

Standard contract terms and conditions that “may not be modified” per CPUC Decision 07-11-025, and CPUC Decision 10-03-021, as modified by CPUC Decision 11-01-025, are shown in shaded text.

**SMALL RENEWABLE QUALIFIED FACILITY GENERATOR
POWER PURCHASE AGREEMENT
FOR FACILITIES UP TO 3 MEGAWATTS¹
BETWEEN**

_____ AND

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**SMALL RENEWABLE QUALIFIED FACILITY GENERATOR
POWER PURCHASE AGREEMENT
FOR FACILITIES UP TO 3 MEGAWATTS
BETWEEN**

AND

_____ AND

[Utility Name], a California corporation (“Buyer” or *[Utility Name]*), and
_____ (“Qualifying Facility Seller” or “QF Seller”) a *[Seller’s form of
business entity and state of organization which is a Qualifying facility pursuant to § 292.101(1)]*,
hereby enter into this Power Purchase Agreement (“Agreement”) made and effective as of the
Execution Date. Seller and Buyer are sometimes referred to in this Agreement jointly as
“Parties” or individually as “Party.”

Pursuant to Federal Energy Regulatory Commission (“FERC”) Order 133 FERC 61,059;
states may “set a utility’s avoided costs...means that where a state requires a utility to procure a
certain percentage of energy from generators with certain characteristics, generators with those
characteristics constitute the sources that are relevant to the determination of the utility’s avoided
cost for that procurement requirement.”; 134 FERC 61,044, clarifying that “should California
choose to do so, implementation of a multi-tiered avoided cost rate structure can be consistent
with the avoided cost rate requirements set forth in PURPA...”

In the absence of any California Public Utilities Commission (“CPUC”) adopting avoided
cost pricing tiered by energy generator type, and size, for their regulated utilities; Pacific Gas
and Electric Company (“PG&E); Southern California Edison Company (“SCE”), and San Diego
Gas and Electric Company (“SDG&E”); the utility’s avoided cost will be the utility’s Levelized
Cost of Energy (LCOE) for their utility owned generation (“UOG”) tiered by energy generation
type, and size under the same timing terms and conditions of production of the utility’s own
energy resources.

In consideration of the mutual promises and obligations stated in this Agreement and its
appendices, the Parties agree as follows:

1. DEFINITIONS²

(a) *General rule.* These terms are defined in the Public Utility Regulatory Policies Act of 1978
 (“PURPA”) shall have the same meaning for purposes of this part as they have under PURPA,
 unless further defined in this part.

(b) *Definitions.* The following definitions apply for purposes of this part.

(1) *Qualifying facility* means a cogeneration facility or a small power production facility that is a
 qualifying facility under Subpart B of this part.

(i) A qualifying facility may include transmission lines and other equipment used for
 interconnection purposes (including transformers and switchyard equipment), if:

(A) Such lines and equipment are used to supply power output to directly and indirectly interconnected electric utilities, and to end users, including thermal hosts, in accordance with state law; or

(B) Such lines and equipment are used to transmit supplementary, standby, maintenance and backup power to the qualifying facility, including its thermal host meeting the criteria set forth in *Union Carbide Corporation*, 48 FERC ¶61,130, *reh'g denied*, 49 FERC ¶61,209 (1989), *aff'd sub nom.*, *Gulf States Utilities Company v. FERC*, 922 F.2d 873 (D.C. Cir. 1991); or

(C) If such lines and equipment are used to transmit power from other qualifying facilities or to transmit standby, maintenance, supplementary and backup power to other qualifying facilities.

(ii) The construction and ownership of such lines and equipment shall be subject to any applicable Federal, state, and local siting and environmental requirements.

(2) *Purchase* means the purchase of electric energy or capacity or both from a qualifying facility by an electric utility.

(3) *Sale* means the sale of electric energy or capacity or both by an electric utility to a qualifying facility.

(4) *System emergency* means a condition on a utility's system which is likely to result in imminent significant disruption of service to customers or is imminently likely to endanger life or property.

(5) *Rate* means any price, rate, charge, or classification made, demanded, observed or received with respect to the sale or purchase of electric energy or capacity, or any rule, regulation, or practice respecting any such rate, charge, or classification, and any contract pertaining to the sale or purchase of electric energy or capacity.

(6) *Avoided costs* means the incremental costs to an electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source.

(7) *Interconnection costs* means the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions and administrative costs incurred by the electric utility directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with a qualifying facility, to the extent such costs are in excess of the corresponding costs which the electric utility would have incurred if it had not engaged in interconnected operations, but instead generated an equivalent amount of electric energy itself or purchased an equivalent amount of electric energy or capacity from other sources.

Interconnection costs do not include any costs included in the calculation of avoided costs.

(8) *Supplementary power* means electric energy or capacity supplied by an electric utility, regularly used by a qualifying facility in addition to that which the facility generates itself.

(9) *Back-up power* means electric energy or capacity supplied by an electric utility to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

(10) *Interruptible power* means electric energy or capacity supplied by an electric utility subject to interruption by the electric utility under specified conditions.

(11) *Maintenance power* means electric energy or capacity supplied by an electric utility during scheduled outages of the qualifying facility.

(Public Utility Regulatory Policies Act of 1978, 16 U.S.C. 2601 *et seq.*, Energy Supply and Environmental Coordination Act, 15 U.S.C. 791 *et seq.* Federal Power Act, 16 U.S.C. 792 *et seq.*, Department of Energy Organization Act, 42 U.S.C. 7101 *et seq.*, E.O. 12009, 42 FR 46267)

[45 FR 12233, Feb. 25, 1980, as amended by Order 575, 60 FR 4856, Jan. 25, 1995]

(Assembly Bill [“AB”] 920 projects)³ NEM customers eligible for compensation under AB 920 must use a solar or wind generation facility of not more than 1 MW. FERC has recently modified its regulations so that generating facilities of 1 MW or less no longer need to file a certification of QF status with FERC to be considered a QF. (FERC Order 732, 130 FERC ¶ 61, 214 (March 19, 2010) and 18 CFR § 292.203(d)). Accordingly, NEM customers can be considered QFs exempt from certification requirements at FERC and may receive net surplus compensation at a rate that does not exceed avoided costs, as determined by the Commission.

2. SELLER’S GENERATING FACILITY

This Agreement governs Buyer’s purchase of the Product from the electrical generating facility (hereinafter referred to as the “Facility” or “Project”) as described in this Section.

2.1 Facility Location. The Facility is physically located at:

2.2 Facility Name. The Facility is named _____.

2.3 Type of Facility.

2.3.1 The Facility is a(n) (check one):

- name-plate capacity of 100 kilowatts or less [includes PV solar]
- name-plate capacity greater than 100 kilowatts and of 1 megawatt or less [AB 920 projects only]
- name-plate capacity greater than 100 kilowatts and of 3 megawatts or less [not applicable to AB 920 projects]

2.3.2 The Facility⁴ is a(n) (check one):

- full buy/sell pursuant to a legally enforceable obligation
- “as available” sale arrangement

2.3.3 The Facility’s primary fuel⁵ or energy source is _____ . [i.e. biogas, hydro, PV solar, geothermal, etc.].

2.4 Interconnection Point. Obligation to interconnect: “any electric utility shall make such interconnection costs with any qualifying facility as may be necessary to accomplish purchases or sales under this subpart. The obligation to pay for any interconnection shall be determined in accordance with §292.306.” The Facility is connected to *[name of utility]* electric system at *[include description of physical interconnection point]* at _____ kV [if known].

2.4.1 Delivery Point. The Delivery Point is at the point of interconnection with the CAISO Grid, *[insert name or location]*.

2.4.2 The Facility is (check one):

already interconnected

not interconnected

2.5 Interconnection Queue Position. The Project’s interconnection queue position is _____. The Project’s interconnection queue position may only be used for the sole benefit of the Project.

3. CONTRACT CAPACITY AND QUANTITY; TERM; CONTRACT PRICE; BILLING

3.1 Contract Capacity. The Contract Capacity is _____ kW. The Contract Capacity cannot exceed 3,000 kW.

3.2 Contract Quantity. The Contract Quantity during each Contract Year is the amount set forth in the applicable Contract Year in the “Delivery Term Contract Quantity Schedule,” set forth below, which amount is inclusive of outages.

Delivery Term Contract Quantity Schedule	
Contract Year	Contract Quantity (MWh/Yr)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	

13	
14	
15	
16	
17	
18	
19	
20	

3.3 Transaction. During the Delivery Term, Seller shall sell and deliver, or cause to be delivered, and Buyer shall purchase, the Product from the Facility at the Delivery Point, pursuant to Seller’s election of a (check one):

- full buy/sell pursuant to a legally enforceable obligation
- “as available” sale arrangement

3.4 Term of Agreement; Survival of Rights and Obligations.

3.4.1 The term shall commence upon the Execution Date of this Agreement and shall remain in effect until the conclusion of the Delivery Term unless terminated sooner pursuant to this Agreement (the “Term”).

3.4.2 Notwithstanding anything to the contrary in this Agreement, the rights and obligations that are intended to survive a termination of this Agreement are all of those rights and obligations that this Agreement expressly provides survive any such termination and those that arise from Seller’s or Buyer’s covenants, agreements, representations, and warranties applicable to, or to be performed, at or during any time before or as a result of the termination of this Agreement.

3.5 Delivery Term. The Seller shall deliver the Product from the Facility to Buyer for a period of (check one) ten (10), fifteen (15), or twenty (20) Contract Years (“Delivery Term”), which shall commence on the day on which Energy is delivered from the Facility to Buyer (“Commercial Operation Date”) under this Agreement and continue until the end of the last Contract Year unless terminated by the terms of this Agreement. The Commercial Operation Date shall occur only when all of the following conditions have been satisfied:

3.5.1 the Facility’s status as an Eligible Renewable Energy Resource, is demonstrated by Seller’s receipt of a CSI or SGIP reservation, and/or pre-certification from the CEC and the Facility is registered in WREGIS;

3.5.2 at Buyer’s request, Seller shall provide a certified statement from a Licensed Professional Engineer, that the Project is capable of delivering _____KW to the Delivery Point as of the date of the certification.

3.6 Contract Price.

3.6.1 **[TO BE DETERMINED; TOD FACTORS AND TIERED BY SIZE AND TYPE OF RESOURCE WITH PRICE INDEXED TO UOG CAPITAL AND O&M COSTS IN UTILITY'S ANNUAL GRC]**

3.7 Billing.

3.7.1 The amount of Product purchased by Buyer from Seller under this Agreement at the Delivery Point is determined by the meter specified in Section 5.1 or Check Meter, as applicable.

3.7.2 For the purpose of calculating monthly payments under this Agreement, the amount measured by the meter specified in Section 5.1 or Check Meter, as applicable, will be time-differentiated according to the time period and season of the receipt of the Product by Buyer from Seller, as set forth, and the pricing will be weighted by the factors set forth.

3.7.3 The monthly payment will equal the sum of (i) the sum of the monthly TOD Period payments for all TOD Periods in the month and (ii) the Curtailed Product Payment for the month. Each monthly TOD Period payment will be calculated pursuant to the following formula, where "n" is the TOD Period being calculated:

$$\text{TOD PERIOD}_n \text{ PAYMENT} = A \times B \times (C - D)$$

Where:

- A = Contract Price at avoided cost indexed at utility's previous year's annual Levelized Cost of Energy (LCOE) [Appendix A], in \$/kWh.
- B = The factor set forth in Appendix B for the TOD Period being calculated.
- C = The sum of Energy recorded by the meter specified as applicable, in all hours for the TOD Period being calculated, in kWh.
- D = Any energy and/or capacity produced by the Facility for which Buyer is not obligated to pay Seller.

3.7.4 On or before the last Business Day of the month immediately following each calendar month, Seller shall determine the amount of Product received by Buyer pursuant to this Agreement for each monthly period and issue an invoice showing the calculation of the payment. Seller shall also provide to Buyer: (a) records of metered data; (b) access to any records, including invoices or settlement data from the CAISO; and (c) an invoice, in the format specified by Buyer.

3.7.5 Buyer shall make payment of each invoice, adjusted by any amounts owed by or to Seller under this Agreement, on or before the later of the last Business Day of the month in which Buyer receives an invoice from Seller, or the tenth (10th) Business Day after receipt of the invoice; provided that Buyer shall have the right, but is not obligated, to apply any

amounts due to Buyer from Seller for any charges incurred under this Agreement, for past due bills for electric service or for Buyer services, towards any amount owed to Seller under this Agreement. In the event Buyer applies any amounts due to Buyer from Seller towards an invoice issued by Seller, Buyer shall provide an explanation of the amounts Buyer has applied towards Seller's invoice.

3.7.6 In the event an invoice or portion thereof or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with Notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. In the event adjustments to payments are required as a result of inaccurate meter(s), Buyer shall determine the correct amount of Product received under this Agreement during any period of inaccuracy and recompute the amount due from Buyer to Seller for the Product delivered during the period of inaccuracy. The Parties agree to use good faith efforts to resolve the dispute or identify the adjustment as soon as possible. Upon resolution of the dispute or calculation of the adjustment, any required payment shall be made within thirty (30) days of such resolution along with simple interest accrued at the Interest Rate from and including the due date, but excluding the date paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with simple interest accrued at the Interest Rate from and including the date of such overpayment, but excluding the date repaid or deducted by the Party receiving such overpayment. If an invoice is not rendered by Seller within twelve (12) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

3.7.7 Notwithstanding anything to the contrary, Buyer may issue an invoice to Seller for any amount due under this Agreement. Unless explicitly stated otherwise, payment of such invoice shall be made within thirty (30) days of receipt of such invoice.

3.7.8 Unless otherwise agreed to in writing by the Parties, any payment due under this Agreement will be satisfied once a check has cleared the banking institution.

3.7.9 All interest paid or payable under this Agreement shall be computed as simple interest using the Interest Rate and, unless specified otherwise in this Agreement, shall be paid concurrently with the payment or refund of the underlying amount on which such interest is payable.

4. GREEN ATTRIBUTES

4.1 Green Attributes are not being conveyed free of charge to Buyer in this Power Purchase Agreement. Green Attributes are being retained by the Seller which are then sold at market value based on TOD factors.

4.2 Seller hereby provides and conveys all Green Attributes [i.e., Attributes based on name-plate capacity] associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project.

4.3 Payment for Green Attributes shall be billed to Buyer monthly on the basis of a 30-day average price as recorded on the New Jersey Solar Renewable Energy Credit Trading Market until such time as California has an open trading REC market established for six months. At that time the 30-day average will be computed using California's recorded daily REC trading prices.

4.4 Conveyance of Product. Throughout the Delivery Term, Seller shall provide and convey the Product to Buyer in accordance with the terms of this Agreement, and Buyer shall have the exclusive right to the Product. Seller shall, at its own cost, take all actions and execute all documents or instruments that are reasonable and necessary to effectuate the use of the Green Attributes, Resource Adequacy Benefits, and Capacity Attributes for Buyer's benefit throughout the Delivery Term.

5. GENERAL CONDITIONS

5.1 Metering Requirements.

5.1.1 Output from the Project must be delivered through a single meter and that meter must be dedicated exclusively to the Project. All Product purchased under this Agreement must be measured by a revenue quality meter specified by Buyer, to be eligible for payment under this Agreement.

5.1.2 Buyer may, at its sole cost, furnish and install one Check Meter at the interconnection associated with the Facility at a location provided by Seller that is compliant with Buyer's electric service requirements. The Check Meter may be interconnected with Buyer's communication network to permit (a) periodic, remote collection of revenue quality meter data, and (b) back-up real time transmission of operating-quality meter data through the telemetering system.

5.2 Standard of Care. Seller shall: (a) maintain and operate the Facility and Interconnection Facilities, except facilities installed by Buyer, in conformance with all Laws and in accordance with Prudent Electrical Practices; (b) obtain any governmental authorizations and permits required for the construction and operation thereof; and (c) generate, schedule and perform transmission services in compliance with all applicable operating policies, criteria, rules, guidelines and tariffs and Prudent Electrical Practices. Seller shall reimburse Buyer for any and all losses, damages, claims, penalties, or liability Buyer incurs as a result of Seller's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of the Facility throughout the Term of this Agreement.

5.3 Access Rights. Buyer, its authorized agents, employees and inspectors may, on reasonable advance notice under the circumstances, visit the Project during normal business hours for purposes reasonably connected with this Agreement or the exercise of any and all rights secured to Buyer by Law, its tariff schedules, and rules on file with the CPUC. Buyer, its authorized agents, employees and inspectors must (a) at all times adhere to all safety and security procedures as may be required by Seller; and (b) not interfere with the operation of the Project. Buyer shall make reasonable efforts to coordinate its emergency activities with the Safety and

Security Departments, if any, of the Project operator. Seller shall keep Buyer advised of current procedures for contacting the Project operator's Safety and Security Departments.

5.4 Protection of Property. Each Party shall be responsible for protecting its own facilities from possible damage resulting from electrical disturbances or faults caused by the operation, faulty operation, or non-operation of the other Party's facilities and such other Party shall not be liable for any such damages so caused; provided that nothing in this Section 5.4 shall modify any other agreement between the Parties.

5.5 Seller Curtailment.

5.5.1 Seller shall promptly curtail the production of the Facility: (a) upon Notice from Buyer that Buyer has been instructed by the CAISO or the Transmission/Distribution Owner to curtail Energy deliveries; (b) upon Notice that Seller has been given a curtailment order or similar instruction in order to respond to an Emergency.

5.5.2 Buyer shall estimate the amount of Product the Facility would have been able to deliver. Buyer shall apply accepted industry standards in making such an estimate and take into consideration past performance of the Facility, meteorological data, solar irradiance data, and any other relevant information. Seller shall cooperate with Buyer's requests for information associated with any estimate made hereunder.

5.6 Greenhouse Gas Emissions. Seller acknowledges that a Governmental Authority may require Buyer to take certain actions with respect to greenhouse gas emissions attributable to the generation of Energy, including, but not limited to, reporting, registering, tracking, allocating for or accounting for such emissions. Promptly following Buyer's written request, Seller agrees to take all commercially reasonable actions and execute or provide any and all documents, information or instruments with respect to generation by the Facility reasonably necessary to permit Buyer to comply with such requirements, if any.

6. NOTICES

6.6.1 Notices (other than forecasts, scheduling requests and curtailment (or equivalent) instructions) shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service, facsimile or electronic messaging (e-mail). Notices of curtailment (or equivalent orders) may be oral or written and must be made in accordance with accepted industry practices for such notices. A notice sent by facsimile transmission or e-mail will be recognized and shall be deemed received on the Business Day on which such notice was transmitted if received before 5 p.m. Pacific prevailing time (and if received after 5 p.m., on the next Business Day) and a notice by overnight mail or courier shall be deemed to have been received on the next Business Day after such Notice is sent or such earlier time as is confirmed by the receiving Party unless it confirms a prior oral communication, in which case any such notice shall be deemed received on the day sent. A Party may change its addresses by providing notice of same in accordance with this provision. All Notices, requests, invoices, statements or payments for this Facility must reference this Agreements identification number.

7. EVENTS OF DEFAULT AND TERMINATION

7.1 Termination. Unless terminated earlier or this Section 7 of this Agreement automatically terminates immediately following the last day of the Delivery Term.

7.2 Events of Default. An “Event of Default” means, with respect to a Party, the occurrence of any of the following:

7.2.1 With respect to either Party:

7.2.1.1 A Party becomes Bankrupt;

7.2.1.2 Except for an obligation to make payment when due, if there is a failure of a Party to perform any material covenant or obligation set forth in this Agreement (except to the extent such failure provides a separate termination right for the non-breaching Party or to the extent excused by Force Majeure), if such failure is not remedied within sixty (60) days after Notice thereof from the non-breaching Party to the breaching Party, or

7.2.1.3 The breaching Party provides a written statement that a third party (supplier) is the reason for the delay, or

7.2.1.4 A Party fails to make any payment due and owing under this Agreement, if such failure is not cured within fifteen (30) days after Notice from the non-breaching Party to the breaching Party.

7.3 Declaration of an Event of Default. If an Event of Default has occurred, the non-defaulting Party shall have the right to: (a) send Notice, designating a day, no earlier than fifteen (15) days after such Notice and no later than thirty (60) days after such Notice, as an early termination date of this Agreement (“Early Termination Date”); (b) accelerate all amounts owing between the Parties; (c) terminate this Agreement and end the Delivery Term effective as of the Early Termination Date; and (d) if the defaulting party is the Seller, Buyer shall have the right to collect any Settlement Amount.

7.4 Release of Liability for Termination.

7.4.1 Upon termination of this Agreement, neither Party shall be under any further obligation or subject to liability hereunder, except as provided in Section 3.4.2.

7.4.2 If an Event of Default shall have occurred, the non-defaulting Party has the right to immediately suspend performance under this Agreement and pursue all remedies available at Law or in equity against the defaulting Party (including monetary damages), except to the extent that such remedies are limited by the terms of this Agreement.

APPENDIX A -- LEVELIZED COST OF ENERGY (LCOE)

**CALIFORNIA
ENERGY
COMMISSION**

**COMPARATIVE COSTS OF CALIFORNIA
CENTRAL STATION ELECTRICITY
GENERATION**

FINAL STAFF REPORT

January 2010
CEC-200-2009-07SF

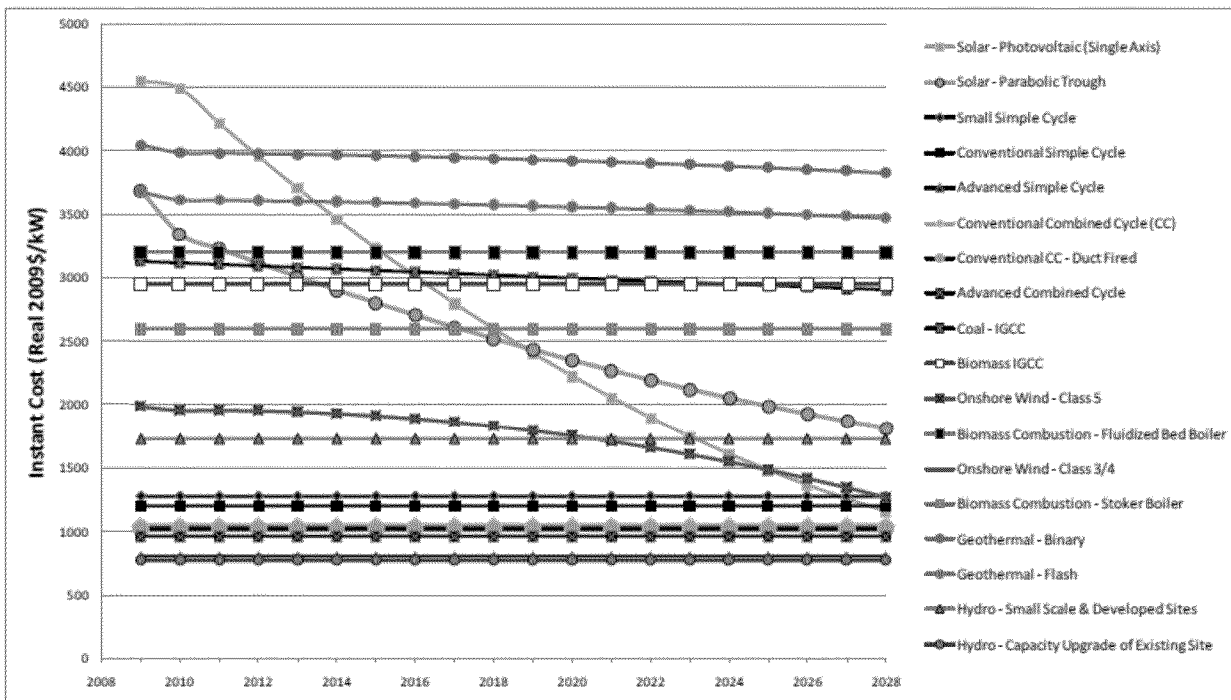


Arnold Schwarzenegger, Governor

This comparison of costs should always be used with discretion since these technologies are not interchangeable in their value to the system, However, a number of cost differences can be noted for general screening purposes. In general, the IOU plants are less expensive than the merchant facilities because of lower financing costs. However, the merchant plants for some of the renewable technologies, such as the solar units, become less expensive because of the effect of cash-flow financing and tax benefits. The POU plants are the least expensive because of lower financing costs and tax exemptions. This difference is most significant for the simple cycle units, where levelized costs for merchant or IOU projects are twice that of a POU.

A shortcoming noted in the 2007 IEPR was that the levelized cost estimates did not capture long-term changes in cost variables, the most significant of which determining levelized cost is instant cost. Instant cost, sometimes referred to as *overnight cost*, is the initial capital expenditure. **Figure 8** summarizes the long-term trend in instant cost in real 2009 dollars. Most of the units have little or no expected improvement over the 20-year period, but two of the renewable technologies that are important to California’s resource development, wind and solar, show a significant cost decline. Solar photovoltaic, which has shown dramatic cost change since 2007, is expected to show the most improvement of all the technologies, bringing its capital cost within range of the gas-fired combined cycle units. The variations in levelized costs depend on a complicated set of assumptions on financing, operational costs, and, most importantly, tax credits...

Figure 8: Average Instant Cost Trend (Real 2009 \$/kW)



Source: Energy Commission

APPENDIX B -- TIME OF DELIVERY PERIODS AND FACTORS
[PG&E Time of Delivery (TOD) Periods & Factors]

Monthly Period	Super-Peak¹	Shoulder²	Night³
Jun – Sep	2.38	1.12	0.59
Oct.- Dec., Jan. & Feb.	1.10	.94	0.66
Mar. – May	1.22	0.90	0.61

Definitions:

1. Super-Peak (5x8) = HE (Hours Ending) 13 – 20 (Pacific Prevailing Time (PPT)), Monday - Friday (*except* NERC holidays) in the applicable Monthly Period.
2. Shoulder = HE 7 - 12, 21 and 22 PPT Monday - Friday (*except* NERC holidays); and HE 7 - 22 PPT Saturday, Sunday and *all* NERC holidays in the applicable Monthly Period.
3. Night (7x8) = HE 1 - 6, 23 and 24 PPT all days (*including* NERC holidays) in the applicable Monthly Period.

“NERC Holidays” mean the following holidays: New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Three of these days, Memorial Day, Labor Day, and Thanksgiving Day occur on the same day each year. Memorial Day is the last Monday in May; Labor Day is the first Monday in September; and Thanksgiving Day is the 4th Thursday in November. New Year’s Day, Independence Day, and Christmas Day, by definition, are predetermined dates each year. However, in the event they occur on a Sunday, the “NERC Holiday” is celebrated on the Monday immediately following that Sunday. However, if any of these days occur on a Saturday, the “NERC Holiday” remains on that Saturday.

**APPENDIX B-1
TIME OF DELIVERY PERIODS AND FACTORS**

[SCE Full Deliverability Time of Delivery Periods & Product Payment Allocation Factors]⁶

<u>TOD Periods</u>			
All listed times are Los Angeles time.			
<i>TOD Period</i>	<i>Summer Jun 1st – Sep 30th</i>	<i>Winter Oct 1st – May 31st</i>	<i>Applicable Days</i>
On-Peak	Noon – 6:00 P.M.	Not Applicable.	Weekdays except Holidays.
Mid-Peak	8:00 A.M. – Noon	8:00 A.M. - 9:00 P.M.	Weekdays except Holidays.
	6:00 P.M. – 11:00 P.M.		Weekdays except Holidays.
Off-Peak	11:00 P.M. – 8:00 A.M.	6:00 A.M. – 8:00 A.M.	Weekdays except Holidays.
		9:00 P.M. – Midnight	Weekdays except Holidays.
	Midnight – Midnight	6:00 A.M. – Midnight	Weekends and Holidays.
Super-Off-Peak	Not Applicable.	Midnight – 6:00 A.M.	Weekdays, Weekends and Holidays.

<u>Product Payment Allocation Factors</u>			
<i>Season</i>	<i>TOD Period</i>	<i>Calculation Method</i>	<i>Product Payment Allocation Factor</i>
Summer	On-Peak	Fixed Value	3.13
	Mid-Peak	Fixed Value	1.35
	Off-Peak	Fixed Value	0.75
Winter	Mid-Peak	Fixed Value	1.00
	Off-Peak	Fixed Value	0.83
	Super-Off-Peak	Fixed Value	0.61

“Holiday” is defined as New Year’s Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, or Christmas Day. When any Holiday falls on a Sunday, the following Monday will be recognized as a Holiday. No change will be made for Holidays falling on Saturday.

EXHIBIT B-2
TIME OF DELIVERY PERIODS AND FACTORS

[SCE Energy Only Time of Delivery Periods & Product Payment Allocation Factors]

<u>TOD Periods</u>			
<i>TOD Period</i>	<i>Summer Jun 1st – Sep 30th</i>	<i>Winter Oct 1st – May 31st</i>	<i>Applicable Days</i>
On-Peak	Noon – 6:00 p.m.	Not Applicable.	Weekdays except Holidays.
Mid-Peak	8:00 a.m. – Noon	8:00 a.m. - 9:00 p.m.	Weekdays except Holidays.
	6:00 p.m. – 11:00 p.m.		Weekdays except Holidays.
Off-Peak	11:00 p.m. – 8:00 a.m.	6:00 a.m. – 8:00 a.m.	Weekdays except Holidays.
		9:00 p.m. – Midnight	Weekdays except Holidays.
	Midnight – Midnight	6:00 a.m. – Midnight	Weekends and Holidays
Super-Off-Peak	Not Applicable.	Midnight – 6:00 a.m.	Weekdays, Weekends and Holidays

<u>Product Payment Allocation Factors</u>			
<i>Season</i>	<i>TOD Period</i>	<i>Calculation Method</i>	<i>Product Payment Allocation Factor</i>
Summer	On-Peak	Fixed Value.	1.55
	Mid-Peak	Fixed Value.	1.18
	Off-Peak	Fixed Value.	0.87
Winter	Mid-Peak	Fixed Value.	1.12
	Off-Peak	Fixed Value.	0.97
	Super-Off-Peak	Fixed Value.	0.72

“Holiday” is defined as New Year’s Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, or Christmas Day. When any Holiday falls on a Sunday, the following Monday will be recognized as a Holiday. No change will be made for Holidays falling on Saturday.

**APPENDIX B
TIME OF DELIVERY PERIODS AND FACTORS**

[SDG&E Time of Delivery Periods & Factors]

TOD Period	Period Days and Hours	Time-of-day Factor
Winter On-Peak	Nov 1 - Jun 30 Weekdays 1 pm to 9 pm PST (HE 14 to HE 21)	1.089
Winter Semi-Peak	Nov 1 - Jun 30 Weekdays 6 am to 1 pm PST (HE 7 to HE 13) Weekdays 9 pm to 10 pm PST (HE 22)	0.947
Winter Off-Peak	Nov 1 - Jun 30 All Weekend Hours NERC Holiday Hours* and Weekday Hours not already considered On-Peak or Semi-Peak	0.679
Summer On-Peak	Jul 1 - Oct 31 Weekdays 11 am to 7 pm PST (HE 12 to HE 19)	2.501
Summer Semi-Peak	Jul 1 - Oct 31 Weekdays 6 am to 11 am PST (HE 7 to HE 11) Weekdays 7 pm to 10 pm PST (HE 20 to HE 22)	1.342
Summer Off-Peak	Jul 1 - Oct 31 All Weekend Hours, NERC Holiday Hours* and Weekday Hours not already considered On-Peak or Semi-Peak	0.801

* NERC Holidays” mean the following holidays: New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Three of these days, Memorial Day, Labor Day, and Thanksgiving Day occur on the same day each year. Memorial Day is the last Monday in May; Labor Day is the first Monday in September; and Thanksgiving Day is the 4th Thursday in November. New Year’s Day, Independence Day, and Christmas Day, by definition, are predetermined dates each year. However, in the event they occur on a Sunday, the “NERC Holiday” is celebrated on the Monday immediately following that Sunday. However, if any of these days occur on a Saturday, the “NERC Holiday” remains on that Saturday.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below.

[INSERT UTILITY NAME]

By: _____ Date: _____

Name: _____

Title: _____

SELLER

By: _____ Date: _____

Name: _____

Title: _____

ENDNOTES

¹ Standard [offer] contract terms and conditions that “may not be modified” per CPUC Decision 07 11 025, and CPUC Decision 10-03-021, as modified by CPUC Decision 11-01-025, are shown in ■ shaded text.

² Pursuant to Title 18: Part 292 Subpart A General Provisions § 292.101, unless otherwise noted.

³ Stats. 2009, Ch. 376.

⁴ § 292.304 Rates for purchases.

(a) Rates for purchases. (1) Rates for purchases shall:

(i) Be just and reasonable to the electric consumer of the electric utility and in the public interest; and

(ii) Not discriminate against qualifying cogeneration and small power production facilities.

(2) Nothing in this subpart requires any electric utility to pay more than the avoided costs for purchases.

(b) Relationship to avoided costs. (1) For purposes of this paragraph, “new capacity” means any purchase from capacity of a qualifying facility, construction of which was commenced on or after November 9, 1978.

(2) Subject to paragraph (b)(3) of this section, a rate for purchases satisfies the requirements of paragraph (a) of this section if the rate equals the avoided costs determined after consideration of the factors set forth in paragraph (e) of this section

(3) A rate for purchases (other than from new capacity) may be less than the avoided cost if the State regulatory authority (with respect to any electric utility over which it has ratemaking authority) or the nonregulated electric utility determines that a lower rate is consistent with paragraph (a) of this section, and is sufficient to encourage cogeneration and small power production.

(4) Rates for purchases from new capacity shall be in accordance with paragraph (b)(2) of this section, regardless of whether the electric utility making such purchases is simultaneously making sales to the qualifying facility.

(5) In the case in which the rates for purchases are based upon estimates of avoided costs over the specific term of the contract or other legally enforceable obligation, the rates for such purchases do not violate this subpart if the rates for such purchases differ from avoided costs at the time of delivery.

(c) Standard rates for purchases. (1) There shall be put into effect (with respect to each electric utility) standard rates for purchases from qualifying facilities with a design capacity of 100 kilowatts or less.

(2) There may be put into effect standard rates for purchases from qualifying facilities with a design capacity of more than 100 kilowatts.

(3) The standard rates for purchases under this paragraph:

(i) Shall be consistent with paragraphs (a) and (e) of this section; and

(ii) May differentiate among qualifying facilities using various technologies on the basis of the supply characteristics of the different technologies.

(d) Purchases “as available” or pursuant to a legally enforceable obligation. Each qualifying facility shall have the option either:

(1) To provide energy as the qualifying facility determines such energy to be available for such purchases, in which case the rates for such purchases shall be based on the purchasing utility's avoided costs calculated at the time of delivery; or

(2) To provide energy or capacity pursuant to a legally enforceable obligation for the delivery of energy or capacity over a specified term, in which case the rates for such purchases shall, at the option of the qualifying facility exercised prior to the beginning of the specified term, be based on either:

(i) The avoided costs calculated at the time of delivery; or

(ii) The avoided costs calculated at the time the obligation is incurred.

(e) Factors affecting rates for purchases. In determining avoided costs, the following factors shall, to the extent practicable, be taken into account:

(1) The data provided pursuant to §292.302(b), (c), or (d), including State review of any such data;

(2) The availability of capacity or energy from a qualifying facility during the system daily and seasonal peak periods, including:

(i) The ability of the utility to dispatch the qualifying facility;

(ii) The expected or demonstrated reliability of the qualifying facility;

(iii) The terms of any contract or other legally enforceable obligation, including the duration of the obligation, termination notice requirement and sanctions for non-compliance;

(iv) The extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the utility's facilities;

(v) The usefulness of energy and capacity supplied from a qualifying facility during system emergencies, including its ability to separate its load from its generation;

(vi) The individual and aggregate value of energy and capacity from qualifying facilities on the electric utility's system; and

(vii) The smaller capacity increments and the shorter lead times available with additions of capacity from qualifying facilities; and

(3) The relationship of the availability of energy or capacity from the qualifying facility as derived in paragraph (e)(2) of this section, to the ability of the electric utility to avoid costs, including the deferral of capacity additions and the reduction of fossil fuel use; and

(4) The costs or savings resulting from variations in line losses from those that would have existed in the absence of purchases from a qualifying facility, if the purchasing electric utility generated an equivalent amount of energy itself or purchased an equivalent amount of electric energy or capacity.

(f) Periods during which purchases not required. (1) Any electric utility which gives notice pursuant to paragraph (f)(2) of this section will not be required to purchase electric energy or capacity during any period during which, due to operational circumstances, purchases from qualifying facilities will result in costs greater than those which the utility would incur if it did not make such purchases, but instead generated an equivalent amount of energy itself.

(2) Any electric utility seeking to invoke paragraph (f)(1) of this section must notify, in accordance with applicable State law or regulation, each affected qualifying facility in time for the qualifying facility to cease the delivery of energy or capacity to the electric utility.

(3) Any electric utility which fails to comply with the provisions of paragraph (f)(2) of this section will be required to pay the same rate for such purchase of energy or capacity as would be required had the period described in paragraph (f)(1) of this section not occurred.

(4) A claim by an electric utility that such a period has occurred or will occur is subject to such verification by its State regulatory authority as the State regulatory authority determines necessary or appropriate, either before or after the occurrence.

⁵ *Fuel use.* (1)(i) The primary energy source of the facility must be biomass, waste, renewable resources, geothermal resources, or any combination thereof, and 75 percent or more of the total

energy input must be from these sources.(ii) Any primary energy source which, on the basis of its energy content, is 50 percent or more biomass shall be considered biomass. (2) Use of oil, natural gas and coal by a facility, under section 3(17)(B) of the Federal Power Act, is limited to the minimum amounts of fuel required for ignition, startup, testing, flame stabilization, and control uses, and the minimum amounts of fuel required to alleviate or prevent unanticipated equipment outages, and emergencies, directly affecting the public health, safety, or welfare, which would result from electric power outages. Such fuel use may not, in the aggregate, exceed 25 percent of the total energy input of the facility during the 12-month period beginning with the date the facility first produces electric energy and any calendar year subsequent to the year in which the facility first produces electric energy. (Energy Security Act, Pub. L. 96–294, 94 Stat. 611 (1980) Public Utility Regulatory Policies Act of 1978, 16 U.S.C. 2601, *et seq.*, Energy Supply and Environmental Coordination Act, 15, U.S.C. 791, *et seq.*, Federal Power Act, as amended, 16 U.S.C. 792 *et seq.*, Department of Energy Organization Act, 42 U.S.C. 7101, *et seq.* ; E.O. 12009, 42 FR 46267)

⁶ Appendix has been provided as a placeholder. Applicable TOD Factors are dependent on pricing and program requirements.