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January 13, 2009

ADVICE LETTER 2057-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: UPDATE OF MARKET PRICE REFERENT (MPR) VALUES IN ACCORDANCE
WITH DECISION NO. 07-07-027**

San Diego Gas & Electric Company (SDG&E) hereby submits the following changes to its electric tariffs as shown on the enclosed attachments.

PURPOSE

Pursuant to D.07-07-027 and Commission Resolution E-4214 adopted December, 18, 2008, this filing updates the MPR values included in the standard contracts associated with electric Schedules WATER and CRE (Customer Renewable Energy) for use in the 2008 Renewables Portfolio Standard (RPS) solicitations.

BACKGROUND

The California RPS Program was established by Senate Bill (SB) 1078, and codified at California Public Utilities Code Section 399.11, et seq. The statute requires that RPS-obligated investor-owned utilities (IOU), energy service providers, and community choice aggregators meet annual targets by increasing procurement of Eligible Renewable Energy Resources. These RPS goals were accelerated by SB 107 and Executive Order S-14-08.

SDG&E filed Advice Letters 1918-E and 2027-E to establish tariff schedules WATER and CRE and the associated standard contracts for the purchase of renewable generation.¹ Attachment A of D.07-07-027 instructed large utilities to use the “uniform statewide MPR” rate and include this rate in either (i) its tariff or (ii) the standard contract portion of its combined tariff/standard contract. On December 18, 2008 Commission Resolution E-4214 adopted new 2008 MPR

¹ SDG&E Advice Letter 1918-E was approved by the Commission on April 17, 2008; and SDG&E Advice Letter 2027-E was approved by the Commission on October 28, 2008.

values. Pursuant to the table included in Resolution E-4214, SDG&E is modifying the MPR tables included in the standard contracts for electric schedules WATER and CRE as follows:

Adopted 2008 Market Price Referents² (Nominal - dollars/kWh)				
Resource Type	10-Year	15-Year	20-Year	25-Year
2009 Baseload MPR	0.10043	0.10537	0.11126	0.11480
2010 Baseload MPR	0.10175	0.10748	0.11390	0.11761
2011 Baseload MPR	0.10400	0.11046	0.11730	0.12110
2012 Baseload MPR	0.10698	0.11405	0.12126	0.12509
2013 Baseload MPR	0.10998	0.11776	0.12527	0.12915
2014 Baseload MPR	0.11278	0.12122	0.12897	0.13290
2015 Baseload MPR	0.11605	0.12503	0.13290	0.13690
2016 Baseload MPR	0.11971	0.12915	0.13706	0.14111
2017 Baseload MPR	0.12367	0.13352	0.14144	0.14549
2018 Baseload MPR	0.12802	0.13814	0.14603	0.15001
2019 Baseload MPR	0.13271	0.14298	0.15080	0.15464
2020 Baseload MPR	0.13776	0.14797	0.15578	0.15937

Consequently, SDG&E is updating the MPR tables included in its standard contracts Appendix H, related to electric schedules WATER and CRE as shown in Attachment A.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

EFFECTIVE DATE

SDG&E believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B. Since this filing is being made in compliance with D.07-07-027, SDG&E respectfully requests that the Advice Letter become effective January 13, 2009, which is the date filed.

PROTEST

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impacts, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the

² Using 2009 as the base year, Staff calculates MPRs for 2009-2020 that reflect different project online dates. The 2008 MPR model is available at: <http://www.ethree.com/MPR.html>

date this advice letter was filed with the CPUC. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission
CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of Honesto Gatchallian (ijnj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. It is also requested that a copy of the protest also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Todd Cahill
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1788
E-mail: tcahill@semprautilities.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in R.08-08-009, by either providing them a copy electronically or by mailing them a copy hereof properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail at SDG&ETariffs@semprautilities.com.

RON VAN DER LEEDEN
Director – Rates, Revenues & Tariffs

(cc list enclosed)

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Megan Caulson

Phone #: (858) 654-1748

E-mail: MCaulson@SempraUtilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2057-E

Subject of AL: Update of Market Price Referent (MPR) Values in Accordance with Decision 07-07-027.

Keywords (choose from CPUC listing): _____

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.07-07-027

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: _____

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 01/13/09

No. of tariff sheets: 4

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Forms 160-1000 and 160-2000; Table of Contents

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Todd Cahill

8330 Century Park Ct, Room 32C

San Diego, CA 92123

tcahill@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling
S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill
J. Pau

Dept. of General Services

H. Nanjo
M. Clark

Douglass & Liddell

D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
J. Heather Patrick
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate Reduction

M. Rochman
Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander
K. Cini
K. Gansecki
H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi
N. Furuta
L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties

R.08-08-009

ATTACHMENT
ADVICE LETTER 2057-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21022-E	SAMPLE FORMS, 160-1000, Sheet 1	Revised 20431-E
Revised 21023-E	SA,MPLE FORMS, 160-2000, Sheet 1	Original 20884-E
Revised 21024-E	TABLE OF CONTENTS, Sheet 1	Revised 21020-E
Revised 21025-E	TABLE OF CONTENTS, Sheet 11	Revised 20887-E



San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 21022-E

Canceling Revised Cal. P.U.C. Sheet No. 20431-E

SAMPLE FORMS

Sheet 1

160-1000

PUBLIC WATER AND WASTEWATER AGENCY AGREEMENT

(01/09)

(See Attached Form)

(Continued)

1H9

Advice Ltr. No. 2057-E

Decision No. _____

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Jan 13, 2009

Effective Jan 13, 2009

Resolution No. _____

Renewable Power
Public Water and Wastewater Agency Agreement

{Producer}

This Renewable Power Purchase and Interconnection Agreement (“Agreement”) is entered into by and between:

Producer’s Name (“Producer”), a Public Water or Wastewater Agency, and
San Diego Gas & Electric Company (“SDG&E”), a California corporation.

Producer and SDG&E are sometimes also referred to in this Agreement jointly as “Parties” or individually as “Party.” All capitalized terms not defined herein shall have the meanings ascribed to them in Section 14.5.

1. RECITALS.

1.1 This Agreement provides for Producer to Interconnect and Operate a Generating Facility in parallel with SDG&E’s Distribution System. This Agreement requires Producer to be a retail customer and to obtain retail electric service from SDG&E to serve all the electrical loads, except as otherwise permitted under SDG&E’s tariffs, at the Premises identified in Section 2.3. This Agreement also provides for Producer to sell energy, net of Station Use, produced by the Generating Facility directly to SDG&E provided the Generating Facility satisfies the Eligible Renewable Resource Facility Requirements and the California Renewables Portfolio Standard requirements as set forth in Appendix C and the Qualifying Facility Requirements set forth in Appendix D. This Agreement does not constitute an agreement by SDG&E to provide retail electrical service to Producer. Such arrangements must be made separately between SDG&E and Producer.

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

2. SUMMARY AND DESCRIPTION OF GENERATING FACILITY

2.1 A description of the Generating Facility, including a summary of its significant components, a drawing showing the general arrangement of the Producer’s Generating Facility, and a single-line diagram illustrating the Interconnection of the Generating Facility and loads with SDG&E’s Distribution System, is attached hereto and incorporated herein as Appendix A.

2.2 Generating Facility identification (ID) number: _____ (Assigned by SDG&E)

2.3 Name and address used by SDG&E to locate the electric Service Account(s) and Premises used to Interconnect the Generating Facility with SDG&E’s Distribution System:

_____ **Service Account**

2.4 The Gross Nameplate Rating of the Generating Facility is: _____ kW

2.5 The Net Nameplate Rating of the Generating Facility is: _____ kW
(Total kW may not exceed 1,500 kW)

Producer shall not modify the Generating Facility without the prior written consent of SDG&E.

- 2.6 The maximum (instantaneous) level of power that may be exported by the Generating Facility to SDG&E's Distribution System is expected to be: _____kW
- 2.7 The annual energy production of the Generating Facility is expected to be: _____ kWh
- 2.8 The annual energy exported through the Point of Common Coupling from the Producer's Premises is expected to be _____ kWh.
- 2.9 The Generating Facility's expected date of Initial Operation is _____. The actual date of Initial Operation shall be as stated in the Initial Operation Date Confirmation Letter, the form of which is attached hereto as Appendix I.
- 2.10 Producer hereby represents and warrants as of the actual Initial Delivery date as stated in Appendix I and throughout the Term that the Generating Facility and the electric energy purchased by SDG&E:
- (a) Does meet with the requirements for "Eligible Renewable Resource" as such term is used in Section 399.11 et seq. of the California Public Utilities Code;
 - (b) Does meet with the requirements California Renewable Portfolio Standard;
 - (c) Has not obtained additional compensation or other benefits pursuant to the Self-Generation Incentive Program, as defined in CPUC Decision 01-03-073, the California Solar Initiative, as defined in CPUC Decision 06-01-024, SDG&E's net metering tariff, or other California ratepayer programs with respect to the Generating Facility; and
 - (d) Does meet with the requirements for a Small Power Producer Qualifying Facility pursuant to the regulations of the Federal Energy Regulatory Commission (18 Code of Federal Regulations Part 292, Section 292.203 et seq.) implementing the Public Utility Regulatory Policies Act of 1978 as Amended by the Energy Policy Act of 2005.

3. DOCUMENTS INCLUDED; DEFINED TERMS

This Agreement includes the following exhibits, which are specifically incorporated herein and made a part of this Agreement.

- Appendix A - Description of Generating Facility and Single-Line Diagram (Supplied by Producer)
- Appendix B - A copy of Special Facilities Agreement, if applicable (Supplied by SDG&E)
- Appendix C - Producer's warranty that the Generating Facility meets with the requirements for "Eligible Renewable Resource" as defined in Section 399.11 et seq. of the California Public Utilities Code and the output meets with the requirements of the California Renewable Portfolio Standard.
- Appendix D - Producer's warranty that the Generating Facility, prior to January 1, 2002, met and continues to meet with the requirements for a small power producer Qualifying Facility pursuant to the regulations of the Federal Energy Regulatory Commission (18 Code of Federal Regulations Part 292, Section 292.203 et

seq.) implementing the Public Utility Regulatory Policies Act of 1978 as Amended by the Energy Policy Act of 2005, if applicable.

- Appendix E - Forecast Requirements for Generating Facilities that have a Net Nameplate Rating greater or equal to 500 kW
- Appendix F - Definitions
- Appendix G - TOD Periods
- Appendix H - Product Price
- Appendix I - Initial Operation Date Confirmation Letter

4. TERM AND TERMINATION

4.1 This Agreement shall become effective on the Effective Date. The Agreement shall continue in full force and effect until the earliest date that one of the following events occurs:

- (a) A termination date agreed to in writing by the Parties.
- (b) Unless otherwise agreed in writing by the Parties, at 12:01 A.M. on the day following the date the electric Service Account through which Producer's Generating Facility is interconnected to SDG&E's Distribution System is closed or terminated.
- (c) At 12:01 A.M. on the day following the completion of: **(check one)**
 10 / 15 / 20 Term Years from actual Initial Operation stated in Appendix I.

4.2 SDG&E may elect to terminate this Agreement at 12:01 A.M. on the 61st day after SDG&E provides written Notice pursuant to Section 10 of this Agreement to the Producer of SDG&E's intent to terminate this Agreement for one or more of the following reasons:

- (a) A change in applicable Tariffs as approved or directed by the Commission or a change in any local, state or federal law, statute or regulation, any of which materially alters or otherwise materially affects SDG&E's ability or obligation to perform SDG&E's duties under this Agreement;
- (b) Producer fails to remain a Public Water or Wastewater Agency;
- (c) Producer fails to take all corrective actions specified in any SDG&E Notice, within the time frame set forth in such Notice, that Producer's Generating Facility is out of compliance with the terms of this Agreement;
- (d) Producer fails to Interconnect and Operate the Generating Facility, in accordance with the terms and conditions set forth in this Agreement, on or before eighteen (18) months after the Effective Date if the Parties are unable to reach agreement as to a reasonable amendment to this Agreement after cooperating to do so;
- (e) Producer abandons the Generating Facility. SDG&E shall deem the Generating Facility to be abandoned if SDG&E provides a Notice to Producer advising Producer of SDG&E's determination, in its reasonable discretion, that the Generating Facility is non-operational and Producer does not provide a substantive response to such Notice affirming Producer's intent and ability to continue to Operate the Generating Facility within 15 days of such Notice; or

**WATER AGREEMENT
PRODUCER NAME
ID Number**

- (f) Producer has not sold or delivered energy from the Generating Facility for any twelve (12) consecutive months of the Term.

- 4.3 Any agreements attached hereto and incorporated herein shall terminate concurrently with this Agreement unless the Parties have agreed otherwise in writing.

5. GENERATING FACILITY OPERATION

- 5.1 Producer is responsible for Operating the Generating Facility in compliance with all of SDG&E Tariffs, including but not limited to Rule 21, and any other regulations and laws governing the Interconnection of the Generating Facility.
- 5.2 The Generating Facility Net Nameplate Rating shall be less than or equal to 1,500 kW.
- 5.3 Producer shall not deliver reactive power to SDG&E's Distribution System unless the Parties have otherwise agreed in writing.
- 5.4 The Generating Facility shall be operated with all of Producer's Protective Functions in service and in accordance with Prudent Electrical Practices whenever the Generating Facility is operated in parallel with SDG&E's Distribution System. Any deviation from these requirements may occur only when the Parties have agreed to such deviations in writing.
- 5.5 For a Generating Facility having a Net Nameplate Rating equal to or greater than 500 kW, the Parties shall comply with the forecasting provisions of Appendix E.
- 5.6 SDG&E shall have ingress and egress rights to examine the Site and Generating Facility for purposes connected with this Agreement.

6. BILLING AND PAYMENT

- 6.1 The amount of energy purchased under this Agreement shall be determined by electrical meters and equipment owned, Operated, and maintained by SDG&E.
- 6.2 The Product Price during the Term, as set forth in Appendix H, shall equal the Market Price Referent ("MPR") as determined on or before the Effective Date by the Commission applicable to the calendar year that the Generating Facility achieves Initial Operation.
- 6.3 Producer agrees to sell the electric energy produced by the Generating Facility as specified below together with all Green Attributes, Capacity Attributes and Resource Adequacy Benefits (collectively, the "Attributes") associated with the energy sold to SDG&E:

Option A (Full Buy/Sell) Producer agrees to sell all of the electrical energy produced from the Generating Facility, net of Station Use, as measured by the Net Generation Output Meter as shown in Appendix A.

Option B (Sale of Excess) Producer agrees to sell all of the energy produced, net of Station Use, in excess of the Producer's load at the Service Account(s) listed in Section 2.2 as such excess is measured by SDG&E at the Point of Common Coupling.

- 6.4 SDG&E shall pay Producer for all Attributes and electrical energy (as specified as Option A or Option B above) at the Product Price during the Term (and not prior to the actual Initial Operation date) generated by the Generating Facility as defined in SDG&E's Rule 21 and located as shown on the Single-Line Diagram of Appendix A.
- 6.5 For the purpose of calculating monthly payments, the amount measured shall be time-differentiated according to the time period and season of the receipt of Product by SDG&E (the "TOD Periods") and the pricing shall be weighted by the Factors set forth in Appendix G.
- As set forth in Appendix G, TOD Periods for the winter and summer season shall be on-peak, semi-peak and off-peak.
- The monthly payment shall equal the sum of the monthly TOD Period payments for all TOD Periods in the month. Each monthly TOD Period payment shall be calculated pursuant to the following formula, where "n" is the TOD Period being calculated:
- $$\text{TOD PERIOD}_n \text{ PAYMENT} = A \times B \times C$$
- Where:
- A = Product Price specified in Appendix H in \$/kWh.
 - B = TOD Factor, set forth in Appendix G, for the TOD Period being calculated.
 - C = The sum of energy measured in accordance with Option A or Option B in all hours for the TOD Period being calculated in kWh.
- 6.6 For Option A only, Producer shall continue to purchase from SDG&E all energy used by Producer at the applicable SDG&E retail tariff rate schedule(s). SDG&E shall adjust the energy and demand amounts recorded by the SDG&E billing meter at the Point of Common Coupling, as defined in SDG&E's Rule 21 to include the net generation output amounts measured by the Net Generation Output Meter for purposes of billing the Producer.
- 6.7 SDG&E shall determine the amount of energy received by SDG&E pursuant to this Agreement for each monthly period and provide a statement to Producer approximately thirty (30) days after each monthly meter reading date.
- 6.8 SDG&E shall not be obligated to issue a payment to Producer until the amount due for the Product received pursuant to this Agreement exceeds one thousand dollars (\$1000), except that SDG&E shall pay all amounts due to Producer pursuant to this Agreement at least once per calendar year no later than 30 days after the end of the calendar year.
- 6.9 Unless otherwise agreed in writing by the Parties, any payment due for Product received under this Agreement shall be satisfied by SDG&E issuing a check to Producer. Alternatively, SDG&E reserves the right, but shall not be obligated to apply any amount owed to Producer toward any amounts due to SDG&E from Producer for any charges incurred under this Agreement or for past due bills for electric service or for SDG&E services.
- 6.10 In the event adjustments to SDG&E's payments are required as a result of inaccurate metering equipment, SDG&E shall determine the correct amount of energy received under this Agreement during the period of inaccuracy and recompute the amount due to or from Producer. Any refund due and payable to

6.10 (Continued)

SDG&E or due by SDG&E to Producer resulting from inaccurate metering shall be made within thirty (30) calendar days of SDG&E's Notice to Producer by SDG&E of the amount due.

- 6.11 All charges, if any, associated with Interconnection Facilities shall be billed and paid pursuant to the applicable Special Facilities Agreement in Appendix B and all charges, if any, associated with electric service provided by SDG&E shall be billed and paid pursuant to the applicable Tariffs filed by SDG&E with the Commission.

7. INTERCONNECTION FACILITIES

- 7.1 Producer and/or SDG&E, as appropriate, shall provide Interconnection Facilities that adequately protect SDG&E's Distribution System, personnel, and other persons from damage or injury, which may be caused by the Operation of Producer's Generating Facility.
- 7.2 Producer shall be solely responsible for the costs, design, purchase, construction, operation, and maintenance of the Interconnection Facilities that Producer owns.
- 7.3 If the provisions of SDG&E's Rule 21, or any other Tariff approved by the Commission, require SDG&E to own and operate a portion of the Interconnection Facilities, Producer and SDG&E shall promptly execute a Special Facilities Agreement that establishes and allocates responsibility for the design, installation, operation, maintenance, and ownership of the Interconnection Facilities. The Special Facilities Agreement shall be attached to and made a part of this Agreement as Appendix B.

8. LIMITATION OF LIABILITY

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages of any kind whatsoever.

Notwithstanding the foregoing, as between SDG&E and Producer, Producer shall be solely responsible for and Producer shall indemnify, defend and hold SDG&E, and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns harmless from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, cost or expenses including without limitation, reasonable attorneys fees (including fees and disbursements of in-house and outside counsel) of any kind whatsoever resulting from (a) injuries to or death of any and all individuals, including, without limitation, members of the general public, or any employee, agent, independent contractor or consultant or affiliate of either SDG&E or Producer, arising out of or connected in any manner with Producer's performance hereunder, or (b) damage to and/or destruction of property of SDG&E or Producer arising out of or connected in any manner with Producer's performance hereunder, or (c) third party claims of any kind, whether based on negligence, strict liability, or otherwise, arising out of or connected in any manner to Producer's or any of its subcontractors acts or omissions in breach of this Agreement. This indemnification obligation shall not apply to the extent that injuries, death, loss, damage or destruction is caused by either the willful misconduct by SDG&E or SDG&E's sole negligence.

9. INSURANCE

- 9.1 In connection with Producer's performance of its duties and obligations under this Agreement, Producer shall maintain, during the term of this Agreement, general liability insurance with a combined single limit of not less than:
- (a) Two million dollars (\$2,000,000) for each occurrence if the Gross Nameplate Rating of Producer's Generating Facility is greater than one hundred (100) kW;
 - (b) One million dollars (\$1,000,000) for each occurrence if the Gross Nameplate Rating of Producer's Generating Facility is greater than twenty (20) kW and less than or equal to one hundred (100) kW; and
 - (c) Five hundred thousand dollars (\$500,000) for each occurrence if the Gross Nameplate Rating of Producer's Generating Facility is twenty (20) kW or less.
- Such general liability insurance shall include coverage for "Premises-Operations, Owners and Contractors Protective, Products/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including Completed Operations."
- 9.2 The general liability insurance required in Section 9.1 shall, by endorsement to the policy or policies, (a) include SDG&E as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that SDG&E shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to SDG&E prior to cancellation, termination, alteration, or material change of such insurance.
- 9.3 Evidence of the insurance required in Section 9.2 shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by SDG&E.
- 9.4 Producer agrees to furnish the required certificates and endorsements to SDG&E prior to actual Initial Operation. SDG&E shall have the right to inspect or obtain a copy of the original policy or policies of insurance.
- 9.5 If Producer is self-insured with an established record of self-insurance, Producer may comply with the following in lieu of Sections 9.1 through 9.3:
- (a) Producer shall provide to SDG&E, at least thirty (30) calendar days prior to the date of actual Initial Operation, evidence of an acceptable plan to self-insure to a level of coverage equivalent to that required under Section 9.1.
 - (b) If Producer ceases to self-insure to the level required hereunder, or if Producer is unable to provide continuing evidence of Producer's ability to self-insure, Producer agrees to immediately obtain the coverage required under Section 9.1.
- 9.6 All insurance certificates, statements of self insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued, clearly labeled with agreement ID number and submitted to the following:

**WATER AGREEMENT
PRODUCER NAME
ID Number**

San Diego Gas & Electric Company
Attention: Director, Procurement and Portfolio Design
Address: 8315 Century Park Court, CP21D
City: San Diego, CA 92123

10. NOTICES

10.1 Any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person or sent by first class mail, postage prepaid, to the person specified below:

If to SDG&E: San Diego Gas & Electric Company
Attention: Director, Procurement and Portfolio Design
Address: 8315 Century Park Court, CP21D

City: San Diego, CA 92123
Phone: (800) 411-SDGE
FAX: 858-650-6191

If to Producer: Producer Name: _____
Address: _____
City: _____
Phone: () _____
FAX: () _____

- 10.2 A Party may change its address for Notices at any time by providing the other Party Notice of the change in accordance with Section 10.1.
- 10.3 All Notices must reference the Generating Facility identification number set forth in Section 2.2.
- 10.4 Notices (other than forecasts and schedules) shall, unless otherwise specified herein, be in writing and may be delivered in person, United States mail or overnight courier service.
- 10.5 Notice by hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day, unless a different date for the Notice to go into effect is stated in another section of this Agreement.
- 10.6 Notice by overnight United States mail or courier shall be effective on the next Business Day after it was sent.
- 10.7 The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by Notice provided in accordance herewith.

11. REVIEW OF RECORDS AND DATA

11.1 SDG&E shall have the right to review and obtain copies of Producer's operations and maintenance records, logs, or other information such as, but not limited to, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Producer's Generating Facility or its Interconnection with SDG&E's Distribution System.

11.2 Producer authorizes SDG&E to release to the CEC and/or the Commission information regarding the Generating Facility, including the Producer's name and location, and the size, location and operational characteristics of the Generating Facility, the Term, the ERR type, the actual Initial Operation Date, estimated annual deliveries, delivery point, and the Net Nameplate Rating of the Generating Facility, as requested from time to time pursuant to the CEC's or Commission's rules and regulations.

12. ASSIGNMENT

Producer shall not voluntarily assign its rights nor delegate its duties under this Agreement without SDG&E's prior written consent. Any assignment or delegation Producer makes without SDG&E's written consent shall not be valid. SDG&E shall not unreasonably withhold its consent to Producer's assignment of this Agreement.

13. NON-WAIVER

None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

14. GOVERNING LAW, WAIVER OF JURY TRIAL, JURISDICTION OF COMMISSION, INCLUSION OF SDG&E's TARIFF RATE SCHEDULES, DEFINED TERMS

14.1 This Agreement shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of California without giving effect to choice of law provisions that might apply to the law of a different jurisdiction. To the extent enforceable at such time, each Party hereby waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement.

14.2 This Agreement shall, at all times, be subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.

14.3 The Interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the Tariffs applicable to the electric service provided by SDG&E, which tariffs are incorporated by reference into this Agreement.

14.4 Notwithstanding any other provisions of this Agreement, SDG&E shall have the right to unilaterally file with the Commission an application for change in rates, charges, classification, service, Tariffs or any agreement relating thereto; pursuant to the Commission's rules and regulations.

14.5 When initially capitalized, whether in the singular or in the plural, the terms used herein shall have the meanings assigned to them either in this Agreement, Appendix F; in SDG&E's Rule 1 or Rule 21, Section H; or SDG&E's Schedule WATER. If any term is defined in both Rule 1 and Rule 21, the definition in Rule 21 shall prevail. If any term is defined in both Schedule WATER and this Agreement, the definition in Schedule WATER shall prevail.

15. AMENDMENTS AND MODIFICATION

This Agreement can only be amended or modified by a written agreement signed by both Parties.

16. REGISTRATIONS

Prior to the date of actual Initial Operation, Producer shall register the Generating Facility (i) in WREGIS and take all other actions necessary to ensure that the energy produced from the Generating Facility is tracked for purposes of satisfying the California Renewables Portfolio Standard requirements, as may be amended or supplemented by the CPUC or CEC from time to time, and (ii) with the California Climate Action Registry as may be required by the PUC.

17. TITLE AND RISK OF LOSS

Title to and risk of loss relating to the energy produced from the Generating Facility shall transfer from Producer to SDG&E at the Point of Common Coupling. Producer warrants that it will deliver to SDG&E all Products from the Generating Facility free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Point of Common Coupling.

18. SURVIVAL

The obligations under Section 8, 11.2, and 14 shall survive termination of this Agreement.

19. ENTIRE AGREEMENT

This Agreement, including any incorporated Tariffs and Rules, contains the entire agreement and understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the incorporated Tariffs and Rules.

20. SIGNATURES

IN WITNESS WHEREOF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives. This Agreement is effective ("Effective Date") as of the last date set forth below.

PRODUCER'S NAME

SAN DIEGO GAS & ELECTRIC COMPANY

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**APPENDIX A
DESCRIPTION OF GENERATING FACILITY
AND SINGLE-LINE DIAGRAM
(Provided by Producer)**

APPENDIX B
(If Applicable)
SPECIAL FACILITIES AGREEMENT
(Provided by SDG&E)

APPENDIX C *
**PRODUCER'S WARRANTY THAT THE GENERATING FACILITY
IS AND WILL CONTINUE TO BE AN
"ELIGIBLE RENEWABLE RESOURCE" PURSUANT TO SECTION 399.11 et seq. OF THE
CALIFORNIA PUBLIC UTILITIES CODE AND THAT THE OUTPUT WILL COMPLY WITH THE
CALIFORNIA RENEWABLE PORTFOLIO STANDARDS ("ERR/RPS Warranty")**

For the purpose of selling power produced by the Generating Facility pursuant to Assembly Bill 1969, under Section 399.20 et seq. of the California Public Utilities Code, Producer hereby declares that the Generating Facility complies with the requirements for "Eligible Renewable Resource" as such term is used in Section 399.11 et seq. of the California Public Utilities Code ("ERR Requirements") and that the output from the Generating Facility complies with the requirements of the California Renewables Portfolio Standards ("RPS Requirements").

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the Term of this Agreement, its Generating Facility shall continue to comply with the ERR Requirements and RPS Requirements. If Producer becomes aware that the Generating Facility or its output has ceased to comply with the ERR Requirements or RPS Requirements, Producer shall promptly provide SDG&E with Notice of such change pursuant to Section 10 of the Agreement. If at any time during the Term of this Agreement, SDG&E determines in its reasonable discretion that Producer's Generating Facility may no longer comply with the ERR Requirements or RPS Requirements, SDG&E may require Producer to provide evidence that the Generating Facility continues to comply with the ERR Requirements and RPS Requirements within 15 business days of SDG&E's Notice requesting such evidence. Additionally, SDG&E may periodically (typically, once per year) inspect Producer's Generating Facility and/or require documentation from Producer to monitor the Generating Facility's compliance with the ERR Requirements and RPS Requirements. If SDG&E determines in its reasonable judgment that Producer either failed to provide evidence in a timely manner or that it provided insufficient evidence that its Generating Facility continues to comply with the ERR Requirements or RPS Requirements, then the Eligible Renewable Resource Status (the "ERR Status") or Renewables Portfolio Standard Status (the "RPS Status") of the Generating Facility or its output shall be deemed ineffective until such time as Producer again demonstrates to SDG&E's reasonable satisfaction that the Generating Facility complies with the requirements for an Eligible Renewable Resource Generation Facility or RPS Requirements (the "ERR/RPS Status Change").

SDG&E shall revise its records and the administration of this Agreement to reflect the ERR/RPS Status Change and provide Notice to Producer of the ERR/RPS Status Change pursuant to Section 10 of this Agreement. Such Notice shall specify the effective date of the ERR/RPS Status Change. This date shall be the first day of the calendar month for which SDG&E determines in its sole discretion that the Generating Facility first ceased to comply with the ERR Requirements or RPS Requirements. SDG&E's Notice shall include an invoice for the refund of payments that were made to Producer during the period between the effective date of the ERR/RPS Status Change and the date of the last Notice in reliance upon Producer's representations that the Generating Facility complied with the ERR Requirements and RPS Requirements and therefore was eligible to sell power to SDG&E as a result of satisfying the ERR Requirements and RPS Requirements.

During the period when the ERR Status or RPS Status is deemed to be ineffective, SDG&E shall not pay Producer for Product. Notwithstanding the foregoing, to the extent a change in law occurs after execution of this Agreement that causes the warranty contained in this appendix to be materially false or misleading, Producer shall not be in default of this Agreement if Producer has used commercially reasonable efforts to comply with such change in law.

Any amounts to be paid or refunded by Producer, as may be invoiced by SDG&E pursuant to the terms of this ERR/RPS Warranty, shall be paid to SDG&E within 30 days of Producer's receipt of such invoice.

APPENDIX D

**PRODUCER'S WARRANTY THAT THE GENERATING FACILITY
WAS AND WILL CONTINUE TO BE A
"QUALIFYING FACILITY" PURSUANT TO THE POLICIES AND PRACTICES OF
THE FEDERAL ENERGY REGULATORY COMMISSION ("QF Warranty")**

For the purpose of selling power produced by the Generating Facility pursuant to Assembly Bill 1969, under Section 399.20 et seq. of the California Public Utilities Code, Producer hereby declares that the Generating Facility prior to January 1, 2002 complied with the requirements and for the Term of this Agreement shall continue to comply with the requirements for a Small Power Producer "Qualifying Facility" as such term is used in 18 Code of Federal Regulations Part 292, Section 292.203 et seq. implementing the Public Utility Regulatory Policies Act of 1978 as amended by the Energy Policy Act of 2005 ("QF Requirements").

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the Term of this Agreement, the Generating Facility shall continue to comply with such QF Requirements. If Producer becomes aware that its Generating Facility has ceased to comply with the QF Requirements, Producer shall promptly provide SDG&E with Notice of such change pursuant to Section 10 of the Agreement. If at any time during the Term of this Agreement SDG&E determines in its reasonable discretion that Producer's Generating Facility may no longer comply with the QF Requirements, SDG&E may require Producer to provide evidence that the Generating Facility continues to comply with the QF Requirements within 15 business days of SDG&E's Notice requesting such evidence. Additionally, SDG&E may periodically (typically, once per year) inspect Producer's Generating Facility and/or require documentation from Producer to monitor the Generating Facility's compliance with the QF Requirements. If SDG&E determines in its reasonable judgment that Producer either failed to provide evidence in a timely manner or that it provided insufficient evidence that its Generating Facility continues to comply with the QF Requirements, then the Qualifying Facility Status (the "QF Status") of the Generating Facility shall be deemed ineffective until such time as Producer again demonstrates to SDG&E's reasonable satisfaction that the Generating Facility complies with the requirements for a Qualifying Facility (the "QF Status Change").

SDG&E shall revise its records and the administration of this Agreement to reflect the QF Status Change and provide Notice to Producer of the QF Status Change pursuant to Section 10 of this Agreement. Such Notice shall specify the effective date of the QF Status Change. This date shall be the first day of the calendar month for which SDG&E determines in its sole discretion that the Generating Facility first ceased to comply with the QF Requirements. SDG&E's Notice shall include an invoice for the refund of payments that were made to Producer during the period between the effective date of the QF Status Change and the date of the last Notice in reliance upon Producer's representations that the Generating Facility complied with the QF Requirements and therefore was eligible to sell power to SDG&E as a result of satisfying the QF Requirements.

During the period when the QF Status is deemed to be ineffective, SDG&E shall not pay Producer for Product.

Any amounts to be paid or refunded by Producer, as may be invoiced by SDG&E pursuant to the terms of this QF Warranty, shall be paid to SDG&E within 30 days of Producer's receipt of such invoice.

APPENDIX E

Forecast Requirements for Generating Facilities that have a Net Nameplate Rating greater or equal to 500 kW

1. Introduction.

The Parties shall abide by the Forecast requirements and procedures described below and shall make reasonable changes to these requirements and procedures from time-to-time, as necessary to:

- (a) Comply with ISO Tariff changes or Commission orders; and
- (b) Accommodate changes to their respective generation technology and organizational structure.

2. Procedures.

(a) Weekly Forecasting Procedures.

(i) Producer's Forecasting Responsibilities.

Producer must meet all of the following requirements specified below:

- (1) Beginning the Wednesday prior to the planned Initial Operation of the Generating Facility, Producer will electronically provide SDG&E with an Energy Forecast for the next calendar week, by no later than 5 PM Wednesday of the week preceding the week covered by the Energy Forecast.

The Energy Forecast submitted to SDG&E shall:

- a) Not include any anticipated or expected electric energy losses between the Net Generation Output Meter and the Point of Common Coupling;
 - b) Be constructed using file formats, templates, and naming conventions agreed to by the Parties.
 - c) Include Producer's contact information.
 - d) Be sent to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.
 - e) Limit hour-to-hour forecast changes to no less than one hundred (100) kW.
- (2) If Producer revises any Energy Forecast submitted pursuant to Item 2(a)(i)(1) the revision in the Energy Forecast shall be communicated by Producer to SDG&E's Day-Ahead Group no later than 8:30 a.m. the day prior to the effective date of the revision.

Producer shall contact SDG&E's Day-Ahead Group at:

Scheduling Desk:

Phone: (858) 650-6178

Backup: (858) 650-6160

Fax: (858) 650-6191

Email: presched@semprautilities.com

- (3) If Producer revises any Energy Forecast submitted pursuant to Item 2(a)(i)(1) or Item 0 the revision in the Energy Forecast shall be communicated by Producer to SDG&E's Real-Time Group no later than one half (½) hour prior to the ISO's Hour-Ahead scheduling deadline.

Producer shall contact SDG&E's Real-Time Group at:

Operations Desk:

Phone: (858) 650-6160

Back-up: (858) 650-6178

Fax: (858) 650-6191

Email: presched@semprautilities.com

- (b) 30-Day Forecasting Procedures.

Producer must meet all of the following requirements for Forecasting electric energy to be received by SDG&E from the Producer as specified below.

- (i) In addition to the requirements set forth in Item 2(a) above, Producer shall electronically provide SDG&E with a rolling 30-day Energy Forecast, beginning at least thirty (30) days prior to commencement of the Term.

These files shall:

- (1) Be constructed using reasonable file formats, templates, and naming conventions agreed to by the Parties.
 - (2) Include Producer's contact information.
 - (3) Be sent to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.
 - (4) Limit hour-to-hour forecast changes to no less than one hundred (100) kW.
- (ii) Producer shall update the rolling 30-day hourly forecast weekly by 5:00 PM each Wednesday and send to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.

- (iii) If Producer learns of any inaccuracies in its most recently submitted 30-day hourly Energy Forecast affecting the period between the date Producer learns of the inaccuracy and the date that the next updated 30-day hourly Energy Forecast is due, Producer shall promptly send an updated Energy Forecast, to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.

2. Outage Scheduling Procedures.

Producer shall be responsible for all costs associated with all requirements and timelines for generation outage Scheduling contained in the Producer's otherwise applicable retail Tariff.

APPENDIX F

Definitions

The following terms shall have the following meaning for purposes of this Agreement.

1. "Agreement" has the meaning set forth in the Recitals.
2. "Attributes" has the meaning set forth in Section 6.3.
3. "Business Day" means any day except a Saturday, Sunday, a Federal Reserve Bank holiday, or the Friday following Thanksgiving. A Business Day shall begin at 8:00 a.m. and end at 5:00 p.m. local time for the Party sending the Notice or payment or performing a specified action.
4. "California Renewables Portfolio Standard" shall mean the renewable energy program and policies established by Senate Bill 1038 and 1078, as such provisions may be amended or supplemented from time to time.
5. "Capacity Attributes" means any and all current or future defined characteristics, certificates, tag, credits, ancillary service attributes, or accounting constructs, howsoever entitled, including any accounting construct counted toward any resource adequacy requirements, attributed to or associated with the Generating Facility or any unit of generating capacity of the Generating Facility during the Term.
6. "CEC" means the California Energy Commission.
7. "Commission" means the California Public Utilities Commission.
8. "CPUC" means the California Public Utilities Commission.
9. "Effective Date" has the meaning set forth in Section 17.
10. "Energy Forecast" has the meaning set forth in Appendix E.
11. "ERR" means a generating facility that qualifies as an eligible renewable electric energy resource for purposes of the RPS Legislation.
12. "ERR Requirements", "ERR Status", "ERR Status Change" and "ERR Warranty" have the meanings set forth in Appendix C.
13. "FERC" means the Federal Energy Regulatory Commission.
14. "Forecast", "Forecast Requirements" and "Forecast Procedures" have the meanings set forth in Appendix E.
15. "Generating Facility" means all of Producer's electric generators, located at the Premises and complying with the requirements of Appendix C and Appendix D for the entire Term of this Agreement, together with all materials, equipment systems, structures, features and improvements necessary to produce electric energy from such electric generator (excluding the Site, land rights and interests in land).

16. "Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Generating Facility 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 (SO_x), nitrogen oxides (NO_x), 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 Generating Facility, (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 Producer 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 Generating Facility for compliance with local, state, or federal operating and/or air quality permits. If Producer's Generating Facility is a biomass or landfill gas facility and Producer receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide SDG&E with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Generating Facility.
17. "Gross Nameplate Rating" means the values, in kW, set forth in Section 2.4.
18. "Governmental Authority" means:
- a) Any federal, state, local, municipal or other government;
 - b) Any governmental, regulatory or administrative agency, commission, or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or
 - c) Any court or governmental tribunal.
19. "Interconnect", "Interconnection" have the meanings set forth in SDG&E's Rule 21.
20. "Initial Operation" means the actual date on which the Generating Facility begins Operating, is in compliance with the applicable interconnection and system protection requirements, has met all of the requirements contained herein (i.e. scheduling, insurance, warranties) is able to produce and deliver energy to SDG&E pursuant to the terms of this Agreement..

21. "ISO" means the California Independent System Operator Corporation or successor entity that dispatches certain generating units and loads and controls the transmission facilities of entities that:
- a) Own, operate and maintain transmission lines and associated facilities or have entitlements to use certain transmission lines and associated facilities; and
 - b) Have transferred to the ISO or its successor entity operational control of such facilities or entitlements.
22. "ISO Tariff" means the California Independent System Operator Corporation Operating Agreement and Tariff, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.
23. "kW" means a kilowatt (1,000 watts) of electric power.
24. "kWh" means a kilowatt-hour (1,000 watt-hours) of electric energy.
25. "Market Price Referent" or "MPR" means the market price referent applicable to this Agreement as determined by the CPUC in accordance with California Public Utilities Code Section 399.15(c) for the Term as set forth in Section 6.2.
26. "Net Generation Output Meter" has the meaning set forth in SDG&E's Rule 21.
27. "Net Nameplate Rating" is the value of the Generating Facility's Gross Nameplate Rating minus Station Use, in kW. The Net Nameplate Rating of the Generating Facility shall not exceed 1,500 kW pursuant to California Public Utilities Code Section 399.20(h).
28. "Notice" has the meaning set forth in Section 10.1.
29. "Operate," "Operating" or "Operation" means to provide (or the provision of) all the operation, engineering, purchasing, repair, supervision, training, inspection, testing, protection, use, management, improvement, replacement, refurbishment, retirement, and maintenance activities associated with operating the Generating Facility in accordance with Prudent Electrical Practices.
30. "Party" or "Parties" have the meaning set forth in the Recitals.
31. "Permits" means all applications, approvals, authorizations, consents, filings, licenses, orders, permits or similar requirements imposed by any Governmental Authority, or the ISO, in order to develop, construct, operate, maintain, improve, refurbish and retire the Generating Facility or to Schedule and deliver the electric energy produced by the Generating Facility to SDG&E, including the Authority to Construct permit.
- Permits include the documentation required by California Public Utilities Code Section 2812(d) 1 for Producers subject to Section 2802 for hydroelectric Renewable Generating Facilities.
32. "Point of Common Coupling" has the meaning set forth in SDG&E's Rule 21.
33. "Producer" has the meaning set forth in the Recitals.
34. "Product" means:
- a) Electric power and energy purchased by SDG&E; and

- b) All associated Green Attributes, Capacity Attributes, and Resource Adequacy Benefits.
35. "Product Price" for this Agreement has the meaning set forth in Section 6.2.
36. "Protective Functions" has the meaning set forth in SDG&E's Rule 21.
37. "Premises" means all of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil field, resort enterprises, and public or quasi-public institutions, by a dedicated street, highway, or other public thoroughfare, or a railway. Automobile parking lots constituting a part of and adjacent to a single enterprise may be separated by an alley from the remainder of the premises served.
38. "Prudent Electrical Practices" means those practices, methods and acts that would be implemented and followed by prudent operators of electric energy generating facilities in the Western United States, similar to the Generating Facility, during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with good business practices, reliability and safety.

Prudent Electrical Practices shall include, at a minimum, those professionally responsible practices, methods and acts described in the preceding sentence that comply with manufacturers' warranties, restrictions in this Agreement, and the requirements of Governmental Authorities, WECC standards, the ISO and applicable laws.

Prudent Electrical Practices shall also include taking reasonable steps to ensure that:

- a) Equipment, materials, resources, and supplies, including spare parts inventories, are available to meet the Generating Facility's needs;
- b) Sufficient operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Generating Facility properly and efficiently, and are capable of responding to reasonably foreseeable emergency conditions at the Generating Facility and emergencies whether caused by events on or off the Site;
- c) Preventive, routine, and non-routine maintenance and repairs are performed on a basis that ensures reliable, long term and safe operation of the Generating Facility, and are performed by knowledgeable, trained, and experienced personnel utilizing proper equipment and tools;
- d) Appropriate monitoring and testing are performed to ensure equipment is functioning as designed;
- e) Equipment is not operated in a reckless manner, in violation of manufacturer's guidelines or in a manner unsafe to workers, the general public, or SDG&E's electric system or contrary to environmental laws, permits or regulations or without regard to defined limitations such as, flood conditions, safety inspection requirements, operating voltage, current, volt ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization, and control system limits; and

- f) Equipment and components designed and manufactured to meet or exceed the standard of durability that is generally used for electric energy generating facilities operating in the Western United States and will function properly over the full range of ambient temperature and weather conditions reasonably expected to occur at the Site and under both normal and emergency conditions.
39. "Public Water or Wastewater Agency" means an Eligible Public Water Agency or Eligible Wastewater Agency as set forth in SDG&E Tariff Schedule WATER.
40. "QF Requirements", "QF Status", "QF Status Change" and "QF Warranty" have the meanings set forth in Appendix D.
41. "Renewable Energy Credit" has the meaning set forth in California Public Utilities Code Section 399.12(g), as may be amended from time to time or is further defined or supplemented by law.
42. "Resource Adequacy Benefits" means the rights and privileges attached to the Generating Facility that satisfy any entity's resource adequacy obligations, as those obligations are set forth in any Resource Adequacy Rulings and shall include any local, zonal or otherwise locational attributes associated with the Generating Facility.
43. "Resource Adequacy Rulings" means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031 and any subsequent CPUC ruling or decision, or any other resource adequacy laws, rules or regulations enacted, adopted or promulgated by any applicable Governmental Authority, as such decisions, rulings, laws, rules or regulations may be amended or modified from time-to-time during the Term.
44. "RPS Legislation" means the State of California Renewable Portfolio Standard Program, as codified at California Public Utilities Code Section 399.11, et seq.
45. "Rule" means Tariff sheets which set forth the application of all rates, charges, and service when such applicability is not set forth in and as part of the rate schedules.
46. "Schedule," "Scheduled" or "Scheduling" means the action of Producer and SDG&E, or their designated representatives of notifying, requesting, and confirming to each other the Forecast of electric energy from the Generating Facility being received by SDG&E.
47. "Schedule WATER" refers to one or more Tariff sheets setting forth the charges and conditions for a customer taking service from SDG&E under this Tariff who meets the definition of an Eligible Public Water Agency or an Eligible Wastewater Agency who owns and operates an Eligible Renewable Generating Facility, as defined in Schedule WATER. This Tariff is subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.
48. "SDG&E" has the meaning set forth in the Recitals.
49. "Site" means the real property on which the Generating Facility is, or will be located, as further described in Appendix A.
50. "Special Facilities Agreement" means that certain agreement between Producer and SDG&E, dated as of _____, and attached hereto as Appendix B.
51. "Station Use" means the electric energy produced by the Generating Facility that is either:

- a) Used within the Generating Facility to power the lights, motors, control systems and other electrical loads that are necessary for Operation; or
 - b) Consumed within the Generating Facility's electric energy distribution system as losses.
52. "Tariff(s)" mean(s) the entire body of effective rates, rentals, charges, and rules collectively of SDG&E, as set forth herein, and including title page, preliminary statement, service area maps, rate schedules, list of contracts and deviations, Rules, and sample forms.
53. "Term" has the meaning used in Section 4.1(c).
54. "Term Year" means a twelve (12) month period beginning on the first day of the calendar month following Initial Operation and each successive twelve (12) month period thereafter.
55. "TOD Periods" means the time of delivery periods for determination of payments as set forth in Appendix G.
56. "WATER" means Water/Wastewater Agency Tariff for Eligible Renewables the SDG&E Tariff schedule that implements Assembly Bill 1969.
57. "WECC" means the Western Electricity Coordinating Council, the regional reliability council for the Western United States, Southwestern Canada, and Northwestern Mexico.
58. "WREGIS" means the Western Renewable Energy Generating Information System or any successor renewable energy tracking system.

APPENDIX G

TOD Periods

	<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 National Electric Reliability Council (NERC) holidays are off-peak.

APPENDIX H

Product Price

Product Price for this Agreement (in \$ per kWh) shall be as stated in the table below for the price applicable to the actual Initial Operation date.

Adopted 2008 Market Price Referents¹ (Nominal - dollars/kWh)				
Resource Type	10-Year	15-Year	20-Year	25-Year
2009 Baseload MPR	0.10043	0.10537	0.11126	0.11480
2010 Baseload MPR	0.10175	0.10748	0.11390	0.11761
2011 Baseload MPR	0.10400	0.11046	0.11730	0.12110
2012 Baseload MPR	0.10698	0.11405	0.12126	0.12509
2013 Baseload MPR	0.10998	0.11776	0.12527	0.12915
2014 Baseload MPR	0.11278	0.12122	0.12897	0.13290
2015 Baseload MPR	0.11605	0.12503	0.13290	0.13690
2016 Baseload MPR	0.11971	0.12915	0.13706	0.14111
2017 Baseload MPR	0.12367	0.13352	0.14144	0.14549
2018 Baseload MPR	0.12802	0.13814	0.14603	0.15001
2019 Baseload MPR	0.13271	0.14298	0.15080	0.15464
2020 Baseload MPR	0.13776	0.14797	0.15578	0.15937

APPENDIX I

INITIAL OPERATION DATE CONFIRMATION LETTER

In accordance with the terms of that certain Renewable Power Purchase and Interconnection Agreement dated _____ (“Agreement”) by and between San Diego Gas & Electric Company (“SDG&E”) and _____ (“Producer”), this letter serves to document the parties further agreement that (i) the conditions for the occurrence of the Initial Operation have been satisfied, (ii) the insurance requirements have been fulfilled, (iii) the warranty and registration requirements in the Agreement have been met, and (iv) Producer has delivered and SDG&E has received the energy, as specified in the Agreement, as of this ___ day of ___, ____.

This letter shall confirm the Initial Operation date, as defined in the Agreement as of the date referenced in the preceding sentence.

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

By: _____

By: _____

Name:

Name:

Title:

Title:

Date:

Date:



San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 21023-E

Canceling Original Cal. P.U.C. Sheet No. 20884-E

SAMPLE FORMS

Sheet 1

160-2000

CUSTOMER RENEWABLE ENERGY AGREEMENT

(01/09)

(See attached Form)

(Continued)

1H12

Advice Ltr. No. 2057-E

Decision No. _____

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Jan 13, 2009

Effective Jan 13, 2009

Resolution No. _____

Renewable Power
Customer Renewable Energy Agreement

{Producer}

This Renewable Power Purchase and Interconnection Agreement ("Agreement") is entered into by and between:

Producer's Name ("Producer"), an Eligible Customer, and
San Diego Gas & Electric Company ("SDG&E"), a California corporation.

Producer and SDG&E are sometimes also referred to in this Agreement jointly as "Parties" or individually as "Party." All capitalized terms not defined herein shall have the meanings ascribed to them in Section 14.5.

1. RECITALS.

1.1 This Agreement provides for Producer to Interconnect and Operate a Generating Facility in parallel with SDG&E's Distribution System. This Agreement requires Producer to be a retail customer and to obtain retail electric service from SDG&E to serve all the electrical loads, except as otherwise permitted under SDG&E's tariffs, at the Premises identified in Section 2.3. This Agreement also provides for Producer to sell energy, net of Station Use, produced by the Generating Facility directly to SDG&E provided the Generating Facility satisfies the Eligible Renewable Resource Facility Requirements and the California Renewables Portfolio Standard requirements as set forth in Appendix C and the Qualifying Facility Requirements set forth in Appendix D. This Agreement does not constitute an agreement by SDG&E to provide retail electrical service to Producer. Such arrangements must be made separately between SDG&E and Producer.

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

2. SUMMARY AND DESCRIPTION OF GENERATING FACILITY

2.1 A description of the Generating Facility, including a summary of its significant components, a drawing showing the general arrangement of the Producer's Generating Facility, and a single-line diagram illustrating the Interconnection of the Generating Facility and loads with SDG&E's Distribution System, is attached hereto and incorporated herein as Appendix A.

2.2 Generating Facility identification (ID) number: _____ (Assigned by SDG&E)

2.3 Name and address used by SDG&E to locate the electric Service Account(s) and Premises used to Interconnect the Generating Facility with SDG&E's Distribution System:

_____ **Service Account**

2.4 The Gross Nameplate Rating of the Generating Facility is: _____ kW

2.5 The Net Nameplate Rating of the Generating Facility is: _____ kW
(Total kW may not exceed 1,500 kW)

Producer shall not modify the Generating Facility without the prior written consent of SDG&E.

- 2.6 The maximum (instantaneous) level of power that may be exported by the Generating Facility to SDG&E's Distribution System is expected to be: _____kW
- 2.7 The annual energy production of the Generating Facility is expected to be: _____ kWh
- 2.8 The annual energy exported through the Point of Common Coupling from the Producer's Premises is expected to be _____ kWh.
- 2.9 The Generating Facility's expected date of Initial Operation is _____. The actual date of Initial Operation shall be as stated in the Initial Operation Date Confirmation Letter, the form of which is attached hereto as Appendix I.
- 2.10 Producer hereby represents and warrants as of the actual Initial Delivery date as stated in Appendix I and throughout the Term that the Generating Facility and the electric energy purchased by SDG&E:
- (a) Does meet with the requirements for "Eligible Renewable Resource" as such term is used in Section 399.11 et seq. of the California Public Utilities Code;
 - (b) Does meet with the requirements California Renewable Portfolio Standard;
 - (c) Has not obtained additional compensation or other benefits pursuant to the Self-Generation Incentive Program, as defined in CPUC Decision 01-03-073, the California Solar Initiative, as defined in CPUC Decision 06-01-024, SDG&E's net metering tariff, or other California ratepayer programs with respect to the Generating Facility; and
 - (d) Does meet with the requirements for a Small Power Producer Qualifying Facility pursuant to the regulations of the Federal Energy Regulatory Commission (18 Code of Federal Regulations Part 292, Section 292.203 et seq.) implementing the Public Utility Regulatory Policies Act of 1978 as Amended by the Energy Policy Act of 2005.

3. DOCUMENTS INCLUDED; DEFINED TERMS

This Agreement includes the following exhibits, which are specifically incorporated herein and made a part of this Agreement.

- Appendix A - Description of Generating Facility and Single-Line Diagram (Supplied by Producer)
- Appendix B - A copy of Special Facilities Agreement, if applicable (Supplied by SDG&E)
- Appendix C - Producer's warranty that the Generating Facility meets with the requirements for "Eligible Renewable Resource" as defined in Section 399.11 et seq. of the California Public Utilities Code and the output meets with the requirements of the California Renewable Portfolio Standard.
- Appendix D - Producer's warranty that the Generating Facility, prior to January 1, 2002, met and continues to meet with the requirements for a small power producer Qualifying Facility pursuant to the regulations of the Federal Energy Regulatory Commission (18 Code of Federal Regulations Part 292, Section 292.203 et

seq.) implementing the Public Utility Regulatory Policies Act of 1978 as Amended by the Energy Policy Act of 2005, if applicable.

- Appendix E - Forecast Requirements for Generating Facilities that have a Net Nameplate Rating greater or equal to 500 kW
- Appendix F - Definitions
- Appendix G - TOD Periods
- Appendix H - Product Price
- Appendix I - Initial Operation Date Confirmation Letter

4. TERM AND TERMINATION

4.1 This Agreement shall become effective on the Effective Date. The Agreement shall continue in full force and effect until the earliest date that one of the following events occurs:

- (a) A termination date agreed to in writing by the Parties.
- (b) Unless otherwise agreed in writing by the Parties, at 12:01 A.M. on the day following the date the electric Service Account through which Producer's Generating Facility is interconnected to SDG&E's Distribution System is closed or terminated.
- (c) At 12:01 A.M. on the day following the completion of: **(check one)**
 10 / 15 / 20 Term Years from actual Initial Operation stated in Appendix I.

4.2 SDG&E may elect to terminate this Agreement at 12:01 A.M. on the 61st day after SDG&E provides written Notice pursuant to Section 10 of this Agreement to the Producer of SDG&E's intent to terminate this Agreement for one or more of the following reasons:

- (a) A change in applicable Tariffs as approved or directed by the Commission or a change in any local, state or federal law, statute or regulation, any of which materially alters or otherwise materially affects SDG&E's ability or obligation to perform SDG&E's duties under this Agreement;
- (b) Producer fails to remain an Eligible Customer;
- (c) Producer fails to take all corrective actions specified in any SDG&E Notice, within the time frame set forth in such Notice, that Producer's Generating Facility is out of compliance with the terms of this Agreement;
- (d) Producer fails to Interconnect and Operate the Generating Facility, in accordance with the terms and conditions set forth in this Agreement, on or before eighteen (18) months after the Effective Date if the Parties are unable to reach agreement as to a reasonable amendment to this Agreement after cooperating to do so;
- (e) Producer abandons the Generating Facility. SDG&E shall deem the Generating Facility to be abandoned if SDG&E provides a Notice to Producer advising Producer of SDG&E's determination, in its reasonable discretion, that the Generating Facility is non-operational and Producer does not provide a substantive response to such Notice affirming Producer's intent and ability to continue to Operate the Generating Facility

CRE AGREEMENT
PRODUCER NAME
ID Number

within 15 days of such Notice; or

- (f) Producer has not sold or delivered energy from the Generating Facility for any twelve (12) consecutive months of the Term.

4.3 Any agreements attached hereto and incorporated herein shall terminate concurrently with this Agreement unless the Parties have agreed otherwise in writing.

5. GENERATING FACILITY OPERATION

5.1 Producer is responsible for Operating the Generating Facility in compliance with all of SDG&E Tariffs, including but not limited to Rule 21, and any other regulations and laws governing the Interconnection of the Generating Facility.

5.2 The Generating Facility Net Nameplate Rating shall be less than or equal to 1,500 kW.

5.3 Producer shall not deliver reactive power to SDG&E's Distribution System unless the Parties have otherwise agreed in writing.

5.4 The Generating Facility shall be operated with all of Producer's Protective Functions in service and in accordance with Prudent Electrical Practices whenever the Generating Facility is operated in parallel with SDG&E's Distribution System. Any deviation from these requirements may occur only when the Parties have agreed to such deviations in writing.

5.5 For a Generating Facility having a Net Nameplate Rating equal to or greater than 500 kW, the Parties shall comply with the forecasting provisions of Appendix E.

5.6 SDG&E shall have ingress and egress rights to examine the Site and Generating Facility for purposes connected with this Agreement.

6. BILLING AND PAYMENT

6.1 The amount of energy purchased under this Agreement shall be determined by electrical meters and equipment owned, Operated, and maintained by SDG&E.

6.2 The Product Price during the Term, as set forth in Appendix H, shall equal the Market Price Referent ("MPR") as determined on or before the Effective Date by the Commission applicable to the calendar year that the Generating Facility achieves Initial Operation.

6.3 Producer agrees to sell the electric energy produced by the Generating Facility as specified below together with all Green Attributes, Capacity Attributes and Resource Adequacy Benefits (collectively, the "Attributes") associated with the energy sold to SDG&E:

Option A (Full Buy/Sell) Producer agrees to sell all of the electrical energy produced from the Generating Facility, net of Station Use, as measured by the Net Generation Output Meter as shown in Appendix A.

Option B (Sale of Excess) Producer agrees to sell all of the energy produced, net of Station Use, in excess of the Producer's load at the Service Account(s) listed in Section 2.2 as such excess is measured by SDG&E at the Point of Common Coupling.

6.4 SDG&E shall pay Producer for all Attributes and electrical energy (as specified as Option A or Option B above) at the Product Price during the Term (and not prior to the actual Initial Operation date) generated by the Generating Facility as defined in SDG&E's Rule 21 and located as shown on the Single-Line Diagram of Appendix A.

6.5 For the purpose of calculating monthly payments, the amount measured shall be time-differentiated according to the time period and season of the receipt of Product by SDG&E (the "TOD Periods") and the pricing shall be weighted by the Factors set forth in Appendix G.

As set forth in Appendix G, TOD Periods for the winter and summer season shall be on-peak, semi-peak and off-peak.

The monthly payment shall equal the sum of the monthly TOD Period payments for all TOD Periods in the month. Each monthly TOD Period payment shall be calculated pursuant to the following formula, where "n" is the TOD Period being calculated:

$$\text{TOD PERIOD}_n \text{ PAYMENT} = A \times B \times C$$

Where:

A = Product Price specified in Appendix H in \$/kWh.

B = TOD Factor, set forth in Appendix G, for the TOD Period being calculated.

C = The sum of energy measured in accordance with Option A or Option B in all hours for the TOD Period being calculated in kWh.

6.6 For Option A only, Producer shall continue to purchase from SDG&E all energy used by Producer at the applicable SDG&E retail tariff rate schedule(s). SDG&E shall adjust the energy and demand amounts recorded by the SDG&E billing meter at the Point of Common Coupling, as defined in SDG&E's Rule 21 to include the net generation output amounts measured by the Net Generation Output Meter for purposes of billing the Producer.

6.7 SDG&E shall determine the amount of energy received by SDG&E pursuant to this Agreement for each monthly period and provide a statement to Producer approximately thirty (30) days after each monthly meter reading date.

6.8 SDG&E shall not be obligated to issue a payment to Producer until the amount due for the Product received pursuant to this Agreement exceeds one thousand dollars (\$1000), except that SDG&E shall pay all amounts due to Producer pursuant to this Agreement at least once per calendar year no later than 30 days after the end of the calendar year.

6.9 Unless otherwise agreed in writing by the Parties, any payment due for Product received under this Agreement shall be satisfied by SDG&E issuing a check to Producer. Alternatively, SDG&E reserves the right, but shall not be obligated to apply any amount owed to Producer toward any amounts due to SDG&E from Producer for any charges incurred under this Agreement or for past due bills for electric service or for SDG&E services.

6.10 In the event adjustments to SDG&E's payments are required as a result of inaccurate metering equipment, SDG&E shall determine the correct amount of energy received under this Agreement during the period of inaccuracy and recompute the amount due to or from Producer. Any refund due and payable to

6.10 (Continued)

SDG&E or due by SDG&E to Producer resulting from inaccurate metering shall be made within thirty (30) calendar days of SDG&E's Notice to Producer by SDG&E of the amount due.

- 6.11 All charges, if any, associated with Interconnection Facilities shall be billed and paid pursuant to the applicable Special Facilities Agreement in Appendix B and all charges, if any, associated with electric service provided by SDG&E shall be billed and paid pursuant to the applicable Tariffs filed by SDG&E with the Commission.

7. INTERCONNECTION FACILITIES

- 7.1 Producer and/or SDG&E, as appropriate, shall provide Interconnection Facilities that adequately protect SDG&E's Distribution System, personnel, and other persons from damage or injury, which may be caused by the Operation of Producer's Generating Facility.
- 7.2 Producer shall be solely responsible for the costs, design, purchase, construction, operation, and maintenance of the Interconnection Facilities that Producer owns.
- 7.3 If the provisions of SDG&E's Rule 21, or any other Tariff approved by the Commission, require SDG&E to own and operate a portion of the Interconnection Facilities, Producer and SDG&E shall promptly execute a Special Facilities Agreement that establishes and allocates responsibility for the design, installation, operation, maintenance, and ownership of the Interconnection Facilities. The Special Facilities Agreement shall be attached to and made a part of this Agreement as Appendix B.

8. LIMITATION OF LIABILITY

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages of any kind whatsoever.

Notwithstanding the foregoing, as between SDG&E and Producer, Producer shall be solely responsible for and Producer shall indemnify, defend and hold SDG&E, and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns harmless from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, cost or expenses including without limitation, reasonable attorneys fees (including fees and disbursements of in-house and outside counsel) of any kind whatsoever resulting from (a) injuries to or death of any and all individuals, including, without limitation, members of the general public, or any employee, agent, independent contractor or consultant or affiliate of either SDG&E or Producer, arising out of or connected in any manner with Producer's performance hereunder, or (b) damage to and/or destruction of property of SDG&E or Producer arising out of or connected in any manner with Producer's performance hereunder, or (c) third party claims of any kind, whether based on negligence, strict liability, or otherwise, arising out of or connected in any manner to Producer's or any of its subcontractors acts or omissions in breach of this Agreement. This indemnification obligation shall not apply to the extent that injuries, death, loss, damage or destruction is caused by either the willful misconduct by SDG&E or SDG&E's sole negligence.

9. INSURANCE

9.1 In connection with Producer's performance of its duties and obligations under this Agreement, Producer shall maintain, during the term of this Agreement, general liability insurance with a combined single limit of not less than:

- (a) Two million dollars (\$2,000,000) for each occurrence if the Gross Nameplate Rating of Producer's Generating Facility is greater than one hundred (100) kW;
- (b) One million dollars (\$1,000,000) for each occurrence if the Gross Nameplate Rating of Producer's Generating Facility is greater than twenty (20) kW and less than or equal to one hundred (100) kW; and
- (c) Five hundred thousand dollars (\$500,000) for each occurrence if the Gross Nameplate Rating of Producer's Generating Facility is twenty (20) kW or less.

Such general liability insurance shall include coverage for "Premises-Operations, Owners and Contractors Protective, Products/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including Completed Operations."

9.2 The general liability insurance required in Section 9.1 shall, by endorsement to the policy or policies, (a) include SDG&E as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that SDG&E shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to SDG&E prior to cancellation, termination, alteration, or material change of such insurance.

9.3 Evidence of the insurance required in Section 9.2 shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by SDG&E.

9.4 Producer agrees to furnish the required certificates and endorsements to SDG&E prior to actual Initial Operation. SDG&E shall have the right to inspect or obtain a copy of the original policy or policies of insurance.

9.5 If Producer is self-insured with an established record of self-insurance, Producer may comply with the following in lieu of Sections 9.1 through 9.3:

- (a) Producer shall provide to SDG&E, at least thirty (30) calendar days prior to the date of actual Initial Operation, evidence of an acceptable plan to self-insure to a level of coverage equivalent to that required under Section 9.1.
- (b) If Producer ceases to self-insure to the level required hereunder, or if Producer is unable to provide continuing evidence of Producer's ability to self-insure, Producer agrees to immediately obtain the coverage required under Section 9.1.

9.6 All insurance certificates, statements of self insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued, clearly labeled with agreement ID number and submitted to the following:

San Diego Gas & Electric Company
Attention: Director, Procurement and Portfolio Design
Address: 8315 Century Park Court, CP21D
City: San Diego, CA 92123

10. NOTICES

10.1 Any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person or sent by first class mail, postage prepaid, to the person specified below:

If to SDG&E: San Diego Gas & Electric Company
Attention: Director, Procurement and Portfolio Design
Address: 8315 Century Park Court, CP21D

City: San Diego, CA 92123
Phone: (800) 411-SDGE
FAX: 858-650-6191

If to Producer: Producer Name: _____
Address: _____
City: _____
Phone: () _____
FAX: () _____

- 10.2 A Party may change its address for Notices at any time by providing the other Party Notice of the change in accordance with Section 10.1.
- 10.3 All Notices must reference the Generating Facility identification number set forth in Section 2.2.
- 10.4 Notices (other than forecasts and schedules) shall, unless otherwise specified herein, be in writing and may be delivered in person, United States mail or overnight courier service.
- 10.5 Notice by hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day, unless a different date for the Notice to go into effect is stated in another section of this Agreement.
- 10.6 Notice by overnight United States mail or courier shall be effective on the next Business Day after it was sent.
- 10.7 The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by Notice provided in accordance herewith.

11. REVIEW OF RECORDS AND DATA

11.1 SDG&E shall have the right to review and obtain copies of Producer's operations and maintenance records, logs, or other information such as, but not limited to, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Producer's Generating Facility or its Interconnection with SDG&E's Distribution System.

11.2 Producer authorizes SDG&E to release to the CEC and/or the Commission information regarding the Generating Facility, including the Producer's name and location, and the size, location and operational characteristics of the Generating Facility, the Term, the ERR type, the actual Initial Operation Date, estimated annual deliveries, delivery point, and the Net Nameplate Rating of the Generating Facility, as requested from time to time pursuant to the CEC's or Commission's rules and regulations.

12. ASSIGNMENT

Producer shall not voluntarily assign its rights nor delegate its duties under this Agreement without SDG&E's prior written consent. Any assignment or delegation Producer makes without SDG&E's written consent shall not be valid. SDG&E shall not unreasonably withhold its consent to Producer's assignment of this Agreement.

13. NON-WAIVER

None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

14. GOVERNING LAW, WAIVER OF JURY TRIAL, JURISDICTION OF COMMISSION, INCLUSION OF SDG&E's TARIFF RATE SCHEDULES, DEFINED TERMS

14.1 This Agreement shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of California without giving effect to choice of law provisions that might apply to the law of a different jurisdiction. To the extent enforceable at such time, each Party hereby waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement.

14.2 This Agreement shall, at all times, be subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.

14.3 The Interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the Tariffs applicable to the electric service provided by SDG&E, which tariffs are incorporated by reference into this Agreement.

14.4 Notwithstanding any other provisions of this Agreement, SDG&E shall have the right to unilaterally file with the Commission an application for change in rates, charges, classification, service, Tariffs or any agreement relating thereto; pursuant to the Commission's rules and regulations.

14.5 When initially capitalized, whether in the singular or in the plural, the terms used herein shall have the meanings assigned to them either in this Agreement, Appendix F; in SDG&E's Rule 1 or Rule 21, Section H; or SDG&E's Schedule CRE. If any term is defined in both Rule 1 and Rule 21, the definition in Rule 21 shall prevail. If any term is defined in both Schedule CRE and this Agreement, the definition in Schedule CRE shall prevail.

15. AMENDMENTS AND MODIFICATION

This Agreement can only be amended or modified by a written agreement signed by both Parties.

16. REGISTRATIONS

Prior to the date of actual Initial Operation, Producer shall register the Generating Facility (i) in WREGIS and take all other actions necessary to ensure that the energy produced from the Generating Facility is tracked for purposes of satisfying the California Renewables Portfolio Standard requirements, as may be amended or supplemented by the CPUC or CEC from time to time, and (ii) with the California Climate Action Registry as may be required by the PUC.

17. TITLE AND RISK OF LOSS

Title to and risk of loss relating to the energy produced from the Generating Facility shall transfer from Producer to SDG&E at the Point of Common Coupling. Producer warrants that it will deliver to SDG&E all Products from the Generating Facility free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Point of Common Coupling.

18. SURVIVAL

The obligations under Section 8, 11.2, and 14 shall survive termination of this Agreement.

19. ENTIRE AGREEMENT

This Agreement, including any incorporated Tariffs and Rules, contains the entire agreement and understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the incorporated Tariffs and Rules.

20. SIGNATURES

IN WITNESS WHEREOF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives. This Agreement is effective ("Effective Date") as of the last date set forth below.

PRODUCER'S NAME

SAN DIEGO GAS & ELECTRIC COMPANY

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**APPENDIX A
DESCRIPTION OF GENERATING FACILITY
AND SINGLE-LINE DIAGRAM
(Provided by Producer)**

**CRE AGREEMENT
PRODUCER NAME
ID Number**

APPENDIX B
(If Applicable)
SPECIAL FACILITIES AGREEMENT
(Provided by SDG&E)

*

APPENDIX C
PRODUCER'S WARRANTY THAT THE GENERATING FACILITY
IS AND WILL CONTINUE TO BE AN
"ELIGIBLE RENEWABLE RESOURCE" PURSUANT TO SECTION 399.11 et seq. OF THE
CALIFORNIA PUBLIC UTILITIES CODE AND THAT THE OUTPUT WILL COMPLY WITH THE
CALIFORNIA RENEWABLE PORTFOLIO STANDARDS ("ERR/RPS Warranty")

For the purpose of selling power produced by the Generating Facility pursuant to Assembly Bill 1969, under Section 399.20 et seq. of the California Public Utilities Code, Producer hereby declares that the Generating Facility complies with the requirements for "Eligible Renewable Resource" as such term is used in Section 399.11 et seq. of the California Public Utilities Code ("ERR Requirements") and that the output from the Generating Facility complies with the requirements of the California Renewables Portfolio Standards ("RPS Requirements").

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the Term of this Agreement, its Generating Facility shall continue to comply with the ERR Requirements and RPS Requirements. If Producer becomes aware that the Generating Facility or its output has ceased to comply with the ERR Requirements or RPS Requirements, Producer shall promptly provide SDG&E with Notice of such change pursuant to Section 10 of the Agreement. If at any time during the Term of this Agreement, SDG&E determines in its reasonable discretion that Producer's Generating Facility may no longer comply with the ERR Requirements or RPS Requirements, SDG&E may require Producer to provide evidence that the Generating Facility continues to comply with the ERR Requirements and RPS Requirements within 15 business days of SDG&E's Notice requesting such evidence. Additionally, SDG&E may periodically (typically, once per year) inspect Producer's Generating Facility and/or require documentation from Producer to monitor the Generating Facility's compliance with the ERR Requirements and RPS Requirements. If SDG&E determines in its reasonable judgment that Producer either failed to provide evidence in a timely manner or that it provided insufficient evidence that its Generating Facility continues to comply with the ERR Requirements or RPS Requirements, then the Eligible Renewable Resource Status (the "ERR Status") or Renewables Portfolio Standard Status (the "RPS Status") of the Generating Facility or its output shall be deemed ineffective until such time as Producer again demonstrates to SDG&E's reasonable satisfaction that the Generating Facility complies with the requirements for an Eligible Renewable Resource Generation Facility or RPS Requirements (the "ERR/RPS Status Change").

SDG&E shall revise its records and the administration of this Agreement to reflect the ERR/RPS Status Change and provide Notice to Producer of the ERR/RPS Status Change pursuant to Section 10 of this Agreement. Such Notice shall specify the effective date of the ERR/RPS Status Change. This date shall be the first day of the calendar month for which SDG&E determines in its sole discretion that the Generating Facility first ceased to comply with the ERR Requirements or RPS Requirements. SDG&E's Notice shall include an invoice for the refund of payments that were made to Producer during the period between the effective date of the ERR/RPS Status Change and the date of the last Notice in reliance upon Producer's representations that the Generating Facility complied with the ERR Requirements and RPS Requirements and therefore was eligible to sell power to SDG&E as a result of satisfying the ERR Requirements and RPS Requirements.

During the period when the ERR Status or RPS Status is deemed to be ineffective, SDG&E shall not pay Producer for Product. Notwithstanding the foregoing, to the extent a change in law occurs after execution of this Agreement that causes the warranty contained in this appendix to be materially false or misleading, Producer shall not be in default of this Agreement if Producer has used commercially reasonable efforts to comply with such change in law.

Any amounts to be paid or refunded by Producer, as may be invoiced by SDG&E pursuant to the terms of this ERR/RPS Warranty, shall be paid to SDG&E within 30 days of Producer's receipt of such invoice.

APPENDIX D

**PRODUCER'S WARRANTY THAT THE GENERATING FACILITY
WAS AND WILL CONTINUE TO BE A
"QUALIFYING FACILITY" PURSUANT TO THE POLICIES AND PRACTICES OF
THE FEDERAL ENERGY REGULATORY COMMISSION ("QF Warranty")**

For the purpose of selling power produced by the Generating Facility pursuant to Assembly Bill 1969, under Section 399.20 et seq. of the California Public Utilities Code, Producer hereby declares that the Generating Facility prior to January 1, 2002 complied with the requirements and for the Term of this Agreement shall continue to comply with the requirements for a Small Power Producer "Qualifying Facility" as such term is used in 18 Code of Federal Regulations Part 292, Section 292.203 et seq. implementing the Public Utility Regulatory Policies Act of 1978 as amended by the Energy Policy Act of 2005 ("QF Requirements").

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the Term of this Agreement, the Generating Facility shall continue to comply with such QF Requirements. If Producer becomes aware that its Generating Facility has ceased to comply with the QF Requirements, Producer shall promptly provide SDG&E with Notice of such change pursuant to Section 10 of the Agreement. If at any time during the Term of this Agreement SDG&E determines in its reasonable discretion that Producer's Generating Facility may no longer comply with the QF Requirements, SDG&E may require Producer to provide evidence that the Generating Facility continues to comply with the QF Requirements within 15 business days of SDG&E's Notice requesting such evidence. Additionally, SDG&E may periodically (typically, once per year) inspect Producer's Generating Facility and/or require documentation from Producer to monitor the Generating Facility's compliance with the QF Requirements. If SDG&E determines in its reasonable judgment that Producer either failed to provide evidence in a timely manner or that it provided insufficient evidence that its Generating Facility continues to comply with the QF Requirements, then the Qualifying Facility Status (the "QF Status") of the Generating Facility shall be deemed ineffective until such time as Producer again demonstrates to SDG&E's reasonable satisfaction that the Generating Facility complies with the requirements for a Qualifying Facility (the "QF Status Change").

SDG&E shall revise its records and the administration of this Agreement to reflect the QF Status Change and provide Notice to Producer of the QF Status Change pursuant to Section 10 of this Agreement. Such Notice shall specify the effective date of the QF Status Change. This date shall be the first day of the calendar month for which SDG&E determines in its sole discretion that the Generating Facility first ceased to comply with the QF Requirements. SDG&E's Notice shall include an invoice for the refund of payments that were made to Producer during the period between the effective date of the QF Status Change and the date of the last Notice in reliance upon Producer's representations that the Generating Facility complied with the QF Requirements and therefore was eligible to sell power to SDG&E as a result of satisfying the QF Requirements.

During the period when the QF Status is deemed to be ineffective, SDG&E shall not pay Producer for Product.

Any amounts to be paid or refunded by Producer, as may be invoiced by SDG&E pursuant to the terms of this QF Warranty, shall be paid to SDG&E within 30 days of Producer's receipt of such invoice.

APPENDIX E

Forecast Requirements for Generating Facilities that have a Net Nameplate Rating greater or equal to 500 kW

1. Introduction.

The Parties shall abide by the Forecast requirements and procedures described below and shall make reasonable changes to these requirements and procedures from time-to-time, as necessary to:

- (a) Comply with ISO Tariff changes or Commission orders; and
- (b) Accommodate changes to their respective generation technology and organizational structure.

2. Procedures.

(a) Weekly Forecasting Procedures.

(i) Producer's Forecasting Responsibilities.

Producer must meet all of the following requirements specified below:

- (1) Beginning the Wednesday prior to the planned Initial Operation of the Generating Facility, Producer will electronically provide SDG&E with an Energy Forecast for the next calendar week, by no later than 5 PM Wednesday of the week preceding the week covered by the Energy Forecast.

The Energy Forecast submitted to SDG&E shall:

- a) Not include any anticipated or expected electric energy losses between the Net Generation Output Meter and the Point of Common Coupling;
 - b) Be constructed using file formats, templates, and naming conventions agreed to by the Parties.
 - c) Include Producer's contact information.
 - d) Be sent to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.
 - e) Limit hour-to-hour forecast changes to no less than one hundred (100) kW.
- (2) If Producer revises any Energy Forecast submitted pursuant to Item 2(a)(i)(1) the revision in the Energy Forecast shall be communicated by Producer to SDG&E's Day-Ahead Group no later than 8:30 a.m. the day prior to the effective date of the revision.

Producer shall contact SDG&E's Day-Ahead Group at:

Scheduling Desk:

Phone: (858) 650-6178

Backup: (858) 650-6160

Fax: (858) 650-6191

Email: presched@semprautilities.com

- (3) If Producer revises any Energy Forecast submitted pursuant to Item 2(a)(i)(1) or Item 0 the revision in the Energy Forecast shall be communicated by Producer to SDG&E's Real-Time Group no later than one half (½) hour prior to the ISO's Hour-Ahead scheduling deadline.

Producer shall contact SDG&E's Real-Time Group at:

Operations Desk:

Phone: (858) 650-6160

Back-up: (858) 650-6178

Fax: (858) 650-6191

Email: presched@semprautilities.com

- (b) 30-Day Forecasting Procedures.

Producer must meet all of the following requirements for Forecasting electric energy to be received by SDG&E from the Producer as specified below.

- (i) In addition to the requirements set forth in Item 2(a) above, Producer shall electronically provide SDG&E with a rolling 30-day Energy Forecast, beginning at least thirty (30) days prior to commencement of the Term.

These files shall:

- (1) Be constructed using reasonable file formats, templates, and naming conventions agreed to by the Parties.
 - (2) Include Producer's contact information.
 - (3) Be sent to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.
 - (4) Limit hour-to-hour forecast changes to no less than one hundred (100) kW.
- (ii) Producer shall update the rolling 30-day hourly forecast weekly by 5:00 PM each Wednesday and send to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.

- (iii) If Producer learns of any inaccuracies in its most recently submitted 30-day hourly Energy Forecast affecting the period between the date Producer learns of the inaccuracy and the date that the next updated 30-day hourly Energy Forecast is due, Producer shall promptly send an updated Energy Forecast, to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.

2. Outage Scheduling Procedures.

Producer shall be responsible for all costs associated with all requirements and timelines for generation outage Scheduling contained in the Producer's otherwise applicable retail Tariff.

APPENDIX F

Definitions

The following terms shall have the following meaning for purposes of this Agreement.

1. "Agreement" has the meaning set forth in the Recitals.
2. "Attributes" has the meaning set forth in Section 6.3.
3. "Business Day" means any day except a Saturday, Sunday, a Federal Reserve Bank holiday, or the Friday following Thanksgiving. A Business Day shall begin at 8:00 a.m. and end at 5:00 p.m. local time for the Party sending the Notice or payment or performing a specified action.
4. "California Renewables Portfolio Standard" shall mean the renewable energy program and policies established by Senate Bill 1038 and 1078, as such provisions may be amended or supplemented from time to time.
5. "Capacity Attributes" means any and all current or future defined characteristics, certificates, tag, credits, ancillary service attributes, or accounting constructs, howsoever entitled, including any accounting construct counted toward any resource adequacy requirements, attributed to or associated with the Generating Facility or any unit of generating capacity of the Generating Facility during the Term.
6. "CEC" means the California Energy Commission.
7. "Commission" means the California Public Utilities Commission.
8. "CPUC" means the California Public Utilities Commission.
9. "Effective Date" has the meaning set forth in Section 20.
10. "Eligible Customer" means customers of SDG&E, other than Eligible Public Water Agencies or Wastewater Agencies as defined in Tariff Schedule WATER, who own and operate an Eligible Renewable Generating Facility with a total effective generation capacity of not more than 1.5 MWs.
11. "Energy Forecast" has the meaning set forth in Appendix E.
12. "ERR" means a generating facility that qualifies as an eligible renewable electric energy resource for purposes of the RPS Legislation.
13. "ERR Requirements", "ERR Status", "ERR Status Change" and "ERR Warranty" have the meanings set forth in Appendix C.
14. "FERC" means the Federal Energy Regulatory Commission.
15. "Forecast", "Forecast Requirements" and "Forecast Procedures" have the meanings set forth in Appendix E.
16. "Generating Facility" means all of Producer's electric generators, located at the Premises and complying with the requirements of Appendix C and Appendix D for the entire Term of

this Agreement, together with all materials, equipment systems, structures, features and improvements necessary to produce electric energy from such electric generator (excluding the Site, land rights and interests in land).

17. "Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Generating Facility and its avoided emission of pollutants. 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;¹ 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 Generating Facility, (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 Producer 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 Generating Facility for compliance with local, state, or federal operating and/or air quality permits. If Producer's Generating Facility is a biomass or biogas facility and Producer receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide SDG&E with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Generating Facility.
18. "Gross Nameplate Rating" means the values, in kW, set forth in Section 2.4.
19. "Governmental Authority" means:
- a) Any federal, state, local, municipal or other government;
 - b) Any governmental, regulatory or administrative agency, commission, or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or
 - c) Any court or governmental tribunal.
20. "Interconnect", "Interconnection" have the meanings set forth in SDG&E's Rule 21.
21. "Initial Operation" means the actual date on which the Generating Facility begins Operating, is in compliance with the applicable interconnection and system protection

¹ Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

requirements, has met all of the requirements contained herein (i.e. scheduling, insurance, warranties) is able to produce and deliver energy to SDG&E pursuant to the terms of this Agreement..

22. "ISO" means the California Independent System Operator Corporation or successor entity that dispatches certain generating units and loads and controls the transmission facilities of entities that:
- a) Own, operate and maintain transmission lines and associated facilities or have entitlements to use certain transmission lines and associated facilities; and
 - b) Have transferred to the ISO or its successor entity operational control of such facilities or entitlements.
23. "ISO Tariff" means the California Independent System Operator Corporation Operating Agreement and Tariff, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.
24. "kW" means a kilowatt (1,000 watts) of electric power.
25. "kWh" means a kilowatt-hour (1,000 watt-hours) of electric energy.
26. "Market Price Referent" or "MPR" means the market price referent applicable to this Agreement as determined by the CPUC in accordance with California Public Utilities Code Section 399.15(c) for the Term as set forth in Section 6.2.
27. "MW" means a megawatt (1,000 kW) of electric power.
28. "MWh" means a megawatt-hour (1,000 kWh) of electric energy.
29. "Net Generation Output Metering" has the meaning set forth in SDG&E's Rule 21.
30. "Net Nameplate Rating" is the value of the Generating Facility's Gross Nameplate Rating minus Station Use, in kW. The Net Nameplate Rating of the Generating Facility shall not exceed 1,500 kW pursuant to California Public Utilities Code Section 399.20(h).
31. "Notice" has the meaning set forth in Section 10.1.
32. "Operate," "Operating" or "Operation" means to provide (or the provision of) all the operation, engineering, purchasing, repair, supervision, training, inspection, testing, protection, use, management, improvement, replacement, refurbishment, retirement, and maintenance activities associated with operating the Generating Facility in accordance with Prudent Electrical Practices.
33. "Party" or "Parties" have the meaning set forth in the Recitals.
34. "Permits" means all applications, approvals, authorizations, consents, filings, licenses, orders, permits or similar requirements imposed by any Governmental Authority, or the ISO, in order to develop, construct, operate, maintain, improve, refurbish and retire the Generating Facility or to Schedule and deliver the electric energy produced by the Generating Facility to SDG&E, including the Authority to Construct permit.

Permits include the documentation required by California Public Utilities Code Section 2821(d) 1 for Producers subject to Section 2802 for hydroelectric Renewable Generating Facilities.

35. "Point of Common Coupling" has the meaning set forth in SDG&E's Rule 21.
36. "Producer" has the meaning set forth in the Recitals.
37. "Product" means:
- a) Electric power and energy purchased by SDG&E; and
 - b) All associated Green Attributes, Capacity Attributes, and Resource Adequacy Benefits.
38. "Product Price" for this Agreement has the meaning set forth in Section 6.2.
39. "Protective Functions" has the meaning set forth in SDG&E's Rule 21.
40. "Premises" means all of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil field, resort enterprises, and public or quasi-public institutions, by a dedicated street, highway, or other public thoroughfare, or a railway. Automobile parking lots constituting a part of and adjacent to a single enterprise may be separated by an alley from the remainder of the premises served.
41. "Prudent Electrical Practices" means those practices, methods and acts that would be implemented and followed by prudent operators of electric energy generating facilities in the Western United States, similar to the Generating Facility, during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with good business practices, reliability and safety.
- Prudent Electrical Practices shall include, at a minimum, those professionally responsible practices, methods and acts described in the preceding sentence that comply with manufacturers' warranties, restrictions in this Agreement, and the requirements of Governmental Authorities, WECC standards, the ISO and applicable laws.
- Prudent Electrical Practices shall also include taking reasonable steps to ensure that:
- a) Equipment, materials, resources, and supplies, including spare parts inventories, are available to meet the Generating Facility's needs;
 - b) Sufficient operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Generating Facility properly and efficiently, and are capable of responding to reasonably foreseeable emergency conditions at the Generating Facility and emergencies whether caused by events on or off the Site;
 - c) Preventive, routine, and non-routine maintenance and repairs are performed on a basis that ensures reliable, long term and safe operation of the Generating Facility, and are performed by knowledgeable, trained, and experienced personnel utilizing proper equipment and tools;
 - d) Appropriate monitoring and testing are performed to ensure equipment is functioning as designed;

- e) Equipment is not operated in a reckless manner, in violation of manufacturer's guidelines or in a manner unsafe to workers, the general public, or SDG&E's electric system or contrary to environmental laws, permits or regulations or without regard to defined limitations such as, flood conditions, safety inspection requirements, operating voltage, current, volt ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization, and control system limits; and
 - f) Equipment and components designed and manufactured to meet or exceed the standard of durability that is generally used for electric energy generating facilities operating in the Western United States and will function properly over the full range of ambient temperature and weather conditions reasonably expected to occur at the Site and under both normal and emergency conditions.
-
- 42. "QF Requirements", "QF Status", "QF Status Change" and "QF Warranty" have the meanings set forth in Appendix D.
 - 43. "Renewable Energy Credit" has the meaning set forth in California Public Utilities Code Section 399.12(h), as may be amended from time to time or is further defined or supplemented by law.
 - 44. "Resource Adequacy Benefits" means the rights and privileges attached to the Generating Facility that satisfy any entity's resource adequacy obligations, as those obligations are set forth in any Resource Adequacy Rulings and shall include any local, zonal or otherwise locational attributes associated with the Generating Facility.
 - 45. "Resource Adequacy Rulings" means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031 and any subsequent CPUC ruling or decision, or any other resource adequacy laws, rules or regulations enacted, adopted or promulgated by any applicable Governmental Authority, as such decisions, rulings, laws, rules or regulations may be amended or modified from time-to-time during the Term.
 - 46. "RPS Legislation" means the State of California Renewable Portfolio Standard Program, as codified at California Public Utilities Code Section 399.11, et seq.
 - 47. "Rule" means Tariff sheets which set forth the application of all rates, charges, and service when such applicability is not set forth in and as part of the rate schedules.
 - 48. "Schedule," "Scheduled" or "Scheduling" means the action of Producer and SDG&E, or their designated representatives of notifying, requesting, and confirming to each other the Forecast of electric energy from the Generating Facility being received by SDG&E.
 - 49. "Schedule CRE" refers to one or more Tariff sheets setting forth the charges and conditions for a customer taking service from SDG&E under this Tariff who meets the definition of an Eligible Customer who owns and operates an Eligible Renewable Generating Facility, as defined in Schedule CRE. This Tariff is subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.
 - 50. "SDG&E" has the meaning set forth in the Recitals.
 - 51. "Site" means the real property on which the Generating Facility is, or will be located, as further described in Appendix A.
 - 52. "Special Facilities Agreement" means that certain agreement between Producer and SDG&E, dated as of _____, and attached hereto as Appendix B.

53. "Station Use" means the electric energy produced by the Generating Facility that is either:
- a) Used within the Generating Facility to power the lights, motors, control systems and other electrical loads that are necessary for Operation; or
 - b) Consumed within the Generating Facility's electric energy distribution system as losses.
54. "Tariff(s)" mean(s) the entire body of effective rates, rentals, charges, and rules collectively of SDG&E, as set forth herein, and including title page, preliminary statement, service area maps, rate schedules, list of contracts and deviations, Rules, and sample forms.
55. "Term" has the meaning used in Section 4.1(c).
56. "Term Year" means a twelve (12) month period beginning on the first day of the calendar month following Initial Operation and each successive twelve (12) month period thereafter.
57. "TOD Periods" means the time of delivery periods for determination of payments as set forth in Appendix G.
58. "WECC" means the Western Electricity Coordinating Council, the regional reliability council for the Western United States, Southwestern Canada, and Northwestern Mexico.
59. "WREGIS" means the Western Renewable Energy Generating Information System or any successor renewable energy tracking system.

APPENDIX G

TOD Periods

	<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 National Electric Reliability Council (NERC) holidays are off-peak.

APPENDIX H

Product Price

Product Price for this Agreement (in \$ per kWh) shall be as stated in the table below for the price applicable to the actual Initial Operation date.

Adopted 2008 Market Price Referents¹ (Nominal - dollars/kWh)				
Resource Type	10-Year	15-Year	20-Year	25-Year
2009 Baseload MPR	0.10043	0.10537	0.11126	0.11480
2010 Baseload MPR	0.10175	0.10748	0.11390	0.11761
2011 Baseload MPR	0.10400	0.11046	0.11730	0.12110
2012 Baseload MPR	0.10698	0.11405	0.12126	0.12509
2013 Baseload MPR	0.10998	0.11776	0.12527	0.12915
2014 Baseload MPR	0.11278	0.12122	0.12897	0.13290
2015 Baseload MPR	0.11605	0.12503	0.13290	0.13690
2016 Baseload MPR	0.11971	0.12915	0.13706	0.14111
2017 Baseload MPR	0.12367	0.13352	0.14144	0.14549
2018 Baseload MPR	0.12802	0.13814	0.14603	0.15001
2019 Baseload MPR	0.13271	0.14298	0.15080	0.15464
2020 Baseload MPR	0.13776	0.14797	0.15578	0.15937

APPENDIX I

INITIAL OPERATION DATE CONFIRMATION LETTER

In accordance with the terms of that certain Renewable Power Purchase and Interconnection Agreement dated _____ (“Agreement”) by and between San Diego Gas & Electric Company (“SDG&E”) and _____ (“Producer”), this letter serves to document the parties further agreement that (i) the conditions for the occurrence of the Initial Operation have been satisfied, (ii) the insurance requirements have been fulfilled, (iii) the warranty and registration requirements in the Agreement have been met, and (iv) Producer has delivered and SDG&E has received the energy, as specified in the Agreement, as of this ___ day of ___, ____.

This letter shall confirm the Initial Operation date, as defined in the Agreement as of the date referenced in the preceding sentence.

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

By: _____

By: _____

Name:

Name:

Title:

Title:

Date:

Date:



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Sheet 1

The following sheets contain all the effective rates and rules affecting rates, service and information relating thereto, in effect on the date indicated herein.

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(Continued)

1H5

Advice Ltr. No. 2057-E

Decision No. _____

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Jan 13, 2009

Effective Jan 13, 2009

Resolution No. _____



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Sheet 11

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