**TERM SHEET FOR CALIFORNIA RPS BUNDLED RENEWABLE ENERGY (PCC1/PCC2)**

 THIS TERM SHEET FOR CALIFORNIA RPS BUNDLED RENEWABLE ENERGY (PCC1/PCC2) (“**Term Sheet**”) sets forth the current mutual intention of Buyer and Seller (as defined below, each a “**Party**” and together, the “**Parties**”) with respect to the proposed transaction described below. Except for the provisions of Sections 16, 17 and 18, below, which are intended to be binding and legally enforceable, this Term Sheet does not create any legal rights or obligations between the Parties.

|  |  |
| --- | --- |
| **Seller:** [Project company] (“**Seller**”) | **Buyer: CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA, a California joint powers authority** (“**Buyer**” or “**CPA**”) |
|  | **Product:** | The Product shall mean either or both of the following, as applicable:PCC1: Bundled renewable energy meeting the requirements of California Public Utilities Code Section 399.16(b)(1) and California Public Utilities Commission (“CPUC”) Decision 11-12-052, also referred to as “**Portfolio Content Category 1**” or “**PCC1**”.PCC2: Bundled renewable energy meeting the requirements of California Public Utilities Code Section 399.16(b)(2) and California Public Utilities Commission (“CPUC”) Decision 11-12-052, also referred to as “**Portfolio Content Category 2**” or “**PCC2**”. |
|  | **Governing Contract:** | EEI Master Power Purchase and Sale Agreement, or as otherwise agreed to by the Parties. |
|  | **Project:** | All Product sold hereunder shall be generated by the facility or facilities (“**Project**”) listed in Appendix A. The Project is a [NEW/EXISTING] facility.Seller shall have sole discretion throughout the Term to designate and re-designate, as applicable, upon prior notice to Buyer, the Project by selecting one or more of the facilities from Appendix A.  |
|  | **Contract Quantity:** | PCC1: XXX MWh per calendar yearPCC2: XXX MWh per calendar year[*Or, as set forth in Appendix B.*] |
|  | **Contract Price:** | Buyer shall pay Seller $X.XX/MWh of Product as represented by transfer of its applicable WREGIS Certificate to Buyer’s WREGIS account. Seller will receive a payment from CAISO for the electricity portion of the Product delivered into the CAISO market, and Seller shall retain all CAISO revenues associated with such electricity in full satisfaction of Buyer’s payment obligation for the electricity component of the Product.  |
|  | **PCC2 Substitute Energy (if applicable):** | Substitute Energy may not be from a coal-fired or nuclear electricity generating facility. |
|  | **Term of Transaction:** | 10 years |
|  | **Credit Requirements:** | Seller’s credit requirements will be subject to review by Buyer; Buyer will not be providing credit support.  |
|  | **Green Attributes Conveyance:** | Seller shall convey Green Attributes to Buyer in the form of WREGIS certificates. Seller shall transfer WREGIS Certificates into Buyer’s WREGIS account in an amount not to exceed the Contract Quantity. |
|  | **Delivery Point:** | The “**Delivery Point**” where Buyer shall take possession of the electricity shall be CAISO or California Balancing Authority. |
|  | **Delivery Schedule:** | Seller shall not deliver and Buyer is not obligated to receive Product quantities in excess of one-third (1/3) of the annual Contract Quantity in any calendar month.  |
|  | **Scheduling Obligations:** | Seller, or a qualified third party designated by Seller, shall act as Scheduling Coordinator for the Project. Buyer hereby authorizes Seller, or its third-party Scheduling Coordinator designee, to deliver the electricity associated with the Product to the CAISO at the Delivery Point as an agent on Buyer’s behalf. |
|  | **Payment:** | The Parties hereby agree that payment shall be due following Seller’s transfer of the WREGIS Certificates for the Product to Buyer as follows: (a) on the twentieth (20th) day of the month in which Seller transfers the WREGIS Certificates for the Product to the Buyer, if Buyer receives an invoice no later than ten (10) days before the twentieth (20th) day of the month; otherwise, the invoice shall be payable no later than ten (10) Business Days after the receipt of Seller’s invoice. |
|  | **Seller Representations:** | 1. The Project 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 (ii) the Project’s output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard.
2. Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term, the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028.
3. Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.
4. Other customary Seller Representations and Warranties required for the applicable Product.
 |
|  | **Changes in Law Provisions:** | Seller shall make commercially reasonable efforts to comply with Changes in Law or any change in the California RPS, including but not limited to changes in the requirements applicable to the Product, including RECs, provided that such costs shall not be greater than $25,000 (the “**Capped Amount**”). If Seller cannot comply with a Change in Law or any change in the California RPS by spending the Capped Amount or less, Buyer shall have the right, but not the obligation, to terminate this Confirmation upon five (5) days’ prior written notice to Seller. If Buyer elects to terminate this Confirmation under this section, neither Party shall be in default under this Confirmation or have any further obligations to the other Party (other than with respect to deliveries of Product prior to such termination). In the event of termination under this provision, Buyer shall remain obligated to pay the Contract Price for deliveries of Product prior to such termination.  |
|  | **Governing Law:** | This Term Sheet shall be construed under the laws of the State of California without regard to principles of conflicts of laws. |
|  | **Counterparts:** | This Term Sheet may be signed in any number of counterparts with the same effect as if the signatures to the counterparty were upon a single instrument. Delivery of an executed signature page of this Term Sheet by electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page. |
|  | **Nonbinding Effect:** | With the exception of Sections 16, 17 and this Section 18, each Party acknowledges and agrees that, notwithstanding any other provision of this Term Sheet, or any other action or statement of either Party or any of their respective representatives, this Term Sheet merely constitutes a statement of the current mutual intentions of the Parties with respect to the transactions described herein, does not contain all matters upon which definitive agreements must be reached in order for such transactions to be consummated, is not intended to and does not create any legally binding obligation on the part of any Party, whether to consummate such transactions or otherwise, and no such obligation will exist unless and until definitive agreements are executed and delivered by the Parties, and then only to the extent provided in such in such agreements. |

[*Signatures on following page*]

IN WITNESS WHEREOF, the Parties acknowledge their agreement to the foregoing by execution of this Term Sheet by their respective representatives.

[*SELLER*]

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA,

a California joint powers authority

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**APPENDIX A**

**project**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Name of Facility | Resource | Capacity (MW) | CEC RPS ID | WREGIS GU ID | Host Balancing Authority |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**APPENDIX B**

**DELIVERY TERM QUANTITY SCHEDULE**

|  |
| --- |
| Delivery Term Quantity Schedule |
| Year | PCC1 (MWh) | PCC2 (MWh) |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |