**TERM SHEET FOR STAND-ALONE ENERGY STORAGE**

THIS TERM SHEET FOR STAND-ALONE ENERGY STORAGE AGREEMENT(“**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 41, 42 and 43, below, which are intended to be binding and legally enforceable, this Term Sheet does not create any legal rights or obligations between the Parties.

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| --- | --- | --- |
| **Seller:** [Project company] (“**Seller**”) | | **Buyer: CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA, a California joint powers authority** (“**Buyer**” or “**CPA**”) |
|  | **Project Name:** | [Project name], a stand-alone energy storage facility (“**Project**” or “**Storage** **Unit**”) |
|  | **Location:** | [Location]  CONFORMING: IN STATE, DIRECTLY INTERCONNECTED TO CAISO |
|  | **Interconnection Point:** | [Name and location] |
|  | **Energy Delivery Point:** | [Description] |
|  | **Local Capacity Area:** | [CAISO System, Big Creek-Ventura, LA Basin, etc.] |
|  | **Scheduling Coordinator:** | Buyer will be the Scheduling Coordinator for the Storage Unit. |
|  | **Storage Capacity:** | [Total project capacity] megawatts (“**MW**”)  MAX: 50 MW  MIN: 5 MW |
|  | **RA Capacity:** | [NQC] MW  MAX: 50 MW  MIN: 5 MW |
|  | **Maximum Storage Level:** | [number representing greatest amount of energy that may be discharged from the Storage Unit] megawatt-hours (“**MWh**”)  MAX: 200 MWh |
|  | **Minimum Storage Level:** | [number representing lowest level to which Storage Unit may be discharged] MWh  MIN: 0 MWh |
|  | **Maximum Charging Capacity:** | [highest level at which Storage Unit may be charged] MW  MAX: 50 MW  MIN: 5 MW |
|  | **Minimum Charging Capacity:** | [lowest level at which Storage Unit may be charged] MW  MAX: 1 MW  MIN: 0.1 MW |
|  | **Maximum Discharging Capacity:** | [highest level at which Storage Unit may be discharged] MW  MAX: 50 MW  MIN: 5 MW |
|  | **Minimum Discharging Capacity:** | [lowest level at which Storage Unit may be discharged] MW  MAX: 1 MW  MIN: 0.1 MW |
|  | **Maximum Round-Trip Efficiency:** | [peak efficiency of conversion between charging energy and discharging energy (i.e. ratio of maximum charging energy to maximum discharging energy)] %  If actual round-trip efficiency is greater than or equal to Maximum Round-Trip Efficiency, then for purposes of calculating the Settlement Amount, the actual round-trip efficiency will be deemed to be 100%. |
|  | **Minimum Round-Trip Efficiency:** | [minimum guaranteed efficiency of conversion between charging energy and discharging energy (i.e. ratio of maximum charging energy to maximum discharging energy)] %  If actual round-trip efficiency is less than Minimum Round-Trip Efficiency, then for purposes of calculating the Settlement Amount, the actual round-trip efficiency will be deemed to be 0%.  CONFORMING: 60% |
|  | **Ramp Rate:** | [number] MW/minute |
|  | **Monthly Cycles:** | [Number of times per month Buyer may fully charge and discharge the Storage Unit. A full charge will be deemed to have occurred when the cumulative amount of energy added to the Storage Unit over the course of a calendar month equals the Maximum Storage Level. This could occur in one continuous charge or over multiple charges, even if some energy is discharged in between. The inverse is true for a full discharge.]  CONFORMING: 30 full cycles, 60 full cycles |
|  | **Daily Dispatch Limits:** | Charging: [maximum number of times per day Buyer may begin charging the Storage Unit]  Discharging: [maximum number of times per day Buyer may begin discharging the Storage Unit]  CONFORMING: Unlimited daily dispatches |
|  | **Maximum Time at Minimum Storage Level:** | [Seller-specified, if applicable] |
|  | **Other Operating Limits:** | [Seller-specified, if applicable] |
|  | **Products:** | All energy, capacity, resource adequacy, ancillary services, environmental attributes produced by the Storage Unit. |
|  | **Ancillary Services Capability:** | [List frequency regulation, spin, regulation up, regulation down, etc., and specify relevant operating parameters for each.] |
|  | **Station Use:** | Buyer will not be responsible for Station Use and Station Use will not be provided by the Storage Units. Expected station use in [number] MWh per year. |
|  | **Guaranteed Storage Availability:** | [percentage of hours each month that Seller agrees the Storage Units will be available] %  CONFORMING: 98% |
|  | **Availability Adjustment:** | The Availability Adjustment (“**AA**”), which is calculated as follows:   1. If the monthly storage availability is greater than or equal to the Guaranteed Storage Availability, then:   AA = 100%   1. If the monthly storage availability is less than the Guaranteed Storage Availability, but greater than or equal to 70%, then:   AA = 100% - [(98% - monthly storage availability) × 2]   1. If the monthly storage availability is less than 70%, then:   AA = 0 |
|  | **Fixed Price:** | $[price]/kW-month of RA Capacity  CONFORMING: 0% ANNUAL ESCALATOR |
|  | **Delivery Term:** | [number] years  CONFORMING: 15 YEARS  NON-CONFORMING: 10 – 20 YEAR TERM |
|  | **Targeted Commercial Operation Date:** | [COD], subject to a day-for-day extension to the extent that commercial operation is delayed by a force majeure event, up to a maximum extension of one hundred twenty (120) calendar days.  CONFORMING: 12/31/2021  NON-CONFORMING: 1/1/2020 – 12/31/2023 |
|  | **Guaranteed Commercial Operation Date:** | The date that is fifty (50) calendar days after the Targeted Commercial Operation Date. |
|  | **Settlement Amount:** | For each month of the Term. The Settlement Amount will equal:  RA Capacity in kW  times the price in $/kW-month  times actual round-trip efficiency  times actual net storage level (actual maximum storage level minus actual minimum storage level divided by Maximum Storage Level minus Minimum Storage Level)  times Availability Adjustment. |
|  | **Dispatch Performance:** | If Seller fails to follow any valid dispatch order from Buyer or CAISO, any CAISO charges, penalties or costs will be paid by Seller, and Seller will compensate Buyer for any lost CAISO revenues or credits, provided that, Seller’s performance under this provision may be excused in cases of force majeure. |
|  | **Early Termination:** | If commercial operation is not achieved by the Guaranteed Commercial Operation Date, Buyer may elect in its sole discretion to terminate the definitive agreements by sending written notice to Seller. If Buyer terminates the definitive agreement due to a failure to achieve commercial operation by the Guaranteed Commercial Operation Date, Seller will pay Buyer liquidated damages in an amount equal to the Seller Pre-COD Credit Amount. |
|  | **Events of Default:** | The definitive agreements shall include customary events of default including, but not limited to, defaults for failure to pay, failure to perform a material obligation, breach of representation or warranty, bankruptcy, failure to maintain required credit support. Events of Default will include the facility’s availability falling below eighty percent (80%) in two consecutive years. |
|  | **Seller’s Performance Assurance:** | Prior to COD: A letter of credit equal to $90,000/MW of expected capacity (the “**Seller Pre-COD Credit Amount**”); and  Post-COD: $90,000/MW of installed capacity from COD until the end of the settlement term (the “**Seller Operation Credit Amount**”). |
|  | **Delay Damages:** | If by the Targeted Commercial Operation Date, the installed quantity is less than the minimum installed capacity, Seller shall pay to Buyer an amount equal to (x) $1,800.00 multiplied by (y) minimum installed capacity minus installed quantity for each day of delay that occurs after the Targeted Commercial Operation Date and until the earlier of (a) the Commercial Operation Date and (b) the date the definitive agreements have been terminated. |
|  | **Capacity Buydown:** | If by the Guaranteed Commercial Operation Date, the Commercial Operation Date has occurred but the installed quantity is less than the expected facility capacity, Seller shall pay to Buyer shortfall damages (the “**Capacity Buydown**”) equal to the product of (x) the difference (in MW) between (a) the expected facility capacity and (b) the installed quantity, multiplied by (y) $90,000 per MW. |
|  | **Conditions Precedent:** | The definitive agreements will become effective upon satisfaction of the following condition(s) by Seller:   * TBD |
|  | **Indemnification:** | Seller shall indemnify, defend and hold Buyer harmless from and against any and all damages for (i) personal injury, death or property damage to Buyer’s property or facilities, (ii) personal injury, death or property damage to third parties, or (iii) other third-party claims (whether arising under contract or tort), in each case that arise out of or are connected with development, construction, operation, ownership or leasing of the facility, or other acts or omissions of Seller with respect to the trade quantity on its side of the Interconnection Point, provided Seller shall have no obligation to indemnify Buyer to the extent such injury, death or damage or other third party claims are attributable to the gross negligence or willful misconduct by Buyer or any of its affiliates. |
|  | **Assignment:** | Assignment of the definitive agreements will generally require consent of the other Party, not to be unreasonably withheld. Buyer agrees that Seller can collaterally assign the definitive agreements to its lenders without consent. |
|  | **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 41, 42 and this Section 43, 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 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: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_