's dead-end structure will meet SDG&E's specifications based on system voltage and terrain requirements.

4. Transformers

- a. Each wind turbine will have its own step-up transformer.
- b. The transformer shall be pad mounted if external to the nacelle.
- c. The transformer shall transform electrical power received from the turbine generator or power converter to the substation voltage of 34.5 kV.
- d. Transformer high voltage and low voltage windings shall be connected grounded wye.
- e. The transformers shall be provided with four taps in the high voltage winding, approximately 2 ½ percent (two above and two below normal). Off-load tap changers shall also be provided.
- f. Fusing shall be placed on the high side of each step-up transformer.

- g. Surge arrestors shall be installed per IEEE Std 1299/C62.22.1 Annex A. At a minimum, surge arresters shall be provided at the high voltage bushings of the end transformer of a radical string of wind turbine transformers to protect the transformer string from surges on the high voltage system resulting from lightning strikes or other system disturbances. Soil resistance to neutral earth at the wind turbine site shall be measured to determine the surge protection needs of the transformer.
- h. The transformer and transformer components shall have a temperature rise rating of 65 degrees C.
- i. The transformer enclosure shall be tamper resistant with no external hardware.
- j. A secondary neutral shall be installed on separate bushings suitable for grounded or ungrounded operation.
- k. The incoming (HV) and outgoing (LV) terminal compartments shall be full height, air filled, with hinged doors and shall be located side by side, separated by a steel barrier, with the incoming compartment on the left. The incoming compartment shall be accessible only after the door to the outgoing compartment has been opened. To facilitate making connections and permit cable pulling, the doors and the compartment hood shall be removable.
- 1. The transformer shall be equipped with the following accessories:
 - (1) ANSI tank ground pads.
 - (2) One-inch filling plug on cover.
 - (3) One-inch drain valve and sampler on tank.
 - (4) Low voltage compartment to include nameplate and liquid level indication (gauge).
 - (5) Tap change handle for changing taps (de-energized operation only).
 - (6) Dial type thermometer.
 - (7) Any other items considered standard by the manufacturer.
- m. Before ordering the transformer, the Respondent must submit the transformer nameplate data sheet, attached herein as Attachment A, to SDG&E for approval. In some cases, the normal operating voltage in some parts of the system may deviate slightly from the nominal voltages. SDG&E recommends purchasing the transformer with a high-side, nominal center tap, with two taps above and two taps below, each at 2.5 percent of the nominal voltage. Approval by SDG&E does not imply warranties or endorsement. If SDG&E were to upgrade its facilities, it

becomes the Respondent's responsibility to maintain compatibility between the Respondent's System and SDG&E's System. SDG&E recommends a high-side grounded wye, low-side delta transformer bank for interconnection of a generating unit. Any other connections may require additional protection, as determined by SDG&E.

- n. Lightning Arrestors – The Respondent shall install lightning arrestors, the arrestors would be located on the transformer side of the fault-interrupting device.

E. FAULT INTERRUPTING DEVICES

The fault-interrupting device needs to have sufficient capacity to interrupt the maximum available fault current at its location. SDG&E will provide the Respondent the fault duty values upon request.

Two basic types of fault-interrupting devices are:

- Circuit Breakers

- Fuses

Circuit Breakers. A three-phase circuit breaker at the point of interconnection automatically separates the Respondent's equipment from the SDG&E system when a circuit fault is detected. Additional breakers may be installed in the Respondent's equipment to facilitate operating and protecting the Respondent facility.

Circuit Breakers should be equipped with the following:

- Trip coil to trip the breaker with an external trip signal supplied through a battery

- Two trip coils are required when the Respondent owns the breaker and SDG&E has relays located at this location. The second trip coil will be used solely by SDG&E and will be connected to the SDG&E operating battery.

- Telemeter the breaker status

- Lock out if operated by protective relays required for interconnection

Fuses. Fuses are single-phase, direct-acting, sacrificial links that melt to interrupt fault current and protect the equipment. The blown fuses should be replaced manually after each fault before the facility can return to service. Because fuses are single-phase devices, they may not all melt during a fault and thus may not automatically separate the Respondent's system from SDG&E. Large primary fuses which do not coordinate with SDG&E system are not allowed.

F. SCADA SYSTEM

1. Design Criteria

- a. The SCADA system shall consist of a HMI (Human Machine Interface) connected to the wind turbine controls, meteorological and generation equipment. The design shall take into account that all functions work autonomously of the SCADA system. The HMI interface shall be PI or equivalent and provide sub second or as a minimum one second resolution to all wind turbines within the Facility. The SCADA system shall provide the remote turbine operation status and remote control capability that is required to effectively operate the units. The Respondent shall be responsible for protocol interface and graphic design.

Supply and verify field cable to the remote control and indication equipment cabinet. Respondent will coordinate with SDG&E the installation of the SCADA equipment and will comply with SDG&E's specifications. Operation of all points will be verified by functional test. Switchyard installer will operate all required input devices and apply current/voltage to the inputs of transducers to produce outputs to prove SCADA at SDG&E request.

2. Design Features

- a. The SCADA system shall be able to control the turbines and provide key wind turbine status indications. All system input and output status indications tag names shall be made available for use if needed.
- b. The SCADA system shall be able to display wind data from wind instruments on the wind turbines, and environmental data from instruments on the MET tower.
- c. The SCADA system shall display on-off status and alarm status of FAA obstruction lighting on the wind turbines and MET tower.
- d. The SCADA system shall be able to provide control and monitoring capabilities from the wind turbines, the wind turbine substation, and from remote sites.
- e. The SCADA system shall provide historical data logging and history trending. All historical and trending information shall be capable of being displayed via the HMI interface. The system shall be designed so that 24 months of history can be saved on the hard drive of the system. Hard drive storage shall consist of a Raid 5 array or equivalent. Respondent shall list I/O points, scan times and any SOE points to be scanned.
- f. The SCADA system shall be connected to wind turbine controllers, wind instrumentation, and FAA obstruction lighting at each wind turbine. The SCADA system shall also be connected to MET tower instrumentation and FAA obstruction lighting at each MET tower. SCADA system connections at the wind turbines, MET tower, and substation shall be interconnected using a fiber optic cable.

- g. Fiber optic cable from the wind turbine and Met tower SCADA equipment shall be routed to the substation and terminated on a fiber optic patch panel in the substation. SDG&E will utilize a media converter device to change the optical signals into electrical signals that will be transported over a leased telephone line. The leased telephone line will provide connectivity from the media converter and the personal computer to SDG&E's network. SDG&E's Transmission Control Center and the CAISO will utilize connections to SDG&E's network to access the wind turbine SCADA system. The Respondent shall provide system specifications, equipment documentation, installation procedures, final configuration details, and training of all equipment and system software revisions for the SCADA system.
- h. It is recommended that all field cables be terminated in the SCADA cabinet(s) by the switchyard installer using plastic hardware (screws and washers) to isolate the SCADA equipment until ready for test. SDG&E will replace plastic with metallic hardware during commissioning of the SCADA equipment.

G. METEOROLOGICAL TOWER

1. Design Criteria

- a. The Respondent shall install a new, permanent, meteorological (Met) tower with wind monitoring instruments on the site to be used in power curve tests in accordance with power curve test standard IEC 61400-12.
- b. The Respondent shall also install a temporary Met tower, in advance of installing the wind turbines, for defining the correlation and scale factors between winds sensed at the test wind turbine and permanent Met tower in accordance with power curve test standard IEC 61400-12.
- c. The Met tower shall be designed and fabricated to the latest EIA/TIA-222-F Structural Standards for Steel Antenna Towers and Antenna Supporting Structures.
- d. One of the anemometers at wind turbine hub height will be a back-up for the other anemometer at hub height.
- e. Top mounted anemometers shall be at least five (5) tower face widths above the top of the tower.

2. Design Features

- a. The permanent Met tower shall be a guy wire supported galvanized steel lattice tower.
- b. A lightning rod shall be installed at the top of the tower to protect the wind instruments from damage caused by lightning strikes.

- c. The Met towers shall be properly grounded to minimize damage from lightning.
- d. Instruments on the permanent tower shall consist of the following:
 - (1) anemometer at 10 meters
 - (2) anemometer and wind vane at 40 meters
 - (3) two anemometers, one wind vane, one atmospheric pressure gauge, and one temperature gauge at wind turbine hub height.
- e. Acceptable sensors for the permanent and the temporary wind speed and wind direction installations (available through NRG Systems, Inc. of Hinesburg, VT) are listed below. The Respondent is encouraged to use sensors as described, but may provide alternate sensors having equivalent capabilities.
 - (1) Wind speed sensor: Maximum #40C, 3-cup, plastic anemometers, with calibration factors (offset and scale factor) provided.
 - (2) Wind direction sensor: #200P Series
- f. All instruments on the permanent tower shall be designed to be connected to the wind turbine plant SCADA system, described in above section F.
- g. A safety climb cable shall be installed on the tower.
- h. FAA obstruction lighting shall be installed on the tower to meet FAA requirements. A Notice of Proposed Construction or Alteration shall be submitted to the FAA before the MET tower is erected. The MET tower shall comply with the FAA's marking and lighting recommendations. Any failure or malfunction of FAA recommended lighting shall generate an alarm through the SCADA System.
- i. A cast-in-place concrete foundation shall be installed that is designed to support the tower. Bidders shall assume that the soils in the area of the new Met tower are similar to those described in the site geotech report.
- j. Concrete shall also be used to support the guy wire anchors.
- k. An anti-corrosion cathodic protection system shall be installed to protect the met tower foundation steel and guy wire anchors.

H. CONCRETE

The design of the concrete, reinforcing steel, anchor bolts, and grout for the wind turbine tower foundations shall be in accordance with the manufactures specifications for the conditions that exist at the site. All Respondent and/or wind turbine tower foundation manufacture design specifications and drawings shall be submitted to SDG&E. All other designs for concrete, reinforcing steel, anchor bolts, and grout shall, at a minimum, meet the following:

Reinforced concrete structures shall be designed in accordance with ACI 318, Building Code Requirements for Reinforced Concrete.

1. Design Criteria

Concrete structures shall be designed using the following design parameters

- a. Concrete strength shall be determined in accordance with ASTM C39.
- b. Where applicable, concrete materials, design strength, and mix proportions shall be in accordance with local and or the state of California, Standard Specifications for Highway Construction.
- c. Cement shall be per ASTM C-150, Type I, II, III, or V, as required by design.
- d. If fly ash is used, it shall conform to ASTM C-618, Class C or Class F, with loss on ignition not to exceed six percent.
- e. Aggregates shall be per ASTM C-33, and as herein specified:
 - (1) Fine Aggregate: Use only graded natural sand.
 - (2) Coarse Aggregate: Use only graded crushed stone or gravel. For concrete 12 inches or less in thickness the coarse aggregate shall be graded from 3/4 inches to No. 4 (Size No. 67). For all other concrete work the coarse aggregate shall be graded from 1-1/2 inches to No. 4 (Size No. 467).
- f. Water shall be clean, fresh, free from oils, acid, organic matter or other matter deleterious to concrete. Potable water is preferred.
- g. Concrete admixtures shall meet the following requirements:
 - (1) Plasticizer: ASTM C494-86, Type A
 - (2) Air-entraining agent: ASTM C260-86
 - (3) Plasticizing retarder: ASTM C494-86, Type D
- h. Reinforcing steel shall meet the following requirements:

- (1) The minimum yield strength of reinforcing steel shall be 60,000 psi.
 - (2) Welded steel wire fabric shall be plain type, ASTM A-185; in flat sheets and uncoated.
 - (3) Reinforcing steel shall be ASTM A-615, Grade 60 billet steel, deformed bars, uncoated.
 - (4) Bar supports shall be CRSI Class 3 where in contact with formed surfaces that shall not be exposed. Bar supports shall be CRSI Class I plastic protected for use in contact with forms for exposed surfaces.
 - (5) Welded wire fabric shall be ASTM A185-90a or A497-90a.
- i. Anchor bolts shall meet the following requirements:
- (1) Normal strength anchor bolts shall be ASTM A36 for threaded rods and ASTM A307 for headed bolts and for all nuts.
 - (2) High strength anchor bolts shall be ASTM A 193, Grade B7 for threaded rods and headed bolts, with ASTM A-194, Grade 2 ANSI series nuts and ASTM F436 for washers. Bolts and nuts shall be of the coarse-thread series. Bolts shall have 2A tolerances and nuts shall have 2B tolerances. Bolts shall conform to ANSI B 1.1. Nuts shall be heavy semi-finished hexagon nuts conforming to ANSI B 18.2.2.
 - (3) Anchor bolt sleeves shall be made of standard weight steel pipe conforming to ASTM A 53, or made of polyethylene plastic.
 - (4) For anchor bolts with pipe or plastic sleeves, provide plastic plugs at top of sleeves. Provide plugs with center opening 1/8-inch smaller in diameter than bolt size to ensure weather tight fit; shop or field punch or drill openings.
 - (5) Plastic plugs shall be large or type WW, tapered polyethylene cap lugs.
- j. Drilled-in concrete anchors shall meet the following requirements:
- (1) Wedge- and sleeve-type concrete expansion anchors and accessories shall be made of carbon steel with zinc-plated finish conforming to U.S. Federal Specification QQ-Z-325C or ASTM B 633. Stainless steel type 303, 304, or 316 may be used in place of this zinc-coated carbon steel only where specifically indicated by the Respondent. Undercut anchors shall be made of ASTM A 193 Grade B7 steel.
- k. Expansion joint materials shall meet the following requirements:

- (1) Filler - Preformed, ASTM D 1752, Type I (sponge rubber) or closed cell plastic foam (PVC or Polyethylene); W. R. Grace "Rodofom" Grade 300.
 - (2) Urethane sealant (self leveling) - Two component, Fed. Spec. TT-S-00227E, Type I, Class A, gray color; Pecora "NR-200 Urespan" or Tremco "TCH-900".
 - (3) Primer as recommended by sealant manufacturer.
- l. Polyethylene film vapor barrier shall meet the Fed. Spec. L-P-378D, Type I; 6 mil.
 - m. Epoxy bonding compound shall be Sika Chemical, "Sikadur Hi-Mod."
 - n. Membrane curing compound and floor sealer shall meet ASTM C309, Type I, with additional requirements that it shall have a minimum 18 percent solids, it shall be non-yellowing, and it shall have a maximum unit moisture loss of 0.039 g/sq. cm.
 - o. Non-Shrink Grout Materials shall be per ASTM C-1107; minimum 5,000 psi compressive strength at 28 day. Grout shall not contain metallic aggregate, oxidizing catalysts, gas producing agents, nor more than 300 ppm chloride.

I. ROADS AND SURFACING

Design of the roads and parking area shall conform to the wind turbine manufactures requirements to install their equipment and basic roadway standards from the county of San Diego, California.

1. A system of roads shall provide access within the facility to each Wind Turbine site, substation, and other facilities with in the Project. The Respondent shall provide on-site gravel roads for ingress and egress to the project site and each tower foundation site. The site roads, corners, intersections, and curves shall be of sufficient length, width, and strength to support truck traffic with all wheels remaining on the road and meet the needs of crane(s) and other vehicles and equipment that are expected to be required to deliver, construct, install, and maintain wind turbines. The road and any parking area base course, (if required to meet compaction design criteria) shall consist of crushed rock, subgrade stabilizer, or equivalent material. The top base surfacing shall be gravel. Roads and any parking space shall include proper drainage, soil stabilization, and fill in striving to attain roads and a parking area requiring minimal long-term maintenance. The Respondent shall design the work so as to minimize the amount of clearing and grading required. All designs shall include proper drainage measures. Compaction of graded areas shall be the responsibility of the Respondent.
 - a. The roads shall consist of a 16' minimum width gravel surface with no shoulders.
 - b. Horizontal and vertical alignment shall be based on type of anticipated traffic.

2. If required, Crushed Rock Base Course or Subgrade Stabilizer shall meet the following requirements. (Equivalent material may be used as a substitute if minimum compaction requirements are obtained):
 - a. Crushed rock base course material or subgrade stabilizer shall conform to the basic roadway standards of the county of San Diego, California.
3. Gravel Surfacing shall meet the following requirements:
 - a. Gravel Surfacing material shall conform to the basic roadway standards of the county of San Diego, California.

J. GEOTECHNICAL INVESTIGATION

1. General Information and Requirements
 - a. The Respondent shall provide preliminary geotechnical investigation and testing information from borings taken in the general area of the Facility. This information will allow the Respondent to prepare a preliminary foundation design for bidding purposes only and is not intended for final design of foundations and earthwork.
 - b. The Respondent shall provide geotechnical services including all labor, materials, and equipment to perform independent investigations necessary to support the design and construction activities of the Project. The geotechnical investigation shall include soil borings at the location of each Wind Turbine structure foundation, and laboratory testing of the samples. The Respondent shall determine detailed design criteria and descriptions of the foundation support methods based on analysis of the Respondent's site geotechnical information.
 - c. The subsurface investigations and analyses shall be performed and the geotechnical report shall be sealed by a professional engineer registered in the State of California.
2. Preliminary Work
 - a. The Respondent shall determine the ground surface elevation and location of each boring.
 - b. Prior to beginning field investigation work, the Respondent shall notify and coordinate the exact location of the borings with all utility companies and SDG&E before beginning any work to avoid damage to existing water, gas, electric, telephone, or other utilities.
3. Sampling

- a. The Respondent shall perform geotechnical standard penetration borings (ASTM:D1585) to depths of 40 - 60 feet at each of the wind turbine sites.
- b. Soil samples shall be taken in accordance with the procedures outlined in ASTM D1587-74 "Penetration Test and Split Barrel Sampling of Soils." Representative samples of soft cohesive soils shall be taken as outlined in ASTM D1586-74 "Thin-Walled Tube Sampling of Soils."
- c. Subsurface soil samples shall be taken in five (5) foot increments or at significant changes in the soil.
- d. The Respondent shall verify the location of all underground utilities and repair any damage to public or private property resulting from the Respondent's geotechnical investigation.
- e. Upon completion of each boring to the required depth, the ground water level shall be recorded. The ground water level shall be recorded again after twenty-four (24) hours.
- f. Boring holes shall be covered until filled. The Respondent shall backfill the bore holes upon completion of sampling or testing and shall dispose of or distribute any excess boring spoils around the boring hole to a smooth, uniform surface without obstructing drainage. Unless otherwise required by regulations, borings shall be backfilled with grout. After being filled, each boring location shall be marked with a wooden stake, which shall give the boring number. The Respondent shall leave the work site neat and clean.

4. Laboratory Testing

- a. A normal amount of laboratory testing shall be performed in accordance with ASTM Standard testing procedures to classify soils in accordance with the Unified Soil Classification System and to estimate the characteristic engineering and index properties of the soils.

5. Geotechnical Report

- a. The Respondent shall prepare a geotechnical report containing boring logs, boring location maps, laboratory test results, groundwater evaluation, and engineering analysis. The report shall also contain the Respondent's evaluation of the geotechnical aspects of the project.
- b. The Respondent shall submit three (3) copies of the final geotechnical report to SDG&E. One copy of the final geotechnical report shall be an unbound set with reproducible text and figures.

K. FINISHES

1. General
 - a. Finishes shall meet the following general design and application requirements as follows. The following material shall not be painted:
 - (1) Surfaces in contact with concrete or grout, unless a zinc coating for corrosion protection is recommended
 - (2) Milled and other machine-finished surfaces, unless a zinc coating for corrosion protection is recommended
 - (3) Surfaces of slide plates and other non-ferrous surfaces
 - (4) Copper and similar non-ferrous metals
 - (5) Stainless Steel
 - (6) Aluminum (except contact surfaces to prevent electrolytic action)
 - (7) Cast Iron, except base plates and hubs
 - (8) Plastic or plastic coated conduit
2. Methods, equipment, and materials shall comply with the requirements of the latest revisions of the governing SPCC standard specifications and codes.
3. The Respondent shall submit the following data to SDG&E for review:
 - a. Coating manufacturer's product data and material safety data sheets for the coating products and application instructions.
 - b. Respondent's quality assurance program which describes, as a minimum, the methods and procedures for:
 - (1) Surface preparation
 - (2) Selection of blasting sand, grit, or shot
 - (3) Quality control procedures for personnel performing the cleaning and coating work
4. In accordance with the requirements set forth by regulatory agencies, all safety regulations shall be rigidly adhered to. In addition, all safety precautions noted on the coating manufacturer's product data sheets and application instructions shall be observed.

5. The Respondent shall receive SDG&E's written approval for the paint colors prior to performing any coating work.

L. COATING MANUFACTURERS

1. Coating systems information will be provided to SDG&E at a later date.
2. Compatibility shall be as follows:
 - a. To ensure the satisfactory performance of each coating, it is essential that products applied in the field be compatible with those applied in the shops.
 - b. The Respondent shall provide in writing the name and characteristics of the product and manufacturer used for shop prime coat.

M. FENCING

1. The Respondent shall furnish all materials necessary for steel access gates and barbed wire fencing equivalent to the existing adjacent fencing. Steel vehicle access gate(s) shall be 30 feet wide and equivalent to the materials of a standard steel tubular livestock gate. The access gate(s) shall be a double opening that has a pad lock type locking device when the gate is closed.

Fencing shall generally, at a minimum, conform to the following:

- a. Wood posts shall be treated and consist of 8" diameter x 8' long for corner and end posts. Line and brace posts shall be 4" diameter x 8' long. Posts for 30' gate shall be 10" diameter x 10' long.
- b. Concrete for the 30' gate(s) posts shall have a minimum compressive strength of 1,450 psi at 28 days. All corners to be braced in both directions.
- c. Barbed wire shall be either zinc-coated or aluminum coated steel 4 barb, 12.5 gauge.
- d. Staples for fastening fence to wood posts shall be steel at least 9 gauge, 1 1/2" long.
- e. Tension wire and cross ties shall be steel wire at least 9 gauge.

N. SEEDING

1. The Respondent shall design and furnish seed generally consisting of a mix equivalent to the existing grass vegetation. The seed mix shall provide a fast germination grass to sustain protection for a slower germination hardier grass growth that is expected to survive and provide erosion control for the long term.

**ATTACHMENT A
GENERATOR AND STEP-UP TRANSFORMER DATA SHEETS**

Note: A separate copy of this appendix is required for each individual existing unit, as well as for each individual new unit at this site. All data entries must be printed in ink or typed, and each page must be signed in ink and dated where indicated. Generator and transformer parameter values should be based on 60 Hz operation.

SITE NAME: _____

SITE ADDRESS: _____

OVERVIEW DATA FOR THIS GENERATOR

GENERATOR NUMBER OR OTHER UNIQUE IDENTIFIER: _____
(For the generator described on the following sheets and attached diagrams)

1. GENERATOR IDENTIFICATION

A. Manufacturer: _____
Model: _____
Serial Number: _____

2. GENERATING CAPABILITY OF THIS UNIT

Nominal/ISO Rating (kilowatts @ power factor): _____
Summer Rating at 95°F (kilowatts @ power factor): _____
Winter Rating at 30°F (kilowatts @ power factor): _____

3. RATED VOLTAGE (kV): _____

4. RATED SPEED (RPM): _____

5. TYPE OF GENERATOR (Synchronous, Induction, etc.) and PRIME MOVER (Steam Turbine, Reciprocating, etc.) _____

6. GENERATOR GROUNDING METHOD: _____
(and Impedance Value, if applicable)

7. ONE LINE ELECTRICAL DIAGRAM(S): _____
(Showing anticipated connection to Respondent's new or existing system and/or connection to SDG&E system)

8. DESCRIPTION OF PLANNED CIRCUIT BREAKER CONFIGURATION FOR SYNCHRONIZING THE GENERATOR TO THE GRID (be sure to use to specify which individual breaker will be used):

9. PHYSICAL SITE LOCATION DRAWING(S) OR MAP(S): _____

10. ANTICIPATED BACKFEED DATE: _____

11. ANTICIPATED COMMERCIAL OPERATION DATE: _____
12. TOTAL NUMBER OF GENERATORS AT THIS SITE: _____
Signature: _____ Date: _____

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MODELING DATA FOR THE STEP-UP TRANSFORMER FOR THIS GENERATOR

SITE NAME: _____

GENERATOR NUMBER OR OTHER UNIQUE IDENTIFIER: _____
(As given on the first sheet)

1. TRANSFORMER IDENTIFICATION

A. Manufacturer: _____

B. Model: _____

C. Serial Number: _____

2. TRANSFORMER DATA

RATINGS (KVA): _____

HIGH VOLTAGE WINDING Nominal Voltage (KV): _____

CONNECTED grounded wye/ungrounded wye/grounded through impedance wye/delta
(list impedance and base if applicable)

LOW VOLTAGE WINDING Nominal Voltage (KV): _____

CONNECTED grounded wye/undergrounded wye/grounded through impedance wye/delta
(List impedance and base if applicable)

3. IMPEDANCES GIVEN IN PER UNIT ON _____ KVA, _____ KV BASE

POSITIVE SEQUENCE RESISTANCE: R1 = _____

NEGATIVE SEQUENCE RESISTANCE: R2 = _____

ZERO SEQUENCE RESISTANCE: R0 = _____

POSITIVE SEQUENCE REACTANCE: X1 = _____

NEGATIVE SEQUENCE REACTANCE: X2 = _____

ZERO SEQUENCE REACTANCE: X0 = _____

4. TAP SETTINGS

ALL AVAILABLE TAP SETTINGS

H.V. Taps (KV) _____ L.V. Taps (KV) _____

EXPECTED TAP SETTINGS

H.V. Taps (KV) _____ L.V. Taps (KV) _____

The data for the individual generator and step-up transformer provided above in this Appendix is certified as complete and accurate. Any additional engineering studies, infrastructure changes, delays, or equipment damage due to missing or inaccurate data is the responsibility of the IPP. This data will be verified as accurate and complete immediately **prior** to the generating units being commissioned and every four (4) years afterwards (or as directed by NERC/NAERO Policy once it has been finalized). Any changes to the data above once the generators are in service must be immediately be provided by SDG&E.

Name (Printed): _____

Signature: _____

Date: _____

Title: _____

E-Mail: _____

Company: _____

Address: _____

Phone: _____

Fax: _____

EXHIBIT B
POST WARRANTY
PERFORMANCE GUARANTEE

Post Warranty Performance Guarantee and Remedies. Commencing from the end of the Warranty Period and continuing for the next ___ years, Seller estimates that annual Output for each year shall be approximately _____ MWh. Commencing from the first year after the end of the Warranty Period, Seller guarantees that the Facility will produce an annual average minimum Output of _____ MWh (“Guaranteed Energy Production”). In the event that actual annual Output (“Actual Output”) is below the Guaranteed Energy Production for such period, Seller will pay Buyer an amount equal to the difference between Guaranteed Energy Production and the Actual Output for that Contract Year, multiplied by \$___/MWh as liquidated damages for failure to meet the Guaranteed Energy Production. The liquidated damages described above shall be Buyer’s sole remedy for Seller’s failure to meet the Guaranteed Energy Production for such year; provided, that such limitation of damages shall not apply in the case of an Event of Default of Seller’s, gross negligence or willful misconduct. In the event that the Actual Output is less than the Guaranteed Energy Production for any year, Seller shall provide Buyer, within thirty (30) days, a detailed remedial plan proposing commercially reasonable measures to increase Output to the minimum Guaranteed Energy Production. Seller shall implement such remedial plan in good faith in the shortest practical timeframe. Notwithstanding the remedial plan, if the Output remains below the Guaranteed Energy Production for two (2) consecutive years and or remains below the Availability Warranty of ___%, Buyer shall in its sole discretion have the right to declare an Event of Default and recover damages.

“Delivery Period” means the period of years the Post Warranty Performance Guarantee is in effect beginning with the first day of the month following the end of the Warranty Period.

“Contract Year” shall mean any of the consecutive twelve-month periods starting with the first day of the month following the end of the Warranty Period date.

“Delivery Excuse” means, at any time during the Delivery Period any of the following: (A) any Event of Default of Buyer; (B) any delay or failure by Buyer in performing any obligation under this Agreement that is not the result of Force Majeure affecting the performance of Buyer; (C) any failure of Buyer to have adequate transmission rights to take delivery of the Output at the Delivery Point; (D) curtailments ordered either directly or indirectly by the CAISO or utility.

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WIND FACILITY WARRANTY AND PERFORMANCE GURANTEES

Warranty. Seller warrants to Buyer for the term hereof that:

Defect Warranty. During the Warranty Period, the Equipment shall be free of Defects. Buyer shall promptly notify Seller of any Defect identified by Buyer, by delivering written notice to Seller of a warranty claim.

Remedy of Defects. During the Warranty Period, Seller agrees that it shall, in its sole discretion, either repair, re-install or replace Defects without cost or expense to Buyer. When a Defect in a part of the Equipment has been remedied, Seller shall be obligated, for the balance of the original Warranty Period, to repair, re-install or replace Defects in any part or component previously repaired, re-installed or replaced. Defective parts that have been replaced under this Agreement shall become and remain the property of Seller.

Failure to Remedy Defects. During the Warranty Period, if Seller fails to initiate steps to remedy Defects in the Equipment, Buyer may by written notice fix a final time for commencement of such steps. If Seller fails to initiate steps to remedy Defects before the expiration of such final time, Buyer may elect to have the necessary repairs carried out in a reasonable and workmanlike manner and at the reasonable cost and expense of Seller. Any such repairs by Buyer shall be deemed to be carried out by persons authorized by Seller.

Availability.

Availability Warranty. During the Warranty Period, and subject to the exclusions to be negotiated, the Measured Average Availability of the Wind Turbines shall not be less than the Warranted Average Availability agreed to by Seller and Buyer. If the Commencement Date occurs due to a delay in Substantial Completion, the Warranted Average Availability shall be deemed met until Substantial Completion has been achieved.

Availability Calculation. "Availability" (a percentage between 0-100%) of each Wind Turbine shall be based on the Base Hours and Operational Hours logged by each Wind Turbine's controller and for each Production Period shall equal Operational Hours divided by Base Hours multiplied by 100. "Measured Average Availability" for each applicable period shall equal the sum of the Availability of each Wind Turbine divided by the number of Wind Turbines on the Project Site.

Remedy For Low Availability. If the Measured Average Availability for any Production Period is less than the Warranted Average Availability, Seller shall pay Buyer damages for such Production Period as liquidated damages, calculated pursuant to the Warranty Payment formula subject to negotiation, as Buyer's sole and exclusive remedy.

Power Output.

Power Output Warranty. During the Warranty Period, and subject to the exclusions to be negotiated, the Measured Power Output, agreed to by Seller and Buyer for the Wind Turbines, shall not be less than the Warranted Power Output when measured. If the Commencement Date occurs due to a delay in Substantial Completion, the Warranted Power Output shall be deemed met until Substantial Completion has been achieved.

Buyer's Measurement Test Option. During the Warranty Period, Buyer may, at any time and as often as it chooses after the Start-up Period, elect to measure (and remeasure) the power output of one or more Wind Turbines. Such measurement shall be performed on behalf of Buyer by an Independent Tester. Buyer shall bear all costs and expenses for such power output tests. Such measurement shall take place according to Recommendation for Wind Turbine Power Curve Measurements to be used for type approval of wind turbines in relation to "IEC 88/61400-12, (the foregoing test being the "Measurement Test", the standards and procedures set forth being the "Measurement Test Standards", and the results of such test being the "Measured Power Output"). If the results of the Measurement Test indicate that the Measured Power Output of the Wind Turbine(s) tested equals or exceeds the Warranted Power Output, then the Warranted Power Output with respect to those tested Wind Turbine(s) shall have been proven and Seller shall have no liability for the Warranted Power Output for such Wind Turbines.

Seller's Re-measurement Option. If, during the Warranty Period, a Measurement Test determines that Measured Power Output is below the Warranted Power Output for one or more Wind Turbines, Seller shall have one hundred and twenty (120) days from the date of Seller's receipt of a written notice from Buyer to such effect, during which period Seller may adjust such Wind Turbine(s) and cause the Independent Tester to re-measure the Measured Power Output ("Re-measurement Test"). If at any time prior to expiration of such have one hundred and twenty (120) day period the Measured Power Output is re-measured to equal or exceed the Warranted Power Output, then the Warranted Power Output with respect to those Wind Turbine(s) shall have been proven and the Parties agree that the warranty shall have been satisfied and Seller shall have no liability for the Warranted Power Output for such Wind Turbine(s). Seller shall bear all reasonable costs and expenses of any Re-measurement Test for such Wind Turbines.

Remedies for Low Measured Power Output. If the results of any Measurement Test and subsequent Re-measurement Test(s) demonstrate that the actual measured power curve results in power production that is less than Warranted Power Output for certain Wind Turbines, Seller shall, during the Warranty Period, pay Buyer damages for such Wind Turbines for the period of time the Measured Power Output is less than the Warranted Power Output, as liquidated damages, calculated pursuant to the Warranty Payment formula subject to negotiation, provided that such Warranty Payment shall, in any case, accrue from the time of the Measurement Test and is Buyer's sole and exclusive remedy during the Warranty Period.

ALTERNATIVE III

WIND SPECIFICATIONS

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WIND FACILITY ENGINEERING AND DESIGN SPECIFICATIONS

A. GENERAL

1. General Configuration

a. The Facility shall be designed to have a general configuration so that the wind turbines are spread out so that energy production is optimized by the site topography, and the collection system connects the turbines with the substation. The site area is situated in a rural, open landscape that consists of rolling hills and or mountainous terrain. The Respondent shall site the wind turbines within the boundary shown on the Site Topographical Map provided by Respondent.

b. The setbacks of the Wind Turbine generators shall be designed to maintain a _____ feet from

2. S
a

For the 2007 RFO, SDG&E proposes one minor edit. In addition, Sellers will submit to SDG&E the Energy Division-issued quarterly RPS Project Development Status Report.

distribution to
the appropriate

The vertical wind shear component for the wind data is ____

The air density for the site is approximately ____ Kg/m³

The average __ meter wind speed for 200_ was __ meter/second.

The average annual wind capacity factor is ____%.

- b. The temperature range for the site is -__ °F to __ °F.
- c. The peak 3-second wind gust should be assumed to be ____ mph.
- d. The maximum glaze ice covering should be assumed to be ____".
- e. A preliminary geo technical report to be provided by Respondent.
- f. The elevation of the site for the wind turbines is approximately ____ feet above sea level.

3. Operating Design

- a. The wind turbines shall be capable of autonomous control, using their own sensors and controllers from which key status indications and other data can be acquired by direct access to the information readout from a SCADA system that can be locally and remotely accessed.

4. Access and Clearances to Equipment

The following accessibility requirements shall be incorporated into the design of the Facility, unless more stringent criteria are provided elsewhere in these specifications.

- a. Equipment and machinery shall be designed so all parts thereof are easily accessible for operation, maintenance, adjustment and repair.
- b. Parts subject to wear, corrosion or other deterioration or requiring adjustment, calibration, inspection, or repairs shall be safely accessible and capable of convenient removal, replacement, and repair.
- c. Junction boxes and pull boxes will be sized such that all wiring contained within the box or terminated on terminal blocks within the box are easily accessible.

5. General Design

- a. Components, features, and design parameters specified in this document are minimum requirements. If the Respondent's design and/or experience dictates that these minimum requirements need to be exceeded or altered to meet

specified performance or capability requirements, it shall be the Respondent's responsibility to furnish all equipment above and beyond the specified requirements at no additional cost to SDG&E. However, the Respondent shall notify SDG&E, in writing, of any exceptions taken to these design specifications and shall obtain SDG&E's prior approval of these changes.

- b. Performance Guarantees and Facility Capability Requirements shall be mutually agreed upon between SDG&E and Respondent and specified in the contract documents.
- c. All wind turbines and associated equipment shall be electrically, mechanically, and structurally identical.
- d. All equipment shall be designed to operate at 100% nameplate capacity under conditions stated in this document.
- e. Each system and all associated equipment shall be suitable for outdoor operation and installation. All parts of the equipment requiring protection from the weather, from moisture, dust, and from the local ambient temperatures, shall be of weatherproof construction or shall be provided with weather tight shields or enclosures. Equipment shall be able to withstand ice shed from the turbine blades, nacelle, and tower.
- f. The use of lead-based paint is not permitted.
- g. The use of ASBESTOS is not permitted, nor shall it be used in the manufacturing of any insulating material, gaskets, cloths, pipes, or in any Respondent supplied materials, associated with the work performed under the contract documents.
- h. The entire facility shall be designed for a minimum 20-year life.

6. Disclaimer

The information in this document has been prepared to assist the Respondent in the RFO bid process. SDG&E makes no warranty, expressed or implied, and assumes no legal liability for the information in this document, nor represents that the use of this information will not infringe upon privately owned rights.

B. WIND TURBINE

1. Design Criteria

- a. Analysis of the turbine design shall be conducted and documented in a manner which meets the requirements of the IEC standard TC-88 - "Wind Turbines."
- b. Wind turbines installed shall be of the following standard models capacities:

- (1) Bonus - 1.3 MW
- (2) GE Wind - 1.5
- (3) MW Mitsubishi-, 1.0 MW
- (4) NEG Micon -1.5 MW, 1.65 MW
- (5) Nordex - 1.0 MW, 1.3 MW
- (6) Vestas - 1.8 MW
- (7) Other - (Specify Mfg. and rated nameplate capacity)

- c. The wind turbine shall utilize utility grade protection. Means shall be provided to automatically disconnect the wind turbine generator from the system if the utility connection is lost. The wind turbine shall be designed to clear faults on the generator system without damage to the wind turbine/generator.
- d. Wind turbine controls shall be designed to allow safe and reliable control of the wind turbines during all modes of operation. The wind turbines shall remain in a safe condition despite the failure of any one component, part, or power source. The wind turbines and associated equipment shall safely shut down when unsafe operating conditions are detected.
- e. Wind turbines shall meet power quality requirements defined in IEEE Standard 519-1992.
- f. The wind turbines must be Type Certified to meet IEC Standard 61400-1 for operation in the U.S.

2. Design Features

- a. Wind turbines shall interface with a 3 phase, 60 hertz utility power grid.
- b. Wind turbines shall be a horizontal axis, three bladed, up-wind facing design.
- c. Wind turbine generators shall employ windings with at least a Class F insulation rating.
- d. The Respondent will assist SDG&E in modeling the electric system with the wind turbines for computer fault analysis needs.
- e. An anemometer and wind vane shall be mounted on top of the nacelle to provide wind information for the controls.

- f. Standard sound/vibration isolation features shall be provided in the nacelle.
- g. A yaw system shall position the wind turbine so that the turbine blades face perpendicular into the wind direction.
- h. The turbines shall have redundancy in the braking system such that in the event of failure of any one component, the braking system will stop the rotor or maintain a safe rotational speed at any wind speed. The rotor and the nacelle shall be able to be secured by means other than the braking system.
- i. The turbines shall have integrated lightning protection systems.
- j. Obstruction lighting systems shall be installed on top of the wind turbines per FAA requirements. The Respondent shall submit a site layout plan to the FAA prior to construction for the FAA's notification of detailed obstruction lighting requirements. A Notice of Proposed Construction or Alteration shall also be submitted to the FAA for each wind turbine before that turbine is erected. Each wind turbine shall comply with the FAA's marking and lighting recommendations. Light on indication and light failure indication for each obstruction light shall be monitored by the turbine SCADA system with alarms generated when appropriate.
- k. There shall be a duplex 120 VAC convenience receptacle and lighting inside the turbine nacelle.
- l. A low noise, isolated ground system shall be provided for grounding of all sensitive electronic equipment according to the manufacturer's instructions. Other special grounding required by equipment manufacturers shall be provided as necessary.
- m. No logos shall be placed on the nacelle.
- n. Wind turbine blades shall be white.
- o. Wind turbines shall be supplied with Mobil synthetic lubricants.
- p. Number of wind turbine generators to be interconnected pursuant to this interconnection request: (provide description)

3. Reactance Control

- a. The Generator and Excitation System shall be designed to deliver the full nameplate output capability of the wind turbine at all ambient conditions at rated voltage and frequency. Power factor correction shall be provided by the Respondent to accommodate a 90 % lagging to 95 % leading reactive capability range without machine instability or any damage to the generator. The Generator

and Excitation System shall be excited from the interconnected system and shall not be separately or self-excited. If power factor correction capacitors are utilized, transient voltage reduction shall be incorporated into the design when the capacitors are switched on.

- b. If the wind turbine design cannot accommodate a 90% lagging to 95% leading reactive capability range, power factor correction (supplemental dynamic voltage control) shall be required. The supplemental dynamic Volt Ampere Reactive (VAR) capability (i.e. Static VAR Compensation System (SVS) or comparable technology) shall need to provide dynamic voltage regulation for the transmission interconnection bus with a minimum capability range of 90% lagging and 95% leading.
- c. For reference information, please see the SDG&E Transmission System Impact Study, to be provided by SDG&E at a later date.
- d. When changing the reactive power output, step changes corresponding to a reactive power of more than 2.5% of the network connection capacity in the high voltage network and 5% in the extra high voltage network are not permissible. No step changes smaller than 500 KVar will be required.

4. Protection System

- a. Electrical protection devices (contactors, relays, circuit breakers, fuses) shall be supplied by the Respondent to provide protection from damage to equipment caused by electrical overload and fault conditions.
- b. The Respondent shall develop settings for protective relays and shall provide SDG&E with documentation of the settings and calculations used to develop the settings.
- c. Indication/targets/alarms of wind turbine protection system malfunction shall be provided.
- d. For microprocessor relays a signed and dated print out for each relay listing all applied settings and installed software revision shall be provided. For all other relays, a signed and dated copy of the relay setting order or equivalent design document showing the actual setting applied, electrical test results verifying the relay set points and relay operation. Data must include overall current and potential device ratios (including auxiliary transformers)

5. Control System

- a. There shall be an operator station at the base of the turbine that provides local control of the turbine. A minimum of two control-system access ports shall be provided, one located within the nacelle and one within the base of the enclosed wind turbine tower.

- b. The control system shall provide for stand-alone, autonomous operation during startup, synchronization, running, and shutdown. The control system shall be designed to preclude generator start-up and/or connection to the utility grid if normal utility voltage and frequency are not present.

- c. The control system shall provide fail-safe safety system performance under all expected operating and fault conditions. The control system shall be able to detect and ensure safe shutdown for potentially dangerous operating conditions including all of the following conditions:
 - (1) Loss of utility grid connection over the complete operating wind speed range
 - (2) Rotor over speed
 - (3) Excessive nacelle tower vibration, which affects the operation of the unit
 - (4) Excessive generator temperature
 - (5) Excessive brake pad wear
 - (6) Phase errors - loss of one or more phases, phase reversal
 - (7) Under or over frequency error
 - (8) Under or over voltage error
 - (9) Ground fault
 - (10) Low wind speed
 - (11) High wind speed
 - (12) Low fluid levels
 - (13) Controller error
 - (14) Excessive energy production
 - (15) Excessive cable twist
 - (16) Low oil temperature
 - (17) Low oil pressure

6. Power Quality

a. Harmonics

Each Wind Turbine Generator shall not exceed the harmonic distortion levels as specified in IEEE 519-1992. The harmonics distortion levels at the low voltage winding terminals of the wind turbine generator step up transformer (PCC) shall not exceed the current limits as outlined in Table 10.5 [Current Distortion Limits for General Transmission Systems (>161 kV), Dispersed Generation and Co-generation], and the voltage limits as outlined in Table 11.1 (Voltage Distortion Limits) in IEEE 519-1992.

b. Rapid Voltage Changes

Rapid voltage changes are defined as a single, rapid change of the voltage RMS value where the voltage change is of certain duration.

The connection point shall be designated at the 34.5 kV bus in the 69kV, 138kV or 230kV Substation.

With a disturbed network the generating units must support the voltage. If a voltage drops more than 10% of the root mean square (r.m.s.) of the generator terminal voltage, the generation unit must be switched over to voltage support. The support of the network voltage must be provided within 20 ms after fault identification by providing reactive power at the generator terminals with a factor of 2% of the rated current per percent of the voltage drop. Switching back from voltage control to normal operation is possible after 3 seconds.

c. Voltage Variations and Flicker

The flicker contributions Pst and Pit are defined in IEC 868 and IEC 1000-3-7. The connection point is the 34.5 kV bus in the 69kV, 138kV, or 230kV substation.

d. Telephone Interference

The Telephone Harmonic Form Factor (THFF) is defined as:

$$THFF = \sqrt{\sum_{n=1}^{50} \left(\frac{U_n}{U_1} \times F_n \right)^2}$$

$$F_n = P_n \times n \times \frac{f_1}{800}$$

f_n : frequency for the nth harmonic, Hz

U_f : 60 Hz component of the phasing voltage (RMS), kV

U_n : the nth harmonic of the voltage (RMS), kV

n : number of the harmonic

P_n : relative interference at frequency f_n in a telephone circuit as determined from a sophomoric weight factor according to CCITT (Directives Concerning the Protection of Telecommunication Lines against Harmful Effects from Electric Lines, CCITT 1978)

The THFF factor shall not exceed 1 % at the connection point (34.5 kV bus in the 69kV, 138kV, or 230kV Substation).

e. Telecommunication Interference

The wind facility shall not generate noise in the frequency range of 40-500 kHz of more than-35 dB (0 dB \sim 0.775 V) measured on a conventional PLC coupling at each of the individual wind turbines. The bandwidth shall be 2 kHz.

7. Audible Noise

Measured continuous A-weighted sound pressure level corrected for background noise, LAeq, at 6, 8, and 10 m/s standardized wind speed Vs, at the facility boundaries as measured according to IEC 61400-11 [3] must be less than 55dBA, and at any residence must be less than 45 dBA.

C. WIND TURBINE TOWER

1. Design Criteria

- a. The design basis for the Grounding System shall be IEEE 142, IEEE 80-1986, IEEE 81-1983, IEEE-665-1995 and IEEE 1050-1996, and the applicable utility industry standards and practices.
- b. Utility Industry standards for safe step-and-touch potentials shall be paramount in design considerations. The Grounding System shall be designed with sufficient capacity to dissipate the ground current under the most severe conditions and to maintain safe voltage gradients.
- c. The wind turbine tower is required to comply with applicable Occupational Safety and Health Administration (OSHA) safety regulations.

2. Tower Foundations

- a. Turbine tower foundations should be constructed to the standards specified by the wind turbine manufacturer and tower supplier and in section H "CONCRETE".
3. Tower
- a. The wind turbine tower shall be a free standing tubular steel tower designed to support the proposed wind turbine under the environmental conditions found at the site.
 - b. All towers should meet the following requirements:
 - (1) Certification for use with the supplied wind turbines.
 - (2) Grounding protection
 - (3) Work platforms at flange splice locations, cable curve transition points, ladder transfer points, and tower top to allow access to all components mounted within the tower.
 - (4) Attachment points on all components requiring lifting by material handling equipment.
 - (5) Attachment points on work platforms for personnel to attach to.
 - (6) Access ladder from the base of the tower to the nacelle with intermediate landings and safety ladder properly secured to the structure.
 - (7) Safety climb cable on ladder for personnel to attach to.
 - (8) Climbing Aid climbing assist device for the tower.
 - (9) Corrosion protection.
 - (10) A lockable steel personnel access door at the bottom of the tower facing down-wind of the prevailing wind. The door shall be equipped with a closing mechanism operable from both outside and inside the tower with a retainer to hold the door open.
 - (11) Duplex, interior 120 VAC, 20 amp, GFI receptacles installed in the base of the tower at all intermediate platforms requiring bolted installation, and at the top of the tower (under the nacelle).
 - (12) Interior lighting in the tower base, at all landings where bolting is required, and in the top of the tower.

(13) Towers shall be painted with an exterior white paint that will have a life of at least 15 years in the environmental conditions found at the site.

(14) Earthquake stress protection (if required).

c. Turbine towers shall have SDG&E's logo on one side at a location to be designated by SDG&E in the future. The decal design will be supplied to the Respondent electronically. The Respondent shall fabricate and install the decal.

d. Components of the Raceway System in the tower shall separate different voltages classes of cables to avoid electromagnetic interference as required by equipment manufacturers and applicable codes.

e. Turbine towers shall be designed to withstand site wind shear with the turbine nacelle and blades supplied on the tower.

4. Tower Grounding

a. A ground grid system consisting of bare stranded soft drawn copper conductors connected to copper-clad ground rods shall be installed to provide a low resistance path to ground for fault currents, lightning strikes, and other electrical current surges. The ground grid shall consist of a ground loop with ground rods buried around the tower perimeter. The number, location, and depth of the ground rods shall be determined by the soil resistivity and subsurface structural properties of the tower site such that the grounding requirements of the wind turbine manufacturer are met.

b. All below grade connections between grounding conductors or between ground conductors and ground rods shall be made using an exothermal welding process which fuses the two members together, or compression connections from an approved supplier.

c. Bare copper ground "stingers" shall be exothermally welded or compression bonded to the grid and extended through ground slabs to electrically connect the ground grid to tower steel, support steel, step-up transformers, and control enclosures. Bare ground conductors shall be insulated or run through PVC sleeves where they penetrate concrete.

d. A copper grounding conductor shall be installed the entire length of all cable trays, racks, and wire ways containing power cables included in the Raceway System. A ground conductor for cable trays shall be bolted to each tray section. The conductor shall be connected at various locations to the ground grid or ground loop and to each end of electrical power distribution equipment ground buses when the ground bus extends through more than one section of equipment.

D. COLLECTION SYSTEM

A transmission interconnection is defined as 60 kV and above (phase-to-phase potential), overhead and/or underground. SDG&E will design, construct, own, and maintain all transmission facilities between SDG&E's existing transmission system and the point(s) of demarcation, typically an air-break, manually operated disconnect(s) located on the Respondent's property immediately adjacent to existing or proposed SDG&E transmission facilities. It is the Respondent's responsibility to purchase the property and obtain any required permits for the transmission line or lines required to interconnect their generator to the point(s) of demarcation. The Respondent may expedite the transmission interconnection process by obtaining the transmission right-of-way for SDG&E's portion of the interconnecting transmission facilities.

Each of SDG&E's 69 kV and 138 kV transmission circuits are generally capable of a maximum loading of 854 Amps. Similarly, each of SDG&E's 230 kV transmission circuits are generally capable of a maximum loading of 1145 Amps.

The Respondent is to design, construct, own, and maintain the transmission line or lines from their generator to the point(s) of demarcation. The Respondent is to design, specify, procure and install his transmission line(s) based on applicable industry codes and standards published by the NESC, ANSI, ASCE, AISC, ACI, IEEE, OSHA, ASTM and/or EEI, and in accordance with applicable state and local laws and regulations. The Respondent's line(s) shall meet the following minimum design requirements:

Calculated outages from lightning must not exceed 1 outage per 100 miles per year per circuit.

Transmission line(s) shall be designed to provide the minimum clearances required by the NESC and/or OSHA. The minimum ground clearance shall be provided under the maximum sag anticipated for the conductor.

Transmission line(s) shall be designed to withstand the wind conditions with overload capacity factors as defined in the latest edition of the NESC and shall also be designed to withstand the structural loads as specified in the ASCE Manual and Report on Engineering Practice No. 74, "Guidelines for Electrical Transmission Line Structural Loading." The Respondent shall furnish drawings, documents and calculations with adequate time for SDG&E to review only for compliance with these requirements. Details concerning the static wire and/or grounding interconnections, the electrical phasing, and the mechanical loading, geometry of the points of attachment, spacing, location and orientation of the structure(s) at the point(s) of demarcation will be communicated on a project specific basis.

l. Design Criteria

- a. The collection system shall be designed to transfer the maximum kVA output of each wind turbine, under all operating conditions, to the substation.

- b. The collection system shall also be designed so the voltage drop from the 34.5 kV terminals of the wind generator step-up transformers to the 34.5 kV bus at the transmission Substation is less than 2 % (of the nominal voltage) when all wind generators are at maximum kVA output with a power factor of 0.95 (lagging or leading). The ampere capacity of the collection system shall be designed to transfer the maximum kVA output of each wind generator at 95% of nominal voltage.
- c. Each step-up transformer shall have sufficient capacity to carry the maximum power output of the respective turbine across the site ambient temperature range.
- d. Step-up transformers shall be designed to ANSI standards and shall meet ANSI standard Z for transformer losses. The transformer impedance shall be 5.75% as defined in ANSI/IEEE step-up transformer standards. The collection system shall be designed to supply power to the turbines when the turbines are not generating power.
- e. The collection system shall be designed to supply power to the turbines when the turbines are not generating power.
- f. For environmental concerns, the collection system shall utilize under ground wiring within a 1000 foot radius of each wind turbine unless approved otherwise by SDG&E.
- g. If overhead wiring is used, applicable procedures outlined in the Avian Power Line Interaction Committee (APLIC) Raptor Research Foundation publication "Suggested Practices for Raptor Protection on Power Lines" should be followed.

2. Design Features

- a. The Respondent shall submit documentation on the final design of the collection system to SDG&E for review prior to any work being done.
- b. The collection system shall be operated at 34.5 kV to allow for interconnection with the substation.
- c. Manually operated load break disconnecting means shall be provided between the transformers and wind turbines to allow each wind turbine to be independently isolated from the collection system circuit.

3. Cable (Overhead or Underground)

- a. The Respondent shall submit detailed documents on procedures used to construct/install overhead and underground cable systems to SDG&E for review prior to any work being done. Details shall include, but not be limited to the following:

- (1) Pole classing for tangent.
 - (2) Deadend and angle structures.
 - (3) Hardware connection details.
 - (4) Anchoring details.
 - (5) Grounding plans.
 - (6) Trench details.
 - (7) Wire terminations.
 - (8) Cable pulling limitations.
- b. Routing of the collection system wiring shall follow site roads where possible.
 - c. All conductors and grounds shall be installed in a manner such that they meet applicable codes and standards and the manufacturer's recommendations.
 - d. Dead-End Structure – The Respondent will supply the structure and foundations where SDG&E will dead-end or terminate its transmission conductors. SDG&E will supply the insulators at the Respondent's expense. The Respondent shall supply the associated hardware for the transmission connection and the conductor up to the first device. The Respondent's dead-end structure will meet SDG&E's specifications based on system voltage and terrain requirements.

4. Transformers

- a. Each wind turbine will have its own step-up transformer.
- b. The transformer shall be pad mounted if external to the nacelle.
- c. The transformer shall transform electrical power received from the turbine generator or power converter to the substation voltage of 34.5 kV.
- d. Transformer high voltage and low voltage windings shall be connected grounded wye.
- e. The transformers shall be provided with four taps in the high voltage winding, approximately 2 ½ percent (two above and two below normal). Off-load tap changers shall also be provided.
- f. Fusing shall be placed on the high side of each step-up transformer.

- g. Surge arrestors shall be installed per IEEE Std 1299/C62.22.1 Annex A. At a minimum, surge arresters shall be provided at the high voltage bushings of the end transformer of a radical string of wind turbine transformers to protect the transformer string from surges on the high voltage system resulting from lightning strikes or other system disturbances. Soil resistance to neutral earth at the wind turbine site shall be measured to determine the surge protection needs of the transformer.
- h. The transformer and transformer components shall have a temperature rise rating of 65 degrees C.
- i. The transformer enclosure shall be tamper resistant with no external hardware.
- j. A secondary neutral shall be installed on separate bushings suitable for grounded or ungrounded operation.
- k. The incoming (HV) and outgoing (LV) terminal compartments shall be full height, air filled, with hinged doors and shall be located side by side, separated by a steel barrier, with the incoming compartment on the left. The incoming compartment shall be accessible only after the door to the outgoing compartment has been opened. To facilitate making connections and permit cable pulling, the doors and the compartment hood shall be removable.
- 1. The transformer shall be equipped with the following accessories:
 - (1) ANSI tank ground pads.
 - (2) One-inch filling plug on cover.
 - (3) One-inch drain valve and sampler on tank.
 - (4) Low voltage compartment to include nameplate and liquid level indication (gauge).
 - (5) Tap change handle for changing taps (de-energized operation only).
 - (6) Dial type thermometer.
 - (7) Any other items considered standard by the manufacturer.
- m. Before ordering the transformer, the Respondent must submit the transformer nameplate data sheet, attached herein as Attachment A, to SDG&E for approval. In some cases, the normal operating voltage in some parts of the system may deviate slightly from the nominal voltages. SDG&E recommends purchasing the transformer with a high-side, nominal center tap, with two taps above and two taps below, each at 2.5 percent of the nominal voltage. Approval by SDG&E does not imply warranties or endorsement. If SDG&E were to upgrade its facilities, it

becomes the Respondent's responsibility to maintain compatibility between the Respondent's System and SDG&E's System. SDG&E recommends a high-side grounded wye, low-side delta transformer bank for interconnection of a generating unit. Any other connections may require additional protection, as determined by SDG&E.

- n. Lightning Arrestors – The Respondent shall install lightning arrestors, the arrestors would be located on the transformer side of the fault-interrupting device.

E. FAULT INTERRUPTING DEVICES

The fault-interrupting device needs to have sufficient capacity to interrupt the maximum available fault current at its location. SDG&E will provide the Respondent the fault duty values upon request.

Two basic types of fault-interrupting devices are:

Circuit Breakers

Fuses

Circuit Breakers. A three-phase circuit breaker at the point of interconnection automatically separates the Respondent's equipment from the SDG&E system when a circuit fault is detected. Additional breakers may be installed in the Respondent's equipment to facilitate operating and protecting the Respondent facility.

Circuit Breakers should be equipped with the following:

Trip coil to trip the breaker with an external trip signal supplied through a battery

Two trip coils are required when the Respondent owns the breaker and SDG&E has relays located at this location. The second trip coil will be used solely by SDG&E and will be connected to the SDG&E operating battery.

Telemeter the breaker status

Lock out if operated by protective relays required for interconnection

Fuses. Fuses are single-phase, direct-acting, sacrificial links that melt to interrupt fault current and protect the equipment. The blow fuses should be replaced manually after each fault before the facility can return to service. Because fuses are single-phase devices, they may not all melt during a fault and thus may not automatically separate the Respondent's system from SDG&E. Large primary fuses which do not coordinate with SDG&E system are not allowed.

F. SCADA SYSTEM

1. Design Criteria

- a. The SCADA system shall consist of a HMI (Human Machine Interface) connected to the wind turbine controls, meteorological and generation equipment. The design shall take into account that all functions work autonomously of the SCADA system. The HMI interface shall be PI or equivalent and provide sub second or as a minimum one second resolution to all wind turbines within the Facility. The SCADA system shall provide the remote turbine operation status and remote control capability that is required to effectively operate the units. The Respondent shall be responsible for protocol interface and graphic design.

Supply and verify field cable to the remote control and indication equipment cabinet. Respondent will coordinate with SDG&E the installation of the SCADA equipment and will comply with SDG&E's specifications. Operation of all points will be verified by functional test. Switchyard installer will operate all required input devices and apply current/voltage to the inputs of transducers to produce outputs to prove SCADA at SDG&E request.

2. Design Features

- a. The SCADA system shall be able to control the turbines and provide key wind turbine status indications. All system input and output status indications tag names shall be made available for use if needed.
- b. The SCADA system shall be able to display wind data from wind instruments on the wind turbines, and environmental data from instruments on the MET tower.
- c. The SCADA system shall display on-off status and alarm status of FAA obstruction lighting on the wind turbines and MET tower.
- d. The SCADA system shall be able to provide control and monitoring capabilities from the wind turbines, the wind turbine substation, and from remote sites.
- e. The SCADA system shall provide historical data logging and history trending. All historical and trending information shall be capable of being displayed via the HMI interface. The system shall be designed so that 24 months of history can be saved on the hard drive of the system. Hard drive storage shall consist of a Raid 5 array or equivalent. Respondent shall list I/O points, scan times and any SOE points to be scanned.
- f. The SCADA system shall be connected to wind turbine controllers, wind instrumentation, and FAA obstruction lighting at each wind turbine. The SCADA system shall also be connected to MET tower instrumentation and FAA obstruction lighting at each MET tower. SCADA system connections at the wind turbines, MET tower, and substation shall be interconnected using a fiber optic cable.

- g. Fiber optic cable from the wind turbine and Met tower SCADA equipment shall be routed to the substation and terminated on a fiber optic patch panel in the substation. SDG&E will utilize a media converter device to change the optical signals into electrical signals that will be transported over a leased telephone line. The leased telephone line will provide connectivity from the media converter and the personal computer to SDG&E's network. SDG&E's Transmission Control Center and the CAISO will utilize connections to SDG&E's network to access the wind turbine SCADA system. The Respondent shall provide system specifications, equipment documentation, installation procedures, final configuration details, and training of all equipment and system software revisions for the SCADA system.
- h. It is recommended that all field cables be terminated in the SCADA cabinet(s) by the switchyard installer using plastic hardware (screws and washers) to isolate the SCADA equipment until ready for test. SDG&E will replace plastic with metallic hardware during commissioning of the SCADA equipment.

G. METEOROLOGICAL TOWER

1. Design Criteria

- a. The Respondent shall install a new, permanent, meteorological (Met) tower with wind monitoring instruments on the site to be used in power curve tests in accordance with power curve test standard IEC 61400-12.
- b. The Respondent shall also install a temporary Met tower, in advance of installing the wind turbines, for defining the correlation and scale factors between winds sensed at the test wind turbine and permanent Met tower in accordance with power curve test standard IEC 61400-12.
- c. The Met tower shall be designed and fabricated to the latest EIA/TIA-222-F Structural Standards for Steel Antenna Towers and Antenna Supporting Structures.
- d. One of the anemometers at wind turbine hub height will be a back-up for the other anemometer at hub height.
- e. Top mounted anemometers shall be at least five (5) tower face widths above the top of the tower.

2. Design Features

- a. The permanent Met tower shall be a guy wire supported galvanized steel lattice tower.
- b. A lightning rod shall be installed at the top of the tower to protect the wind instruments from damage caused by lightning strikes.

- c. The Met towers shall be properly grounded to minimize damage from lightning.
- d. Instruments on the permanent tower shall consist of the following:
 - (1) anemometer at 10 meters
 - (2) anemometer and wind vane at 40 meters
 - (3) two anemometers, one wind vane, one atmospheric pressure gauge, and one temperature gauge at wind turbine hub height.
- e. Acceptable sensors for the permanent and the temporary wind speed and wind direction installations (available through NRG Systems, Inc. of Hinesburg, VT) are listed below. The Respondent is encouraged to use sensors as described, but may provide alternate sensors having equivalent capabilities.
 - (1) Wind speed sensor: Maximum #40C, 3-cup, plastic anemometers, with calibration factors (offset and scale factor) provided.
 - (2) Wind direction sensor: #200P Series
- f. All instruments on the permanent tower shall be designed to be connected to the wind turbine plant SCADA system, described in above section F.
- g. A safety climb cable shall be installed on the tower.
- h. FAA obstruction lighting shall be installed on the tower to meet FAA requirements. A Notice of Proposed Construction or Alteration shall be submitted to the FAA before the MET tower is erected. The MET tower shall comply with the FAA's marking and lighting recommendations. Any failure or malfunction of FAA recommended lighting shall generate an alarm through the SCADA System.
- i. A cast-in-place concrete foundation shall be installed that is designed to support the tower. Bidders shall assume that the soils in the area of the new Met tower are similar to those described in the site geotech report.
- j. Concrete shall also be used to support the guy wire anchors.
- k. An anti-corrosion cathodic protection system shall be installed to protect the met tower foundation steel and guy wire anchors.

H. CONCRETE

The design of the concrete, reinforcing steel, anchor bolts, and grout for the wind turbine tower foundations shall be in accordance with the manufactures specifications for the conditions that exist at the site. All Respondent and/or wind turbine tower foundation manufacture design specifications and drawings shall be submitted to SDG&E. All other designs for concrete, reinforcing steel, anchor bolts, and grout shall, at a minimum, meet the following:

Reinforced concrete structures shall be designed in accordance with ACI 318, Building Code Requirements for Reinforced Concrete.

1. Design Criteria

Concrete structures shall be designed using the following design parameters

- a. Concrete strength shall be determined in accordance with ASTM C39.
- b. Where applicable, concrete materials, design strength, and mix proportions shall be in accordance with local and or the state of California, Standard Specifications for Highway Construction.
- c. Cement shall be per ASTM C-150, Type I, II, III, or V, as required by design.
- d. If fly ash is used, it shall conform to ASTM C-618, Class C or Class F, with loss on ignition not to exceed six percent.
- e. Aggregates shall be per ASTM C-33, and as herein specified:
 - (1) Fine Aggregate: Use only graded natural sand.
 - (2) Coarse Aggregate: Use only graded crushed stone or gravel. For concrete 12 inches or less in thickness the coarse aggregate shall be graded from 3/4 inches to No. 4 (Size No. 67). For all other concrete work the coarse aggregate shall be graded from 1-1/2 inches to No. 4 (Size No. 467).
- f. Water shall be clean, fresh, free from oils, acid, organic matter or other matter deleterious to concrete. Potable water is preferred.
- g. Concrete admixtures shall meet the following requirements:
 - (1) Plasticizer: ASTM C494-86, Type A
 - (2) Air-entraining agent: ASTM C260-86
 - (3) Plasticizing retarder: ASTM C494-86, Type D
- h. Reinforcing steel shall meet the following requirements:

- (1) The minimum yield strength of reinforcing steel shall be 60,000 psi.
 - (2) Welded steel wire fabric shall be plain type, ASTM A-185; in flat sheets and uncoated.
 - (3) Reinforcing steel shall be ASTM A-615, Grade 60 billet steel, deformed bars, uncoated.
 - (4) Bar supports shall be CRSI Class 3 where in contact with formed surfaces that shall not be exposed. Bar supports shall be CRSI Class I plastic protected for use in contact with forms for exposed surfaces.
 - (5) Welded wire fabric shall be ASTM A185-90a or A497-90a.
- i. Anchor bolts shall meet the following requirements:
- (1) Normal strength anchor bolts shall be ASTM A36 for threaded rods and ASTM A307 for headed bolts and for all nuts.
 - (2) High strength anchor bolts shall be ASTM A 193, Grade B7 for threaded rods and headed bolts, with ASTM A-194, Grade 2 ANSI series nuts and ASTM F436 for washers. Bolts and nuts shall be of the coarse-thread series. Bolts shall have 2A tolerances and nuts shall have 2B tolerances. Bolts shall conform to ANSI B 1.1. Nuts shall be heavy semi-finished hexagon nuts conforming to ANSI B 18.2.2.
 - (3) Anchor bolt sleeves shall be made of standard weight steel pipe conforming to ASTM A 53, or made of polyethylene plastic.
 - (4) For anchor bolts with pipe or plastic sleeves, provide plastic plugs at top of sleeves. Provide plugs with center opening 1/8-inch smaller in diameter than bolt size to ensure weather tight fit; shop or field punch or drill openings.
 - (5) Plastic plugs shall be large or type WW, tapered polyethylene cap lugs.
- j. Drilled-in concrete anchors shall meet the following requirements:
- (1) Wedge- and sleeve-type concrete expansion anchors and accessories shall be made of carbon steel with zinc-plated finish conforming to U.S. Federal Specification QQ-Z-325C or ASTM B 633. Stainless steel type 303, 304, or 316 may be used in place of this zinc-coated carbon steel only where specifically indicated by the Respondent. Undercut anchors shall be made of ASTM A 193 Grade B7 steel.
- k. Expansion joint materials shall meet the following requirements:

- (1) Filler - Preformed, ASTM D 1752, Type I (sponge rubber) or closed cell plastic foam (PVC or Polyethylene); W. R. Grace "Rodofom" Grade 300.
 - (2) Urethane sealant (self leveling) - Two component, Fed. Spec. TT-S-00227E, Type I, Class A, gray color; Pecora "NR-200 Urespan" or Tremco "TCH-900".
 - (3) Primer as recommended by sealant manufacturer.
- l. Polyethylene film vapor barrier shall meet the Fed. Spec. L-P-378D, Type I; 6 mil.
 - m. Epoxy bonding compound shall be Sika Chemical, "Sikadur Hi-Mod."
 - n. Membrane curing compound and floor sealer shall meet ASTM C309, Type I, with additional requirements that it shall have a minimum 18 percent solids, it shall be non-yellowing, and it shall have a maximum unit moisture loss of 0.039 g/sq. cm.
 - o. Non-Shrink Grout Materials shall be per ASTM C-1107; minimum 5,000 psi compressive strength at 28 day. Grout shall not contain metallic aggregate, oxidizing catalysts, gas producing agents, nor more than 300 ppm chloride.

I. ROADS AND SURFACING

Design of the roads and parking area shall conform to the wind turbine manufactures requirements to install their equipment and basic roadway standards from the county of San Diego, California.

1. A system of roads shall provide access within the facility to each Wind Turbine site, substation, and other facilities with in the Project. The Respondent shall provide on-site gravel roads for ingress and egress to the project site and each tower foundation site. The site roads, corners, intersections, and curves shall be of sufficient length, width, and strength to support truck traffic with all wheels remaining on the road and meet the needs of crane(s) and other vehicles and equipment that are expected to be required to deliver, construct, install, and maintain wind turbines. The road and any parking area base course, (if required to meet compaction design criteria) shall consist of crushed rock, subgrade stabilizer, or equivalent material. The top base surfacing shall be gravel. Roads and any parking space shall include proper drainage, soil stabilization, and fill in striving to attain roads and a parking area requiring minimal long-term maintenance. The Respondent shall design the work so as to minimize the amount of clearing and grading required. All designs shall include proper drainage measures. Compaction of graded areas shall be the responsibility of the Respondent.
 - a. The roads shall consist of a 16' minimum width gravel surface with no shoulders.
 - b. Horizontal and vertical alignment shall be based on type of anticipated traffic.

2. If required, Crushed Rock Base Course or Subgrade Stabilizer shall meet the following requirements. (Equivalent material may be used as a substitute if minimum compaction requirements are obtained):
 - a. Crushed rock base course material or subgrade stabilizer shall conform to the basic roadway standards of the county of San Diego, California.
3. Gravel Surfacing shall meet the following requirements:
 - a. Gravel Surfacing material shall conform to the basic roadway standards of the county of San Diego, California.

J. GEOTECHNICAL INVESTIGATION

1. General Information and Requirements
 - a. The Respondent shall provide preliminary geotechnical investigation and testing information from borings taken in the general area of the Facility. This information will allow the Respondent to prepare a preliminary foundation design for bidding purposes only and is not intended for final design of foundations and earthwork.
 - b. The Respondent shall provide geotechnical services including all labor, materials, and equipment to perform independent investigations necessary to support the design and construction activities of the Project. The geotechnical investigation shall include soil borings at the location of each Wind Turbine structure foundation, and laboratory testing of the samples. The Respondent shall determine detailed design criteria and descriptions of the foundation support methods based on analysis of the Respondent's site geotechnical information.
 - c. The subsurface investigations and analyses shall be performed and the geotechnical report shall be sealed by a professional engineer registered in the State of California.
2. Preliminary Work
 - a. The Respondent shall determine the ground surface elevation and location of each boring.
 - b. Prior to beginning field investigation work, the Respondent shall notify and coordinate the exact location of the borings with all utility companies and SDG&E before beginning any work to avoid damage to existing water, gas, electric, telephone, or other utilities.
3. Sampling

- a. The Respondent shall perform geotechnical standard penetration borings (ASTM:D1585) to depths of 40 - 60 feet at each of the wind turbine sites.
- b. Soil samples shall be taken in accordance with the procedures outlined in ASTM D1587-74 "Penetration Test and Split Barrel Sampling of Soils." Representative samples of soft cohesive soils shall be taken as outlined in ASTM D1586-74 "Thin-Walled Tube Sampling of Soils."
- c. Subsurface soil samples shall be taken in five (5) foot increments or at significant changes in the soil.
- d. The Respondent shall verify the location of all underground utilities and repair any damage to public or private property resulting from the Respondent's geotechnical investigation.
- e. Upon completion of each boring to the required depth, the ground water level shall be recorded. The ground water level shall be recorded again after twenty-four (24) hours.
- f. Boring holes shall be covered until filled. The Respondent shall backfill the bore holes upon completion of sampling or testing and shall dispose of or distribute any excess boring spoils around the boring hole to a smooth, uniform surface without obstructing drainage. Unless otherwise required by regulations, borings shall be backfilled with grout. After being filled, each boring location shall be marked with a wooden stake, which shall give the boring number. The Respondent shall leave the work site neat and clean.

4. Laboratory Testing

- a. A normal amount of laboratory testing shall be performed in accordance with ASTM Standard testing procedures to classify soils in accordance with the Unified Soil Classification System and to estimate the characteristic engineering and index properties of the soils.

5. Geotechnical Report

- a. The Respondent shall prepare a geotechnical report containing boring logs, boring location maps, laboratory test results, groundwater evaluation, and engineering analysis. The report shall also contain the Respondent's evaluation of the geotechnical aspects of the project.
- b. The Respondent shall submit three (3) copies of the final geotechnical report to SDG&E. One copy of the final geotechnical report shall be an unbound set with reproducible text and figures.

K. FINISHES

1. General
 - a. Finishes shall meet the following general design and application requirements as follows. The following material shall not be painted:
 - (1) Surfaces in contact with concrete or grout, unless a zinc coating for corrosion protection is recommended
 - (2) Milled and other machine-finished surfaces, unless a zinc coating for corrosion protection is recommended
 - (3) Surfaces of slide plates and other non-ferrous surfaces
 - (4) Copper and similar non-ferrous metals
 - (5) Stainless Steel
 - (6) Aluminum (except contact surfaces to prevent electrolytic action)
 - (7) Cast Iron, except base plates and hubs
 - (8) Plastic or plastic coated conduit
2. Methods, equipment, and materials shall comply with the requirements of the latest revisions of the governing SPCC standard specifications and codes.
3. The Respondent shall submit the following data to SDG&E for review:
 - a. Coating manufacturer's product data and material safety data sheets for the coating products and application instructions.
 - b. Respondent's quality assurance program which describes, as a minimum, the methods and procedures for:
 - (1) Surface preparation
 - (2) Selection of blasting sand, grit, or shot
 - (3) Quality control procedures for personnel performing the cleaning and coating work
4. In accordance with the requirements set forth by regulatory agencies, all safety regulations shall be rigidly adhered to. In addition, all safety precautions noted on the coating manufacturer's product data sheets and application instructions shall be observed.

5. The Respondent shall receive SDG&E's written approval for the paint colors prior to performing any coating work.

L. COATING MANUFACTURERS

1. Coating systems information will be provided to SDG&E at a later date.
2. Compatibility shall be as follows:
 - a. To ensure the satisfactory performance of each coating, it is essential that products applied in the field be compatible with those applied in the shops.
 - b. The Respondent shall provide in writing the name and characteristics of the product and manufacturer used for shop prime coat.

M. FENCING

1. The Respondent shall furnish all materials necessary for steel access gates and barbed wire fencing equivalent to the existing adjacent fencing. Steel vehicle access gate(s) shall be 30 feet wide and equivalent to the materials of a standard steel tubular livestock gate. The access gate(s) shall be a double opening that has a pad lock type locking device when the gate is closed.

Fencing shall generally, at a minimum, conform to the following:

- a. Wood posts shall be treated and consist of 8" diameter x 8' long for corner and end posts. Line and brace posts shall be 4" diameter x 8' long. Posts for 30' gate shall be 10" diameter x 10' long.
- b. Concrete for the 30' gate(s) posts shall have a minimum compressive strength of 1,450 psi at 28 days. All corners to be braced in both directions.
- c. Barbed wire shall be either zinc-coated or aluminum coated steel 4 barb, 12.5 gauge.
- d. Staples for fastening fence to wood posts shall be steel at least 9 gauge, 1 1/2" long.
- e. Tension wire and cross ties shall be steel wire at least 9 gauge.

N. SEEDING

1. The Respondent shall design and furnish seed generally consisting of a mix equivalent to the existing grass vegetation. The seed mix shall provide a fast germination grass to sustain protection for a slower germination hardier grass growth that is expected to survive and provide erosion control for the long term.

**ATTACHMENT A
GENERATOR AND STEP-UP TRANSFORMER DATA SHEETS**

Note: A separate copy of this appendix is required for each individual existing unit, as well as for each individual new unit at this site. All data entries must be printed in ink or typed, and each page must be signed in ink and dated where indicated. Generator and transformer parameter values should be based on 60 Hz operation.

SITE NAME: _____

SITE ADDRESS: _____

OVERVIEW DATA FOR THIS GENERATOR

GENERATOR NUMBER OR OTHER UNIQUE IDENTIFIER: _____
(For the generator described on the following sheets and attached diagrams)

1. GENERATOR IDENTIFICATION

A. Manufacturer: _____
Model: _____
Serial Number: _____

2. GENERATING CAPABILITY OF THIS UNIT

Nominal/ISO Rating (kilowatts @ power factor): _____
Summer Rating at 95°F (kilowatts @ power factor): _____
Winter Rating at 30°F (kilowatts @ power factor): _____

3. RATED VOLTAGE (kV): _____

4. RATED SPEED (RPM): _____

5. TYPE OF GENERATOR (Synchronous, Induction, etc.) and PRIME MOVER (Steam Turbine, Reciprocating, etc.) _____

6. GENERATOR GROUNDING METHOD: _____
(and Impedance Value, if applicable)

7. ONE LINE ELECTRICAL DIAGRAM(S): _____
(Showing anticipated connection to Respondent's new or existing system and/or connection to SDG&E system)

8. DESCRIPTION OF PLANNED CIRCUIT BREAKER CONFIGURATION FOR SYNCHRONIZING THE GENERATOR TO THE GRID (be sure to use to specify which individual breaker will be used):

9. PHYSICAL SITE LOCATION DRAWING(S) OR MAP(S): _____

10. ANTICIPATED BACKFEED DATE: _____

11. ANTICIPATED COMMERCIAL OPERATION DATE: _____
12. TOTAL NUMBER OF GENERATORS AT THIS SITE: _____
Signature: _____ Date: _____

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MODELING DATA FOR THE STEP-UP TRANSFORMER FOR THIS GENERATOR

SITE NAME: _____

GENERATOR NUMBER OR OTHER UNIQUE IDENTIFIER: _____
(As given on the first sheet)

1. TRANSFORMER IDENTIFICATION

A. Manufacturer: _____

B. Model: _____

C. Serial Number: _____

2. TRANSFORMER DATA

RATINGS (KVA): _____

HIGH VOLTAGE WINDING Nominal Voltage (KV): _____

CONNECTED grounded wye/ungrounded wye/grounded through impedance wye/delta
(list impedance and base if applicable)

LOW VOLTAGE WINDING Nominal Voltage (KV): _____

CONNECTED grounded wye/undergrounded wye/grounded through impedance wye/delta
(List impedance and base if applicable)

3. IMPEDANCES GIVEN IN PER UNIT ON _____ KVA, _____ KV BASE

POSITIVE SEQUENCE RESISTANCE: R1 = _____

NEGATIVE SEQUENCE RESISTANCE: R2 = _____

ZERO SEQUENCE RESISTANCE: R0 = _____

POSITIVE SEQUENCE REACTANCE: X1 = _____

NEGATIVE SEQUENCE REACTANCE: X2 = _____

ZERO SEQUENCE REACTANCE: X0 = _____

4. TAP SETTINGS

ALL AVAILABLE TAP SETTINGS

H.V. Taps (KV) _____ L.V. Taps (KV) _____

EXPECTED TAP SETTINGS

H.V. Taps (KV) _____ L.V. Taps (KV) _____

The data for the individual generator and step-up transformer provided above in this Appendix is certified as complete and accurate. Any additional engineering studies, infrastructure changes, delays, or equipment damage due to missing or inaccurate data is the responsibility of the IPP. This data will be verified as accurate and complete immediately **prior** to the generating units being commissioned and every four (4) years afterwards (or as directed by NERC/NAERO Policy once it has been finalized). Any changes to the data above once the generators are in service must be immediately be provided by SDG&E.

Name (Printed): _____

Signature: _____

Date: _____

Title: _____

E-Mail: _____

Company: _____

Address: _____

Phone: _____

Fax: _____

EXHIBIT B
POST WARRANTY
PERFORMANCE GUARANTEE

Post Warranty Performance Guarantee and Remedies. Commencing from the end of the Warranty Period and continuing for the next ___ years, Seller estimates that annual Output for each year shall be approximately _____ MWh. Commencing from the first year after the end of the Warranty Period, Seller guarantees that the Facility will produce an annual average minimum Output of _____ MWh (“Guaranteed Energy Production”). In the event that actual annual Output (“Actual Output”) is below the Guaranteed Energy Production for such period, Seller will pay Buyer an amount equal to the difference between Guaranteed Energy Production and the Actual Output for that Contract Year, multiplied by \$___/MWh as liquidated damages for failure to meet the Guaranteed Energy Production. The liquidated damages described above shall be Buyer’s sole remedy for Seller’s failure to meet the Guaranteed Energy Production for such year; provided, that such limitation of damages shall not apply in the case of an Event of Default of Seller’s, gross negligence or willful misconduct. In the event that the Actual Output is less than the Guaranteed Energy Production for any year, Seller shall provide Buyer, within thirty (30) days, a detailed remedial plan proposing commercially reasonable measures to increase Output to the minimum Guaranteed Energy Production. Seller shall implement such remedial plan in good faith in the shortest practical timeframe. Notwithstanding the remedial plan, if the Output remains below the Guaranteed Energy Production for two (2) consecutive years and or remains below the Availability Warranty of ___%, Buyer shall in its sole discretion have the right to declare an Event of Default and recover damages.

“Delivery Period” means the period of years the Post Warranty Performance Guarantee is in effect beginning with the first day of the month following the end of the Warranty Period.

“Contract Year” shall mean any of the consecutive twelve-month periods starting with the first day of the month following the end of the Warranty Period date.

“Delivery Excuse” means, at any time during the Delivery Period any of the following: (A) any Event of Default of Buyer; (B) any delay or failure by Buyer in performing any obligation under this Agreement that is not the result of Force Majeure affecting the performance of Buyer; (C) any failure of Buyer to have adequate transmission rights to take delivery of the Output at the Delivery Point; (D) curtailments ordered either directly or indirectly by the CAISO or utility.

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WIND FACILITY WARRANTY AND PERFORMANCE GURANTEES

Warranty. Seller warrants to Buyer for the term hereof that:

Defect Warranty. During the Warranty Period, the Equipment shall be free of Defects. Buyer shall promptly notify Seller of any Defect identified by Buyer, by delivering written notice to Seller of a warranty claim.

Remedy of Defects. During the Warranty Period, Seller agrees that it shall, in its sole discretion, either repair, re-install or replace Defects without cost or expense to Buyer. When a Defect in a part of the Equipment has been remedied, Seller shall be obligated, for the balance of the original Warranty Period, to repair, re-install or replace Defects in any part or component previously repaired, re-installed or replaced. Defective parts that have been replaced under this Agreement shall become and remain the property of Seller.

Failure to Remedy Defects. During the Warranty Period, if Seller fails to initiate steps to remedy Defects in the Equipment, Buyer may by written notice fix a final time for commencement of such steps. If Seller fails to initiate steps to remedy Defects before the expiration of such final time, Buyer may elect to have the necessary repairs carried out in a reasonable and workmanlike manner and at the reasonable cost and expense of Seller. Any such repairs by Buyer shall be deemed to be carried out by persons authorized by Seller.

Availability.

Availability Warranty. During the Warranty Period, and subject to the exclusions to be negotiated, the Measured Average Availability of the Wind Turbines shall not be less than the Warranted Average Availability agreed to by Seller and Buyer. If the Commencement Date occurs due to a delay in Substantial Completion, the Warranted Average Availability shall be deemed met until Substantial Completion has been achieved.

Availability Calculation. "Availability" (a percentage between 0-100%) of each Wind Turbine shall be based on the Base Hours and Operational Hours logged by each Wind Turbine's controller and for each Production Period shall equal Operational Hours divided by Base Hours multiplied by 100. "Measured Average Availability" for each applicable period shall equal the sum of the Availability of each Wind Turbine divided by the number of Wind Turbines on the Project Site.

Remedy For Low Availability. If the Measured Average Availability for any Production Period is less than the Warranted Average Availability, Seller shall pay Buyer damages for such Production Period as liquidated damages, calculated pursuant to the Warranty Payment formula subject to negotiation, as Buyer's sole and exclusive remedy.

Power Output.

Power Output Warranty. During the Warranty Period, and subject to the exclusions to be negotiated, the Measured Power Output, agreed to by Seller and Buyer for the Wind Turbines, shall not be less than the Warranted Power Output when measured. If the Commencement Date occurs due to a delay in Substantial Completion, the Warranted Power Output shall be deemed met until Substantial Completion has been achieved.

Buyer's Measurement Test Option. During the Warranty Period, Buyer may, at any time and as often as it chooses after the Start-up Period, elect to measure (and remeasure) the power output of one or more Wind Turbines. Such measurement shall be performed on behalf of Buyer by an Independent Tester. Buyer shall bear all costs and expenses for such power output tests. Such measurement shall take place according to Recommendation for Wind Turbine Power Curve Measurements to be used for type approval of wind turbines in relation to "IEC 88/61400-12, (the foregoing test being the "Measurement Test", the standards and procedures set forth being the "Measurement Test Standards", and the results of such test being the "Measured Power Output"). If the results of the Measurement Test indicate that the Measured Power Output of the Wind Turbine(s) tested equals or exceeds the Warranted Power Output, then the Warranted Power Output with respect to those tested Wind Turbine(s) shall have been proven and Seller shall have no liability for the Warranted Power Output for such Wind Turbines.

Seller's Re-measurement Option. If, during the Warranty Period, a Measurement Test determines that Measured Power Output is below the Warranted Power Output for one or more Wind Turbines, Seller shall have one hundred and twenty (120) days from the date of Seller's receipt of a written notice from Buyer to such effect, during which period Seller may adjust such Wind Turbine(s) and cause the Independent Tester to re-measure the Measured Power Output ("Re-measurement Test"). If at any time prior to expiration of such have one hundred and twenty (120) day period the Measured Power Output is re-measured to equal or exceed the Warranted Power Output, then the Warranted Power Output with respect to those Wind Turbine(s) shall have been proven and the Parties agree that the warranty shall have been satisfied and Seller shall have no liability for the Warranted Power Output for such Wind Turbine(s). Seller shall bear all reasonable costs and expenses of any Re-measurement Test for such Wind Turbines.

Remedies for Low Measured Power Output. If the results of any Measurement Test and subsequent Re-measurement Test(s) demonstrate that the actual measured power curve results in power production that is less than Warranted Power Output for certain Wind Turbines, Seller shall, during the Warranty Period, pay Buyer damages for such Wind Turbines for the period of time the Measured Power Output is less than the Warranted Power Output, as liquidated damages, calculated pursuant to the Warranty Payment formula subject to negotiation, provided that such Warranty Payment shall, in any case, accrue from the time of the Measurement Test and is Buyer's sole and exclusive remedy during the Warranty Period.

**EXHIBIT A
FORM OF GUARANTY**

GUARANTY

In consideration of San Diego Gas and Electric Company ("Company") entering into a power purchase agreement with [NAME OF COUNTERPARTY] (hereinafter referred to as "Applicant"), [NAME OF GUARANTOR], a [TYPE OF LEGAL ENTITY i.e. California corporation], (hereinafter referred to as "Guarantor") agrees with Company as follows:

1. The term "Obligations" shall mean all obligations, liabilities and indebtedness of any kind whatsoever arising in connection with _____ or arising in connection with or under any security agreement or other agreement between the Company and Applicant. The amount of Obligations existing from time to time shall be calculated after giving effect to all contractual netting arrangements between Applicant and the Company.

2. Guarantor unconditionally and irrevocably guarantees to Company the full, prompt and faithful payment and performance when due of each and all of the Obligations.

3. This is a continuing guaranty relating to the Obligations. Guarantor acknowledges that there is a continuing consideration to Guarantor for this Guaranty and therefore Guarantor waives and relinquishes the right to revoke or terminate this Guaranty as provided in California Civil Code Section 2815 except for the right to terminate this Guaranty in accordance with this paragraph 3. No termination of this Guaranty by Guarantor shall affect any Obligations outstanding or contracted or committed for as of the effective date of the termination, the payment of which Obligations shall continue to be guaranteed by Guarantor pursuant to this Guaranty notwithstanding such termination, and this Guaranty shall remain in full force and effect with respect to such Obligations until finally and irrevocably paid in full. Guarantor may terminate this Guaranty with respect to future Obligations only by delivering personally, by certified mail, postage prepaid and return receipt requested, or by confirmed facsimile transmission (fax), written notice thereof to Company, provided that such notice shall specify the effective date thereof, which effective date shall be no sooner than forty-five (45) days after Company's actual receipt of such notice, at the address set forth below (or to such new address or fax number as Company may designate hereafter in a notice to Guarantor):

San Diego Gas and Electric Company
555 W. Fifth Street
Attn: Major Markets 10E3, Credit Manager
Los Angeles, CA 90013
Fax No.: (213) 244-8316

4. Any of the Obligations may be amended, modified, waived, or increased (whether or not beyond any dollar limitation hereunder), further agreements may be entered into between Company and Applicant, Company may provide additional goods or services or credit to Applicant or increase or decrease the dollar value of such goods, services or credit, and further obligations (including, without limitation, the provision or pledging of security to Company for any obligation), indebtedness and liabilities may be entered into or incurred from time to time by Applicant and without further authorization from or notice to Guarantor and no such action shall terminate, release, impair, reduce, discharge, diminish or in any way affect any of the obligations of Guarantor hereunder or any security furnished by Guarantor or give Guarantor any recourse or defense against Company. Company need not inquire into the power of Applicant or the authority of its officers, directors, partners or agents acting or purporting to act in its behalf.

5. With respect to all Obligations, this is a guaranty of payment and performance and not of collection, and Guarantor waives and agrees not to assert or take advantage of:

(a) any right to require Company to proceed against Applicant or any other person or to resort to, proceed against or exhaust any security held by it at any time or to pursue any other remedy in its power before proceeding against any Guarantor;

(b) demand, presentment, protest and notice of any kind including, without limiting the generality of the foregoing, notice of nonperformance, protest, dishonor and acceptance of this Guaranty, notice under Section 9611 of the California Commercial Code, and notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of Applicant, Company, a guarantor under this or any other instrument, or creditor of Applicant or any other person whomsoever, in connection with any of the Obligations or any collateral for any of the Obligations or in connection with any of the Obligations; and

(c) any suretyship defenses and suretyship rights of every nature otherwise available under California law and the laws of any other state or jurisdiction, including, without limitation, all defenses and rights arising under Sections 2787 through 2855 of the California Civil Code (the "Suretyship Provisions") and any successor provisions to those Sections. Without limiting the generality of the foregoing, Guarantor acknowledges his, her or its understanding that the Suretyship Provisions provide various partial or complete defenses to the recovery by Company from Guarantor and/or grant Guarantor rights the enforcement of which could reduce or eliminate entirely Guarantor's liability hereunder to Company. Among the defenses and rights contained in the Suretyship Provisions are the following: (1) Section 2809 of the Civil Code, which provides, in part, that the obligation of a surety must not be either larger in amount or in other respects more burdensome than that of the principal; (2) Section 2810 of the Civil Code, which provides, in part, that a surety is not liable if for any reason other than the mere personal disability of the principal there is no liability upon the part of the principal at the time of execution of the contract, or the liability of the principal thereafter ceases; (3) Section 2819 of the Civil Code, which provides, in part, that a surety is exonerated if the creditor alters the original obligation of the principal without the consent of the surety; (4) Section 2845 of the Civil Code, which provides, in part, that a surety is exonerated to the extent that the creditor fails to proceed against the principal, or to pursue any other remedy in the creditor's power which the surety cannot pursue and which would lighten the surety's burden; (5) Section 2846 of the Civil Code, which provides that a surety may compel his principal to perform the obligation when due; (6) Section 2847 of the Civil Code, which provides, in part, that if a surety satisfies the principal obligation, or any part thereof, the principal is obligated to reimburse the surety for the amounts paid by the surety; (7) Section 2848 of the Civil Code, which provides, in part, that a surety, upon satisfaction of the obligation of the principal is entitled to enforce remedies which the creditor then has against the principal; (8) Section 2849 of the Civil Code, which provides, in part, that a surety is entitled to the benefit of security held by the creditor for the performance of the principal obligation held by the creditor; (9) Section 2850 of the Civil Code, which provides, in part, that whenever the property of a surety is hypothecated with property of the principal, the surety is entitled to have the property of the principal first applied to the discharge of the obligation; and (10) Section 2822 of the Civil Code, which provides, in part, for a right to have the principal designate the portion of any obligation to be satisfied by the surety in the event that the principal provides partial satisfaction of such obligation.

6. All existing and future indebtedness of Applicant to Guarantor ("Intercompany Obligations") is subordinated to all Obligations hereby guaranteed. All of Guarantor's right, title and interest in and to the Intercompany Obligations and rights to receive any payments of the Intercompany Obligations are hereby granted and assigned to Company as continuing security for the Obligations hereby guaranteed, and, in the event of any default in the payment of any of the Obligations when due and until the Obligations guaranteed hereby have been paid in full (a) at the Company's request, Applicant shall forthwith pay to the Company all or any part of such Intercompany Obligations and any capital

which Guarantor is entitled to withdraw until all of the Obligations guaranteed hereby have been paid in full, and (b) Guarantor shall pay to Company immediately any payments of such Intercompany Obligations received by Guarantor.

7. Guarantor agrees to pay all attorneys' fees (including without limitation, reasonably allocated fees of in-house counsel) and all other costs and expenses which may be incurred by Company in the enforcement of this Guaranty against Guarantor.

8. This Guaranty is not assignable by Guarantor without Company's consent. This Guaranty shall inure to the benefit of Company and its successors and assigns, including the assignees of any Obligations, and bind the heirs, executors, administrators, successors and permitted (if any) assigns of Guarantor. This Guaranty is assignable by Company with respect to all or any portion of the Obligations, and when so assigned Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by Company.

9. This Guaranty shall be governed by and construed in accordance with the laws of the State of California, without reference to its choice of law provisions. Guarantor hereby irrevocably and unconditionally agrees that any legal action or proceeding against Guarantor or any of Guarantor's property with respect to this Guaranty may be brought in the courts of the State of California in the County of San Diego or the courts of the United States in the County of San Diego, as Company may elect, and by executing and delivering this Guaranty Guarantor hereby submits to and accepts with regard to any such action or proceeding for himself, herself or itself and in respect of his, her or its property, generally, irrevocably and unconditionally, the jurisdiction of the above mentioned courts. Guarantor hereby irrevocably appoints the Secretary of State of the State of California as his, her or its agent for service of process in any suit or proceeding if the Guarantor is located outside the State of California at the time of service or cannot reasonably be located by Company. The foregoing, however, shall not limit the right of Company as it may elect to bring any legal action or proceeding or to obtain execution of judgment in any other appropriate jurisdiction including but not limited to any other jurisdiction in which Guarantor or his, her or its property is located.

10. Except as provided in any other written agreement now or at any time hereafter in force between Company and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with Company with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Company unless expressed herein.

11. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and, except for notice of termination of this Guaranty pursuant to paragraph 3 which shall be effective as provided therein, shall be given personally, by certified or registered mail, postage prepaid, return receipt requested, or by reliable overnight courier to the address of the Company set forth in paragraph 3 herein (or to such new address as Company may designate hereafter in a notice to Guarantor) in the case of a communication to the Company and to the address appearing next to Guarantor's signature on this Guaranty (or to such new address as Guarantor may designate hereafter in a notice to Company) in the case of a communication to Guarantor. Any notice served personally shall be deemed delivered upon receipt, and any notice served by certified or registered mail or by reliable overnight courier shall be deemed delivered on the date of receipt as shown on the addressee's registry or certification of receipt or on the date receipt is refused as shown on the records or manifest of the U.S. Postal Service or such courier.

12. Until all of the Obligations guaranteed hereby have been satisfied in full, Guarantor shall have no right of subrogation or reimbursement from the Applicant which Guarantor may have as a result of any payment by Guarantor under this Guaranty, and waives any right to enforce any remedy which

Company now has or may hereafter have against the Applicant as a result of such payment by Guarantor under this Guaranty and waives any right under section 2849 of the California Civil Code and any other benefit of or right to participate in any security now or hereafter held by Company.

13. All amounts payable by Guarantor hereunder shall be paid without set-off or counterclaim and without any deduction or withholding whatsoever unless and to the extent that Guarantor shall be prohibited by law from doing so, in which case Guarantor shall pay to Company such additional amount as shall be necessary to ensure that Company receives the full amount it would have received if no such deduction or withholding had been made.

14. If any portion of this Guaranty is held to be unenforceable by a court of competent jurisdiction, the remainder of this Guaranty shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty on [MONTH AND DAY], 2007.

GUARANTOR: [NAME OF GUARANTOR]

Signature

Title

Printed Name of Person Signing for Guarantor

Guarantor's Address

City, State, Zip

Guarantor's Phone No.

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EXHIBIT B

FORM OF LETTER OF CREDIT

[DATE]

To: [Name and Address of Secured Party]

Re: Our Irrevocable Standby Letter of Credit No. _____

In the Amount of US _____

Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number _____ in favor of [name of Secured Party] (“Secured Party”), by order and for account of [name of Account Party] (“Account Party”), [address of Account Party], available at sight upon demand at our counters, at [location] for an amount of US\$ _____ [amount spelled out and xx/100 U.S. Dollars] against presentation one of the following documents:

1- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “[name of Account Party] (“Account Party”) is in default under the agreement between Secured Party and Account Party dated _____ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a “default”, “event of default” or similar term as defined in such agreement, any other agreement between Secured Party and Account Party, or otherwise). The amount due to Secured Party is US \$ _____.”

or

2- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “as of the close of business on _____ [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Secured Party, whether or not a default has occurred, is U.S. \$ _____.”

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Account Party.
- Partial and multiple drawings are permitted.
- Fax of Document 1 or 2 above acceptable.

This Letter of Credit expires on _____ at our counters.

We hereby engage with Secured Party that upon presentation of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1 or 2 above. If a document is so presented by 1:00 pm on any New York banking day, we will honor the same in full in immediately available New York funds on that day and, if so presented after 1:00 pm on a New York banking day, we will honor the same in full in immediately available New York funds by noon on the following New York banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500 (“UCP”), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 13(b) and 17 of the UCP, in which case the terms of this Letter of Credit shall govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.

[Name of Bank]

Authorized Signature(s)

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EXHIBIT C

COMMERCIAL OPERATION CERTIFICATE

The undersigned, _____ (“EPC Contractor”), _____ (“_____ Supplier”), _____ (“Licensed Professional Engineer”) and _____ (“Owner”) make the following certifications to San Diego Gas & Electric Company (“SDG&E”), dated as of _____. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Sale Agreement dated _____ between Owner and SDG&E (the “Agreement”).

[Major Generation Equipment] Supplier hereby certifies that:

The _____ comprising the Facility have been erected and installed at the project site and have been commissioned as required under the Supply and Installation Agreement (“_____ Supply Agreement”) dated as of _____, by and between _____ Supplier and Owner and each such _____ has passed the performance testing required to be performed pursuant to the _____ Supply Agreement.

The Warranty Period under the Warranty Agreement (“Warranty Agreement”) dated as of _____, by and between _____ Supplier and Owner has commenced.

EPC Contractor hereby certifies that:

All requirements necessary to achieve [Commercial Operation/Substantial Completion] as set forth in the agreement between the EPC Contractor and Owner dated ____ (“EPC Contract”) have been completed and the Facility has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [*minimum performance guarantees*].

Owner hereby certifies that:

1. Except for punch list items that would not materially affect the performance, reliability or safe operation of the Facility, the Facility has been completed in accordance with all applicable specifications and is ready for continuous commercial operation in compliance with all applicable laws and governmental approvals. The Facility has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [*insert minimum performance guarantees*], and complete test reports have been submitted to Buyer.
2. The Operation and Maintenance Agreement (O&M Agreement), by and between Owner and _____ dated as of _____ has commenced.
3. Owner has a valid leasehold or real property interest in the Facility Site for a term of at least [____] years from the Commercial Operation date.
4. The interconnection facilities have been completed in accordance with applicable specifications, tariffs, laws and governmental approvals to enable power generated by the Facility to be received at the Delivery Point.
5. Owner has obtained all governmental approvals necessary for the continuous commercial operation of the Facility and the Facility is in compliance with all such governmental approvals and all other applicable laws.

Licensed Professional Engineer certifies that:

1. We have read the Agreement, the [_____] Supply Contract, and the EPC Contract and we understand the requirements for Commercial Operation under the Agreement, the specifications and performance testing requirements under the [_____] Supply Contract, and the requirements for [Commercial Operation/Substantial Completion] under the EPC Contract.
2. We have reviewed the material and data made available to us by the Owner, the [_____] Supplier, and the EPC Contractor for the Facility.
3. To the extent practical, we have reviewed the engineering, procurement, construction and performance testing for the Facility and in the course of this review we have not discovered any material errors or omissions in the work performed to date.
4. We have reviewed the certificates of Owner, [_____] Supplier, and EPC Contractor above, and find the representations provided to be correct in all material respects.
5. We have reviewed all governmental approvals and permits identified by the Owner as being required for the construction and operation of the Facility and are of the opinion that the Facility as completed is in compliance in all material respects with the environmental and technical requirements contained therein.
6. Based on our review of the aforementioned information and of information provided to us by others which we have not independently verified, we are of the opinion that, as of, Commercial Operation has occurred as defined in the Agreement.

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Executed this ___ day of ___, 200_

_____ **SUPPLIER**

a _____ corporation

By: _____

Name:

Title:

EPC CONTRACTOR

a _____ corporation

By: _____

Name:

Title:

OWNER

a _____ limited liability company

By: _____

Name:

Title:

LICENSED PROFESSIONAL ENGINEER:

a _____ corporation

By: _____

Name:

Title:

ACCEPTED BY SDG&E

BY: _____

NAME: _____

TITLE: _____

DATE: _____

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FORM OF QUARTERLY PROGRESS REPORT

Quarterly Progress Report

of

[_____]

("Seller")

**provided to
San Diego Gas & Electric Company**

[Date]

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Instructions.

All capitalized terms used in this report shall have the meanings set forth below and any capitalized terms used in this report which are not defined below shall have the meanings ascribed thereto in the Master Power Purchase and Sale Agreement by and between _____ ("Seller") and San Diego Gas & Electric Company dated _____, 2004 (the "Agreement").

Seller shall review the status of each significant element of the Facility Schedule provided pursuant to Section 10.0 of the Confirmation and Seller shall identify such matters referenced in clauses (i)-(v) below as known to Seller and which in Seller's reasonable judgment are expected to adversely affect the Project or the Facility Schedule, and with respect to any such matters, shall state the actions which Seller intends to take to ensure that Conditions and the Milestones will be attained by their required dates. Such matters may include, but shall not be limited to:

(i) Any material matter or issue arising in connection with a Governmental Approval, or compliance therewith, with respect to which there is an actual or threatened dispute over the interpretation of a law or regulation, actual or threatened opposition to the granting of a necessary Governmental Approval, any organized public opposition, any action or expenditure required for compliance or obtaining approval that Seller is unwilling to take or make, or in each case which could reasonably be expected to materially threaten or prevent financing of the Project, attaining any Condition or Milestone, or obtaining any contemplated agreements with other parties which are necessary for attaining any Condition or Milestone or which otherwise reasonably could be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(ii) Any development or event in the financial markets or the independent power industry, any change in taxation or accounting standards or practices or in Seller's business or prospects which reasonably could be expected to materially threaten financing of the Project, attainment of any Condition or Milestone or materially threaten any contemplated agreements with other parties which are necessary for attaining any Condition or Milestone or could otherwise reasonably be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(iii) A change in, or discovery by Seller of, any legal or regulatory requirement which would reasonably be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(iv) Any material change in the Seller's schedule for initiating or completing any material aspect of Project;

(v) The status of any matter or issue identified as outstanding in any prior Quarterly Report and any material change in the Seller's proposed actions to remedy or overcome such matter or issue.

Seller shall complete, certify, and deliver this form Quarter Quarterly Progress Report to [_____], together with all attachments and exhibits, with [3] copies of the Report delivered to [_____] and [_____].

Executive Summary.

2.1 Major activities to be performed for each aspect of the Project during the current calendar quarter.

Please provide a brief summary of the Major¹ activities to be performed for each of the following aspects of the Project during the current calendar quarter:

- 2.1.1 Design
- 2.1.2 Engineering
- 2.1.3 Major Equipment procurement
- 2.1.4 Construction
- 2.1.5 Milestone report
- 2.1.6 Permitting (See Section 3.0)

2.2 Major activities scheduled to be performed in the previous calendar quarter but not completed as scheduled.

Please provide a brief summary of the Major activities which were scheduled to be performed in the previous calendar quarter and their status, including those activities that were not completed as scheduled:

- 2.2.1 Design
- 2.2.2 Engineering
- 2.2.3 Major Equipment procurement
- 2.2.4 Construction
- 2.2.5 Milestone report

¹ For Purposes of this Report, “Major” shall mean any activity, event, or occurrence which may have a material adverse impact on the construction of the Facility or completion of the Project on a timely basis if such activity, event, or occurrence occurs or if such activity, event, or occurrence fails to occur as anticipated or scheduled, which material adverse impact includes, but is not limited to, Seller’s inability to achieve a Milestone Date.

2.2.6 Permitting

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Permitting.

The following describes each of the Major Governmental Approvals required for the construction of the Facility and the status of each:

3.1 State and/or federal Governmental Approvals.

Please describe each of the Major state and/or federal Governmental Approval (including the Permit to Construct issued by the San Diego County Air Pollution Control District) to be obtained by Seller (or EPC Contractor) and the status of each.

DESCRIPTION	STATUS

3.2 Local and/or county Governmental Approvals.

Please describe each of the Major local and/or county Governmental Approvals to be obtained by Seller and the status of each.

DESCRIPTION	STATUS

3.3 Permitting activities which occurred during the previous calendar quarter.

Please list all permitting activities which occurred during the previous calendar quarter.

3.4 Permitting activities occurring during the current calendar quarter.

Please list all permitting activities which are expected to occur during the current calendar quarter.

3.5 Permitting Notices received from EPC Contractor.

Please attach to this Quarterly Progress Report copies of any notices related to permitting activities received from EPC Contractor during the previous calendar quarter.

Design Activities.

4.1 Table of design schedule to be followed by Seller and its subcontractors.

The following table lists the design schedule to be followed by Seller and its subcontractors.

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE

4.2 Design activities to be performed during the current calendar quarter.

Please explain in detail the design activities which are expected to be performed during the current calendar quarter.

4.3 Table of design activities completed during the previous calendar quarter.

Please explain in detail the design activities which were completed during the previous calendar quarter.

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Engineering Activities.

5.1 Table of engineering schedule to be followed by Seller and its subcontractors.

The following table lists the engineering schedule to be followed by Seller and its subcontractors:

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE

5.2 Engineering activities to be performed during the current calendar quarter.

Please explain in detail the engineering activities which are expected to be performed during the current calendar quarter.

5.3 Engineering activities completed during the previous calendar month.

Please explain in detail the engineering activities which were completed during the previous calendar quarter.

5.4 Three-month look-ahead engineering schedule.

Please provide a three-month look ahead engineering schedule.

Major Equipment Procurement.

6.1 Table of major equipment to be procured by Seller and its subcontractors.

The following table lists major equipment to be procured by Seller and its subcontractors:

EQUIPMENT DESCRIPTION	MANUFACTURER	MODEL	CONTRACTED DELIVERY DATE	ACTUAL DELIVERY DATE	PROJECTED INSTALLATION DATE	ACTUAL INSTALLATION DATE

6.2 Major Equipment procurement activities to be performed during the current calendar quarter.

Please explain in detail the major equipment procurement activities which are expected to be performed during the current calendar quarter.

6.3 Major Equipment procurement activities completed during the previous calendar quarter.

Please explain in detail the major equipment procurement activities which were completed during the previous calendar quarter.

Construction Activities.

7.1 Table of construction activities to be performed by Seller and its subcontractors.

The following tables lists construction activities to be performed by Seller and its subcontractors:

ACTIVITY	CONTRACTOR/SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE
Civil Progress			
Structural Progress			

[Steam] Generator Progress			
Piping Progress			
IC and Electrical Progress			
Subcontractor Progress			

7.2 Construction activities to be performed during the current calendar quarter.

Please explain in detail the construction activities which are expected to be performed during the current calendar quarter.

7.3 Construction activities completed during the previous calendar quarter.

Please explain in detail the construction activities which are expected to be performed during the previous calendar quarter.

7.4 EPC Contractor Monthly Progress Report.

Please attach a copy of the Monthly Progress Reports received during the previous calendar quarter from the EPC Contractor pursuant to the EPC Contract, certified by the EPC Contractor as being true and correct as of the date issued.

7.5 Three-month look-ahead construction schedule.

Please provide a three-month look ahead construction schedule.

Milestones.

8.1 Milestone schedule.

Please state the status and progress of each Milestone and identify any completed Milestone(s) for the previous calendar quarter.

8.2 Remedial Action Plan (applicable if Seller fails to achieve Milestone by the Milestone Date).

Please explain in detail each of the following aspects of Seller's remedial action plan:

8.2.1 Missed Milestone

8.2.2 Plans to achieve missed Milestone

8.2.3 Plans to achieve subsequent Milestone

8.2.4 Delays in engineering schedule

Please explain in detail any delays beyond the scheduled Milestone Dates stated in Section 5.1, any impact from the delays on the engineering schedule, and Seller's plans to remedy such impact.

8.2.5 Delays in Major Equipment procurement

Please explain in detail any delays beyond the contracted delivery date and/or the projected installation date stated in Section 6.1, any impact from the delays on Major Equipment procurement schedule, and Seller's plans to remedy such impact.

8.2.6 Delays in construction schedule

Please explain in detail any delays beyond the scheduled completion dates stated in Section 7.1, any impact from the delays on the construction schedule, and Seller's plans to remedy such impact.

Safety and Health Reports

9.1 Please list all accidents from the previous calendar quarter:

9.2 Any work stoppage from the previous calendar quarter:

9.3 Work stoppage impact on construction of the Facility:

I, _____, on behalf of and as an authorized representative of, do hereby certify that any and all information contained in the attached Seller's Quarterly Progress Report is true and accurate, and reflects, to the best of my knowledge, the current status of the construction of the Facility as of the date specified below.

By: _____

Name: _____

Title: _____

Date: _____

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RPS Project Development Status Report			
Project Name			
Date			
Date of Latest Construction Progress Report from Counterparty:			
Project Owner/Counterparty:			
Technology:			
Capacity (MW):	Annual Energy (GWh/year):		
On-Line Date:	Term/Duration (years):		
Construction Start Date:	Point of Delivery:		
Location:			
Status At-A-Glance			
The below to be filled in w/ either: Completed, Acceptable, Unknown, or Concern. See Section B for a description of milestones. When the answer is "Concern" the milestone should be flagged with a notation number where additional detail is provided in Section A.			
Milestones	Status	Initial Completion Date	Projected Completion Date
Fuel/Resource Supply:			
Financing:			
Corporate Financing			
Project Financing			
Site Control (100%):			
Permitting:			
Engineering:			
Major Equipment Procurement:			
Construction:			
Startup Testing and Commissioning:			
Transmission:			
Transmission - Detail (see Section C)			
Dependent Transmission Upgrade(s):			
Scheduled Completion:			
Point of Interconnection:			
Early Interconnection:			
Gen-Tie Length:			
Gen-Tie Voltage:			
ISO Queue Position:			
Feasibility Study (FS):			
System Impact Study (SIS):			
Facilities Study (FAS):			
Remedial Action Plan:			

Additional Comments:
Date of Preparation:

APPENDIX C

SDG&E's
2007 RPS RFO⁴
~~ELIGIBLE RENEWABLE RESOURCES~~
LEAST COST BEST FIT (LCBF)
OFFER PROCESSING AND EVALUATION AND SELECTION PROCESS

⁴-The process described herein was proposed in September 2006 for SDG&E's 2007 Renewable RFO. Upon issuance of the solicitation, the process may be revised to capture CPUC-ordered, PRG-suggested or IE-suggested changes. For future solicitations, processes may change to capture business climate changes, revised regulatory requirements and/or RPS process evolutions.

I. Introduction

A. Note relevant language in statute and CPUC decisions approving LCBF process and requiring LCBF Reports

In accordance with Section 399.14 (a)(2)(B) of the Public Utilities Code, the Commission established in D.04-07-029 a process for evaluating “least-cost, best-fit” renewable resources for purposes of IOU compliance with RPS program requirements. In D.06-05-039, the Commission observed that “the RPS project evaluation and selection process within the LCBF framework cannot ultimately be reduced to mathematical models and rules that totally eliminate the use of judgment.”¹ It determined, however, that each IOU should provide an explanation of its “evaluation and selection model, its process, and its decision rationale with respect to each bid, both selected and rejected,” in the form of a report to be submitted with its short list of bids (the “LCBF Report”).² SDG&E’s LCBF Report is set forth below.

B. Goals of bid evaluation and selection criteria and processes

SDG&E’s goal is to achieve an overall resource portfolio comprised of 20% renewable resources by the year 2010. In order to account for potential contract failures, SDG&E has established a contingency requirement of 6%, resulting in a procurement target of 26%.

II. Bid Evaluation and Selection Criteria

A. Description of Criteria

Consistent with SDG&E’s 2008 Renewable Procurement Plan, SDG&E has no preferred resource or resource stack. Offers that met the 2008 RFO requirements will be evaluated on the basis of a least cost/best fit (“LCBF”) analysis. The following components of the LCBF analysis are discussed below:

- Market Valuation (the “All-In Price”)
- Portfolio Fit
- Credit and Collateral Requirements
- Project Viability
- Other Qualitative Factors

¹ D.06-05-039, mimeo, p. 42.

² Id. at p. 43. The Commission required the IOUs to file a preliminary version of their respective LCBF Reports in advance of their short-list submission date. (See, Scoping Memo and Ruling of Assigned Commissioner, dated August 21, 2006, Attachment A, pp. 14-15).

1. Market valuation (the “All-In Price”)

The All-In Price includes the following factors:

i. Capacity and energy prices.

Both the offered capacity and energy prices are included in the All-In Price.

ii. Time of use cost adjustment.

SDG&E established a time of use cost adjustment factor (“Bid Adjustment Factor”) to compensate for the pricing discrepancies between peaking and baseloaded projects in its least cost ranking. SDG&E calculates the Bid Adjustment Factor by multiplying the bidders’ expected time of delivery (“TOD”) profile MWh’s by SDG&E’s published TOD factors and then dividing the result by the bidder’s total annual MWh deliveries. Bid prices are then divided by the Bid Adjustment Factor resulting in prices equivalent to baseloaded prices. Baseloaded projects are assigned a Bid Adjustment Factor of 1.0 resulting in no price adjustments. Solar peaking facilities generally have a Bid Adjustment Factors higher than 1.0 resulting in lower levelized prices. Wind projects generally have Bid Adjustment Factors that are slightly less than 1.0 resulting in slightly higher levelized prices.

iii. Transmission upgrade costs/credits (discussed at Section II(A)(4) below).

iv. Resource Adequacy.

All bids will receive a Resource Adequacy (“RA”) adjustment to reflect the amount of additional RA capacity that is needed to equalize the RA value of the renewable offers which have an RA capacity that is less than 100% of nameplate capacity. SDG&E will use a value that is comparable to the capacity costs provided by offers with full RA capacity received in other RFO’s. The size of the RA adjustment for each renewable offer will be calculated in accordance with the methodology outlined by the CPUC for valuing the RA capacity of each resource type.

v. Congestion cost adders.

Congestion costs will be developed using ABB’s Grid View model. The model provides hourly Locational Marginal Prices (“LMP”) for specific years for each of the bids. Congestion Costs (\$/MWh) will be calculated based on the difference between the hourly LMP at each generator’s injection point and the hourly LMP values for SDG&E’s Load Aggregation Point (“LAP”). The LMP values in the LAP will be weighted for all bus points within SDG&E’s service territory using approved CAISO allocation factors. SDG&E will subtract the LMPs for each generator’s injection point from the LMPs in SDG&E’s LAP and multiply the differences by the generator’s hourly production profile (MWh).

vi. Duration equalization adders (“Begin Effects” and “End Effects”).

SDG&E will use Market Price Referent (“MPR”) proxies as market replacement costs to equalize bids of different starting periods and terms. SDG&E will calculate a 2008 MPR based on updated information (i.e. fuel costs, inflation rates) for a 10-year contract starting in January 2008. The levelized price will be de-escalated using an average rate of inflation. The de-escalated prices will be applied to all years prior to the beginning of each bid term for the Begin Effects. SDG&E will escalate the de-escalated prices to the end of the evaluation period and apply the values for each year after the bid terms for the End Effects. SDG&E will assume the same level of generation for each project as replacement energy during the Begin and End Effects. SDG&E will then levelize each bid from 2008 through the end of the evaluation period, putting all projects on equal terms.

vii. Debt equivalence adders (if applicable).

Using annual contract costs and MWh for each bid, SDG&E performs a debt equivalence calculation for each contract using the following methodology:

1. Assume 90% of the annual contract payments equal the capacity payment in each year.
2. In year one of the contract, discount the capacity payments in each year with a discount rate equal to 7% to determine the net present value (“NPV”) of the remaining capacity payments.
3. In subsequent years, discount the remaining capacity payment using the same calculation.
4. Multiply the NPV of the capacity payments by the CPUC adopted risk factor of 20%.

SDG&E then performs a calculation to rebalance SDG&E's capital structure to the authorized structure, by increasing equity by 49% (the equity component of the capital structure currently authorized by the CPUC) of the debt equivalence amount, and retiring an equal amount of debt. The associated revenue requirement is equal to the authorized equity percentage (currently 49%) of the debt equivalence amount multiplied by ((authorized return on equity * net to gross tax multiplier) – cost of debt to be offset and/or retired). SDG&E then calculates the NPV of the annual revenue requirements, determines a levelized annual payment amount over the analysis period, and divides by annual contract MWh to determine the cost adder.

2. Portfolio fit

SDG&E's Long Term Resource Plan stated that SDG&E does not have a preference for a particular product or technology type and that SDG&E has latitude in the resources that it selects. SDG&E does not, therefore, intend to select projects based on a pre-determined preference for the product type or technology type. However, time of delivery factors and resource adequacy adjustment are evaluated to determine the impact to SDG&E's portfolio. However, time of delivery factors and resource adequacy adjustments are included in the economic comparison of options, in order to ensure the least-cost best-fit selections for the portfolio.

3. Credit and collateral requirements

Each 2008 RFO respondent will be required to complete, execute and submit a credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. However, SDG&E does not analyze credit worthiness as part of its bid evaluation process.

4. Project Viability

SDG&E recognizes that in the overwhelming majority of cases bidders do not make significant expenditures on a project until a firm source of project revenues is secured, namely a PPA approved by the CPUC. Bidders often will not complete necessary development activities, such as definitive resource assessment, land acquisition, permitting, engineering, etc., until the CPUC approves the project. As a result, SDG&E must rely heavily on the reputation of the bidder and his development plan, as opposed to the completion of the necessary development activities, prior to selecting the bidder for the shortlist or signing the PPA. SDG&E has experience with relatively inexperienced developers who have successfully completed projects in a timely manner. Conversely, SDG&E is aware of projects sponsored by experienced and well capitalized developers that were not completed for various reasons.

During the shortlisting and negotiation process, SDG&E considers the bidder's plans and the likelihood that the project will receive financing. As project financing requires the completion of all development activities, the issuance of all permits and approvals, the execution of all necessary contracts and the existence of necessary legislation (e.g., PTC), it serves as a key indicator of a project's success.

At all times, SDG&E is mindful of the conditions precedent and milestones included in each PPA because they reflect the nature of the project, as well as development, financing and construction progress. Moreover, SDG&E requires the counterparty to submit detailed status reports each quarter. These reports include comprehensive information regarding project viability.

To the extent possible, SDG&E considers the following aspects of project viability during its shortlisting process:

- Project Status – SDG&E reviews and considers the description of plans, schedules and status of design, engineering, procurement, permitting, construction and other milestones.
- Transmission Availability – SDG&E examines the viability of necessary gen-ties and transmission system upgrades from cost, permitting and scheduling standpoints.
- Technology – As SDG&E views the RPS program as an opportunity to commercialize promising technologies, whether they are new technologies or enhancements of previously commercialized technologies, SDG&E assesses the technical viability based on available information and tracked manufacturing, procurement, installation, operations and maintenance and warranty activities.
- Developer Experience – SDG&E evaluates not only each bidder’s track record, but also their development plans and any potential competitive advantage each developer may have.
- Transmission Cost Adders
 - For offers for new projects or projects proposing to increase the size of existing facilities, SDG&E calculates costs for transmission network upgrades or additions, using the information provided through:
 - i. Transmission Cost Ranking Reports (“TRCR”) approved by the CPUC and provided by the bid respondent; or
 - ii. Transmission upgrade costs from a CAISO-approved completed System Impact Study for respondents that have completed such study for their proposed projects and are in the CAISO queue.

SDG&E anticipates that some bid respondents will fail to participate in a TRCR and will not provide a CAISO approved System Impact Study. SDG&E intends to consider these bids to be non-conforming. However, in order to determine whether the bid’s All-In Price could provide a benefit to ratepayers, SDG&E will use TRCR’s to estimate transmission costs for these projects. SDG&E will impute costs for these projects *only if* the total MW’s in the applicable TRCR cluster could accommodate the non-conforming offer. Projects that cannot not be evaluated for transmission cost adders will not be considered in the LCBE analysis.

SDG&E assigns a transmission cost adder of zero dollars (\$0) to projects proposing to interconnect to the distribution system because all such costs are attributable to the developer.

5. Other Qualitative Factors

SDG&E also may consider the following qualitative factors to differentiate offers with similar costs (in no particular order of preference):

- Location
- Benefits to minority and low income areas
- Resource diversity
- Environmental stewardship, which may include the environmental impacts of Respondent's proposed facility on California's water quality, use, and water resource management consistent with the CPUC's Water Action Plan, adopted December 15, 2005.

6. Impact of quantitative factors on the LCBF ranking process

The quantitative factors described in II(A)(1) (Market Evaluation) above, establish the ranking of each bid from lowest to highest All-In Price. In addition, SDG&E uses the size of potential Supplemental Energy Payments (SEP) as a quantitative factor in the selection of its shortlist. SDG&E anticipates a limited pool of funds to cover the above market cost of renewable energy contracts. SDG&E estimates the approximate amount of SEPs that would be available each year and uses that amount in ranking the bids for the shortlist.

B. Criteria Weightings

1. If a weighting system is used, please describe how each LCBF component is assigned a quantitative weighting. Discuss the rationale for the weightings.

SDG&E does not use a weighting system in its LCBF process.

2. If a weighting system is not used, please describe how the LCBF evaluation criteria are used to rank bids.

Bids are ranked using the quantitative factors described in Section II(A)(1) (Market Valuation) above. SDG&E then may consider qualitative factors, such as portfolio fit and project viability to differentiate bids with a similar All-In Price. This method makes it less likely that subjective bias will impact the ranking of a particular project.

3. Discuss how the IOU LCBF methodology evaluates project commercial operation date relative to transmission upgrades required for the project.

SDG&E compares the commercial operation date of each project with the date of the TRCR or CAISO study from which their costs were derived to make sure

that the commercial operation date occurs within the time frame contemplated by the TRCR or CAISO study.

4. Discuss how the LCBF methodology takes into account bids that may be more expensive, but have a high likelihood of resulting in viable projects.

SDG&E shortlists twice its estimated need, thus allowing for the possibility that a more expensive project could be more viable than a less expensive project. As described in Section II(A)(4) (Project Viability), since most bidders will not undertake many development activities until they have a CPUC-approved PPA in hand, SDG&E must rely on the reputation of the bidder and development plans in order to evaluate project viability. However, this approach is subjective at best, since SDG&E has experience with inexperienced developers who have successfully completed projects on time. Conversely, SDG&E is aware of projects sponsored by experienced and well capitalized developers that were not completed for various reasons.

C. Evaluation of utility-owned, turnkey, buyouts, and utility-affiliate projects

1. Describe how utility-owned projects are evaluated against PPAs

SDG&E's Processing Team (described below in Section III(A)) masks utility-owned projects so the Evaluation Team cannot distinguish between utility-owned and non-utility-owned projects. Using this process, utility-owned projects are evaluated using the same method as non-utility-owned turnkey projects (described below).

2. Describe how turnkey projects are evaluated against PPAs

SDG&E incorporates the turnkey cost, book and tax depreciation information into its cost of service model along with operating cost assumptions gathered from industry sources, relevant tax credit information (if applicable) and SDG&E's authorized rate of return plus a 0.5%-1.0% premium as may be allowed by the CPUC. The resulting calculation is then compared to the cost of a twenty-year PPA priced at the relevant MPR, including debt equivalence.

3. Describe how buyout projects are evaluated against PPAs

SDG&E incorporates the buyout price, book and tax depreciation information into its cost of service model along with operating cost assumptions gathered from industry sources, relevant tax credit information (if applicable) and SDG&E's authorized rate of return plus a 0.5%-1.0% premium as may be allowed by the CPUC. The resulting calculation is then added to the cost of the PPA at the bid price from the proposed in-service date to the date of the buyout, including debt equivalence. This sum is then compared to the cost of a twenty-year PPA priced at the relevant MPR, including debt equivalence.

~~This document outlines SDG&E methodology for processing and evaluating all offers submitted in this RFO. The intent is to implement a systematic approach to assess the merits of all offers without prejudice for or against a particular Respondent or a particular product type.~~

4. Describe how utility-affiliate projects are evaluated against non-affiliate projects

~~A key component of the approach involves the establishment of two teams, the Processing Team (PT) and the Evaluation Team (ET). The PT is charged with processing all~~

incoming offers and more importantly, in the event a bidder response is received from a Sempra Affiliate entity, redacting all Respondent distinguishing information in advance of forwarding all offers to the ET for analysis. This document details the roles and responsibilities of each team.

SDG&E's Processing Team (described below in Section III(A)) masks affiliate bids so the Evaluation Team cannot distinguish between affiliate bids and non-affiliate bids. Using this process, affiliate projects are evaluated using the same method as non-affiliate projects.

Although already mentioned in the RFO, it is important to reiterate that the PRG (Procurement Review Group) and IE (Independent Evaluator) will play key consultative roles during all phases of the solicitation, especially during offer evaluation.

III. Bid Evaluation and Selection Process

Initial Processing Of Offers

A. What is the process by which bids are received and evaluated, selected or rejected for shortlist inclusion, and further evaluated once on the shortlist?

The PT is to collect and document Each offer received by SDG&E is typically reviewed by two teams, the Processing Team ("PT") and the Evaluation Team ("ET"). The PT collects and documents all offers received by the bid due date. The specific tasks performed by the PT are set forth below.

A. On the Due Date:

1. Save offers and all incoming documents to a restricted, secured server.
2. Block website from accepting offers after the closing deadline.
3. Each Document each offer received will be documented in an Excel spreadsheet summarizing key characteristics such as: Respondent respondent name, alternative type, offer number, technology, price, type of facility, product type (as available, unit firm, peaking, or baseload), offer amounts (MW), contract terms (10 year, 15 year, 20 year), etc. Under CPUC rules² governing the RPS process, SDG&E may consider other terms if proposed by respondent
4. Review each of the offers to determine whether any offers have been received from a Sempra Affiliate entity. affiliate entity. In the event a bidder response is received from a Sempra affiliate entity, PT redacts all respondent distinguishing information in advance of forwarding all offers to the ET for analysis.
 - i. If offers are received from Sempra Affiliates, proceed to item B.
 - ii. If no offers have been received from a Sempra Affiliate, the PT will forward all info to the ET and processing will continue with item C.

B. Prepare Offers for Level I Evaluation:

1. For affiliate offers only, create and assign aliases to affiliate company names, contact names, email addresses and all other information that would reveal the affiliates' identity.
2. Place the redacted forms and documents in a server for the ET to access. Do not tell the ET whether or not an affiliate submitted an offer. Remind the ET that all questions to all bidders must be channeled through the PT. ET members are prohibited from contacting any bidder before the final short list.
3. List all offers by sequential name, type, amount, MW, etc. gathered from data submitted in offer submission forms ("Alias List").
4. Send the Alias List to the ET.

²-CPUC Decision D-04-06-014 issued on June 9, 2004 established standard contract terms of 10, 15 and 20 years. The decision also provided an option for a non-standard delivery term and required that *If the "Non-standard Delivery" contract term is selected, Parties need to apply to the CPUC justifying the need for non-standard delivery.*

~~BID-EVALUATION-PROCESS~~

5. ~~At this time, the ET will begin Level I evaluation.~~
 6. ~~Skip step C.~~
- ~~C. Prepare Offers for Level I Evaluation.~~
1. ~~Place the forms and documents in a server for the ET to access. Do not tell the ET whether or not an affiliate submitted an offer. Remind the ET that all questions to all bidders must be channeled through the PT. ET members are prohibited from contacting any bidder before the final short list.~~
 2. ~~List all offers by sequential name, type, amount, MW, etc. gathered from data submitted in offer submission forms).~~
- ~~D. Collect Hardcopy of Offers~~
- ~~5. 1. File hardcopies of each bid in fireproof, locked cabinets.~~
 - ~~6. 2. Follow-up with Respondents/respondents who have not submitted hardcopies.~~
 - ~~7. 3. Verify that hardcopies are identical to the offers received electronically.~~

Evaluation Process Overview³

SDG&E intends to evaluate all offers via a three-step process. Passing each level is required in order to advance to the next level, with the eventual Short Listed offers having to pass all levels. The following provides a general description of each evaluation level.

- Level I: Check for Conformance.** Check to ensure that all offers meet minimum RFO criteria. All offers meeting minimum requirements will pass Level I, will be deemed “conforming” and will move on to Level II.
- Level II: Preliminary Ranking and Short Listing.** This assessment will be based on the all in price, including capacity and energy, transmission upgrade costs, congestion costs/credits, as well as duration equalization adders and debt equivalence adders if applicable. Offers will be ranked on a present value, \$/MWh basis from lowest to highest cost. SDG&E will populate the preliminary shortlist with offers to fulfill twice its RPS MWh need. In doing so, SDG&E would eliminate offers that are noticeably more expensive.
- Level III: Modeling/Detailed Analysis.** After the preliminary short list has been approved by the PRG, the Offers will be modeled in SDG&E’s production cost model to determine how they perform as part of SDG&E’s portfolio. Evaluation will be updated based on final model dispatch of the portfolio of offers that best meets SDG&E’s bundled customer needs. Qualitative factors will be used to differentiate offers of similar cost. These factors will include location, benefits to minority and low income areas, resource diversity, environmental stewardship.

SDG&E will periodically brief the member of the PRG during the various stages of evaluation. Upon completion of SDG&E’s evaluation process, SDG&E will brief the PRG members regarding SDG&E’s recommendations for its Short-List. Based upon the comments and recommendations received from the PRG, SDG&E may modify the Preliminary Short-List as necessary.

The following outline describes details associated with each level.

³ -Since it is not possible to perfectly predict all variations in offers, SDG&E reserves the right to vary from these criteria. Any variation will be applied equally to all offers in which the variation is applicable. Any variation will be explained to the IE and PRG as to the basis for deviating from the proposed criteria and how it benefits customers.

Methodology for Evaluation of Renewable Offers

Level I: Check for Conformance Offers will be determined to be conforming or non-conforming.

- A. Offers may be for 10, 15 or 20 years with Commercial Operation dates beginning in 2008, 2009, 2010, or 2011. CPUC rules governing the RPS process provide that SDG&E may consider terms of different lengths than the standard terms, if the term is proposed by respondent.
- B. Offer size minimum of 1 MW within SDG&E's service area and 5 MW outside service area
- C. Delivery to CAISO control area. Respondents with projects located outside the CAISO control area, must have separately provided for delivery from their project to a CAISO grid location. Respondents must internalize all costs for generation inter-tie and wheeling to the CAISO grid location, as part of their offered price.
- D. Participate in Transmission Ranking Cost Report (TRCR) or provide a completed CAISO System Impact Study. (Not applicable to projects interconnecting with SDG&E's distribution system.)
- E. Must warrant that the technology is CEC certifiable as an eligible renewable resource.
- F. Respondents with projects located outside CA must meet out of state eligibility criteria pursuant to CPUC code 399.16
- G. Offers transferring ownership to SDG&E must have the resource located in San Diego County or Imperial Valley
- H. All RECs and RA Capacity must be tendered to SDG&E without any additional costs or conditions.

Level II: Preliminary Ranking and Preliminary Short Listing

Once SDG&E has completed the screening process and determined a list of conforming Offers, SDG&E will implement a ranking method to determine the Initial Short List. The method is described below:

- A. SDG&E will assess various cost elements associated with each offer, including: the offer price, transmission/distribution system upgrade costs, congestion cost/benefit, duration equalization and debt equivalence cost. For each of these elements, the total cost attributable to a project will be prorated on a net present value (2008\$), \$/MWH basis.
 - 1. Offer Price — SDG&E will calculate and compare an offer's Time-of-Delivery ("TOD") based MPR, based on the contracts start date, duration and delivery profile, to the levelized bid price. End effects for comparing contracts of differing duration are included in the formulation of this comparison; however, the effects net out as the ranking is relative to the MPR and not other offers. SDG&E will evaluate turnkey offers over 20 years. If applicable, a terminal value calculation associated with ownership projects that extend past the analysis period will be performed, using a consistent methodology across all projects.
 - 2. Transmission Costs — For offers for new projects or projects proposing to increase the size of existing facilities, SDG&E will calculate costs for transmission network upgrades or additions, using the information provided through:
 - a. the Transmission Cost Ranking Reports (TRCR) approved by the CPUC; or,
 - b. the transmission upgrade costs from a CAISO-approved, completed System Impact Study for respondents that have completed such study for their proposed projects and are in the CAISO queue.

3. For new or expanded projects proposing to interconnect to the distribution system, SDG&E will perform a simple analysis of distribution upgrade costs.⁴
 4. Congestion costs/benefits.—Congestion impacts from the proposed point of delivery to SDG&E's load aggregation point will be determined.
 5. Debt Equivalence — For PPAs, SDG&E will assess a debt equivalence cost.—The additional debt would be calculated using the most recently available S&P method and will be consistent with the intent of CPUC Decision D.04-12-048, which instructed the utilities to incorporate a debt equivalence methodology in their economic evaluation of bids. The debt would then be rebalanced to reflect SDG&E's authorized capital structure, and the cost associated with this rebalancing added to the analysis.—For duration equalization, debt equivalence costs will also be determined for the alternate energy costs.
- B. All cost elements describe above will be totaled for each offer and deducted from that total the calculated TOD-shaped MPR applicable to each offer.—The net would constitute an offer's Ranking Cost. All offers will then be sorted in order of increasing Ranking Cost. Projects with the lowest Ranking Cost will make-up SDG&E's Preliminary Short List.
- C. Preliminary Short List.—The Preliminary Short List will be comprised of projects with the lowest Ranking Costs to fill twice SDG&E's identified need.—SDG&E will establish its Preliminary Short List to include no more than 2 times SDG&E's identified need.—(See page 5 for description of SDG&E's need.)

The Preliminary Short List will be briefed to the PRG.—After getting PRG agreement, SDG&E will finalize the Short List.—Once the short list is final, the PT will reveal what offers contained aliases and the actual name of the bidder.—At this time the ET will be allowed to contact all bidders.

Modeling and Detailed Analysis of Short List

Level III: Modeling Short List

- A. SDG&E will use Global Energy's Capacity Expansion Model to determine the initial portfolios of the short list offers that result in the lowest total cost for the portfolio. These portfolios will be then be subject to detailed production costing model to determine the mix of offers that results in the least cost portfolio for SDG&E's bundled customers.
- B. The benefits associated with eliminating any RMR costs will be added to those Offers that provide Local Resource Adequacy capacity.
- C. FIN 46 — To all offers with FIN 46 implications, SDG&E will assess the associated risks. For PPAs, if such risks are not acceptable, SDG&E will attempt to negotiate terms and conditions in such a manner to alleviate FIN 46 risks. For offers which include ownership options, SDG&E will assess whether or not it is willing to accept such risks. Acceptance of FIN 46 risks depends on various factors including terms and conditions of the offers as well as other offers on the short list.
- D. Offers of similar cost will be reviewed for the following Qualitative factors: location, benefits to minority and low income areas, resource diversity, environmental stewardship.
- E. Differentiate offers of similar cost by reviewing: delivery reliability, ability to meet schedule, technology, the likelihood a project will be able to develop within established timeframes, operational flexibility, development risk, financing plan, corporate capabilities/credit/experience and/or repowering/contract extension.
- F. Select final offers from this least cost /best fit analysis for PRG review.

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The methodology to assess distribution upgrade costs will be finalized before any such analysis is required and will be applied uniformly to all applicable offers.

Major Modeling and Evaluation Assumptions

The following are major modeling and evaluation assumptions used for all alternatives.

Need

The need for resources for this RFO is based on SDG&E's compliance with the California Renewable Portfolio Standard. SDG&E's MWh need is the MWh it still must procure to reach its 20% RPS requirement at the time the preliminary short list and final short list are developed. This amount is based on two items:

1. Estimated dependable output from generators already online and delivering to SDG&E.
2. Estimated output from generators not yet online and currently in development. SDG&E assigned to each developing project a success probability and derated the dependable output for the project based on this probability.

~~—This number will be adjusted at the time the short lists are developed to include newly executed contracts.~~ Changes to the need, if made, will be communicated with the IE and PRG.

Production Model Inputs

- A. SDG&E's Resource Plan approved by the CPUC in D.04-12-048 and filed with the Commission in Advice Letter AI-1676-E. The approved case will be updated for:
 1. Natural Gas Prices — Gas price will be based on NYMEX forward prices at CA/AZ border. Intra-state transportation costs would be added to calculate the total gas costs.
 2. Electric Market Prices — SDG&E will shape on-peak and off-peak prices into hourly prices based on SDG&E load shape time of delivery.
 3. CDWR William D contract will be removed per Commission D.05-12-021.
 4. New renewable contracts SDG&E has signed since the plan was filed. These will first be used to replace generic renewables in the plan.
 5. Terminated renewable contracts since the plan was filed.
 6. Otay Mesa in-service date is moved to May 2009.
- B. Network Transmission Costs: Costs for network transmission upgrades or additions will be included from either the:
 1. IOU's 2007 TRCR, whose service area the project is located or
 2. from the applicable System Impact or Facility Study, where the project has paid for and received a final System Impact Study from its host utility.
- C. Congestion Costs
 1. Congestion Costs \$/MWh will be calculated based on the difference between the weighted average Local Marginal Prices (LMP) at each generator's injection point and the average LMP values for SDG&E Load Aggregation Point (LAP). The LMP values in the LAP will be weighted for all bus points within SDG&E's service territory using approved CAISO allocation factors. SDG&E will subtract the LMPs for each generator's injection point from the LMPs in SDG&E's LAP and multiply the differences by the generator's hourly production profile (MWh). The hourly dollars will be summed and divided by the estimate annual generation to get a weighted average Congestion Cost \$/MWh.
 2. Consultants from ABB Inc. ("ABB") will calculate LMP values for each bidder, and the values for SDG&E's LAP, using GridView's Market Simulation Software. GridView mimics the operation of an electric market by dispatching units based on their bid prices while taking into account the flow limits on transmission lines and interfaces under normal, as well as contingency conditions.

3. SDG&E will provide ABB with detailed information about the bidders like project size (MWs), CAISO injection points (bus identity), technology and annual production profiles.
4. SDG&E will ask ABB to coordinate with SDG&E's Transmission Planning Department to get the latest CAISO transmission related information. Currently, that information will come from SDG&E's Sunrise Application filed on September 1, 2006.
5. ABB will create an initial base case scenario without any of the current bidders. They will run scenarios for each bidder assuming that the bidder is the only generator added to the base case. SDG&E will instruct ABB to run scenarios for the years 2010 (the year that the 20% renewable is required) and 2015 (the last year that reliable transmission information is currently available). Scenarios for earlier or later years may be run if required to determine the trend of congestion.
6. Wind and Solar projects are modeled as must-take generation. Other renewable resources, like biomass, geothermal, landfill gas and bio-diesel are modeled as thermal generation with very low fuel prices (around 1\$/MMBTU) and an appropriate variable O&M.
7. The geographical location of load in the transmission system is determined by the bus to which the load is connected. Groups of load buses (a bus having at least one load) are organized into areas. Annual load profiles are assigned to each area to describe the hourly load variation during the year. GridView assigns the area's load shape to each bus within that area using the ratio of that bus' load to the region load. The maintenance algorithm in GridView creates the maintenance schedule for all units. The available capacity for each region is calculated from the installed capacity and capacity on maintenance.
8. Transmission lines with a voltage level equal to or greater than 230-kV are monitored (the thermal limits are enforced during unit commitment and economic dispatch). ABB assumes that overloading on 138-kV and below lines are not multiple-year problems and can be fixed quickly. They assume that changing the dispatch of thermal units or load transfers can relieve congestion. However, the flows of 138-kV and below lines are recorded during simulations. Place the forms and documents (including any masked affiliate bids) in a server for the ET to access.
9. All interfaces and critical nomograms in WECC path rating catalog are modeled and monitored. RMR requirements for SDG&E's area are enforced. The ET reviews the bids and performs the market valuation described above. Any requests for clarification must be channeled through the PT. ET members are prohibited from contacting any bidder before the short list is established.
10. The transmission security constrained unit commitment (SCUC) and economic dispatch (SCED) used in the simulation requires generation cost data (incremental heat rate or bid prices) and MW limitations on individual circuits, transmission interfaces and individual generating units to calculate:
 - The minimum cost of generation dispatch that satisfies the nomograms and transmission constraints
 - Locational Marginal Price (LMP) for each bus in the system
 - Committed capacity to meet the reliability needs (RMR units)

- ~~Constraints affecting economic operation, affecting price levels or causing transmission bottlenecks that level the prices in different price zones.~~
- D. ~~RMR savings will be based on the capacity costs of the RMR units in SDG&E service area.—~~
- E. ~~Debt equivalence will be assigned to any of the conforming offers—~~
- F. ~~SDG&E will use an inflation factor to inflate or deflate bid values when required. This rate is currently 1.78% based on the U.S. Department of Labor—Bureau of Labor Statistics for “Fuels and related products and power—WPU05” Industrial Electrical Power. This factor could change in the event it’s no longer published or a more accuracy rate is determined.—~~
- G. ~~The 2007 MPR prices will be used to establish a benchmark for renewable projects.—~~
- H. ~~The discount rate used during evaluation will be SDG&E’s most current Weighted Average Cost of Capital (WACC) which is currently 8.23%.—~~

B. What is the typical amount of time required for each part of the process?

The duration of the processing period is typically two weeks. The duration of the evaluation period is typically six to eight weeks.

C. How is the size of the shortlist determined?

The size of the shortlist is based upon twice SDG&E’s estimated need. Need will be estimated by using a probabilistic assessment of the success of projects under contract and in negotiations.

D. Are rejected bidders told why they were rejected? If so, what is the process?

SDG&E sends letters to rejected bidders once it has received conformation that shortlisted bidders have accepted their status on the shortlist.

E. Describe involvement of the Independent Evaluator

SDG&E holds weekly meetings with its ET and its Independent Evaluator (“IE”) to discuss the progress of the bid processing and evaluation. The IE provides feedback on every aspect of the RFO process, from the manner in which the bids are collected to the manner in which the evaluation criteria is applied to select a short list.

F. Describe involvement of the Procurement Review Group

SDG&E will brief its PRG during the course of RFO planning, bid review, and during the LCBF analysis. SDG&E will present the initial results of its bid evaluation process to its PRG for review before submitting its shortlist to the CPUC.

G. Discuss whether and how feedback on the solicitation process is requested from bidders (both successful and unsuccessful) after the solicitation is complete.

Although SDG&E does not specifically request feedback regarding the solicitation process, bidders are welcome to, and typically do, provide feedback by telephone or email. SDG&E’s RFO inbox remains accessible to bidders even after the solicitation is closed.

Document comparison done by Workshare DeltaView on Monday, July 30, 2007
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Document 1	file://S:\cec\DATA\2007 Eligible Renewable RFO\2007 RPS Plan\Appendix C - SDGE Evaluation Process (rev 050907).doc
Document 2	file://S:/cec/DATA/2008 Eligible Renewable RFO/2008 RPS Plan/Appendix C - LCBF Process (FINAL).doc
Rendering set	standard

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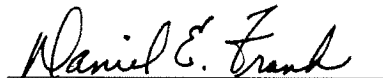
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AFFIDAVIT

I am an employee of the respondent corporation herein, and am authorized to offer this affidavit on its behalf. The matters stated in the foregoing **SAN DIEGO GAS & ELECTRIC COMPANY 2008 DRAFT RENEWABLE PROCUREMENT PLAN** are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 1st day of August, 2007, at San Diego, California



Daniel E. Frank
Electric Contract Manger

CERTIFICATE OF SERVICE

I hereby certify that a copy of **SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) 2008 DRAFT RENEWABLE PROCUREMENT PLAN** has been electronically mailed to each party of record on the service list in R.06-05-027. Any party on the service list who has not provided an electronic mail address was served by placing copies in properly addressed and sealed envelopes and depositing such envelopes in the United States Mail with first-class postage prepaid.

Copies were also sent via Federal Express to Commissioner Michael R. Peevey and the Assigned Administrative Law Judges Burton Mattson and Anne E. Simon.

Executed this 1st day of August 2007 at San Diego, California

/s/ Jodi Ostrander
Jodi Ostrander