

VIRTUAL NET ENERGY METERING POWER PURCHASE AGREEMENT

BETWEEN

CITY OF LOS ANGELES ACTING BY AND THROUGH THE
DEPARTMENT OF WATER AND POWER

AND

DATED AS OF _____
(LADWP USE ONLY)

FACILITY NAME

SITE ADDRESS

CONTRACT NO.

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VIRTUAL NET ENERGY METERING POWER PURCHASE AGREEMENT

THIS VIRTUAL NET ENERGY METERING POWER PURCHASE AGREEMENT (“*Agreement*”) is entered into as of the Effective Date by and between the City of Los Angeles acting by and through the Department of Water and Power (“*Buyer*” or “*LADWP*”), a municipal corporation of the State of California, and [_____] (“*Seller*”), a (*check one*) limited liability company / partnership / corporation / person] organized and existing under the laws of the State of [_____]. Each of Buyer and Seller is referred to individually in this Agreement as a “*Party*” and together they are referred to as the “*Parties*.”

RECITALS

WHEREAS, LADWP is subject to a “Renewables Portfolio Standard” designed to increase the amount of electricity it provides to its retail customers from renewable and zero-carbon sources to 100% of its retail electricity sales by December 31, 2045; and

WHEREAS, LADWP has established a Virtual Net Energy Metering Pilot Program (VNEM); and

WHEREAS, LADWP now seeks to purchase Energy generated by an Eligible Renewable Energy Facility located within the LADWP service territory; and

WHEREAS, Seller has applied for the Virtual Net Energy Metering Program; and

WHEREAS, Seller has Site Control over a Site located within the LADWP service territory suitable for an Eligible Renewable Energy Facility; and

WHEREAS, Seller desires to build, own, and operate at its own expense an Eligible Renewable Energy Facility to be located entirely on such Site and sell all the Energy generated together with all associated Capacity Rights and Environmental Attributes to LADWP; and

WHEREAS, Seller desires to redistribute a percentage of the monies that would otherwise be due to Seller from LADWP to LADWP customers residing in the dwelling units of the Site; and

WHEREAS, eligible tenant(s) residing in the dwelling units of the Site, and owner of the Site if also residing in the dwelling units of the Site, purchase Electric Service under LADWP Schedule R-1 Residential Service from LADWP for the dwelling unit(s) at the Site location, as a retail end-use customer, in accordance with the Rate Ordinance, Rules, and terms and conditions herein; and

WHEREAS, the Parties desire to set forth the terms and conditions pursuant to which such sales and purchases of Energy, Capacity Rights and Environmental Attributes shall be made;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the Parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. The following capitalized terms in this Agreement and the appendices hereto shall have the following meanings:

“Agreement” means this Standard Offer Power Purchase Agreement, as it may be amended, supplemented or otherwise modified from time to time hereafter in accordance with its terms.

“Agreement Term” has the meaning set forth in Section 2.2.

“Allocation” means the document to be completed by the Facility owner in accordance with Appendix F indicating the percentages of Buyer payment allocated to each metered Qualified Customer.

“Ancillary Documents” means the Interconnection Agreement, the Development Security Deposit and all other instruments, agreements, certificates and documents executed or delivered by or on behalf of either Party pursuant to or in connection with this Agreement.

“Authorized Auditors” means representatives of Buyer or Buyer’s Agents who are authorized to conduct audits on behalf of Buyer.

“Authorized Representative” means, with respect to each Party, the Person designated as such Party’s authorized representative pursuant to Section 12.1.

“Bankruptcy” means any case, action or proceeding under any bankruptcy, reorganization, debt arrangement, insolvency or receivership law or any dissolution or liquidation proceeding commenced by or against a Person and, if such case, action or proceeding is not commenced by such Person, such case or proceeding shall be consented to or acquiesced in by such Person or shall result in an order for relief or shall remain undismissed for sixty (60) days.

“Business Day” means any calendar day that is not a Saturday, a Sunday, or a day on which commercial banks are authorized or required to be closed in Los Angeles, California or New York, New York.

“Buyer’s Agent” means any Person authorized or designated by Buyer to make any determination or perform, carry out or provide any function on behalf of Buyer under this Agreement.

“Buyer’s Board of Commissioners” or **“Board”** means Board of Water and Power Commissioners of the City of Los Angeles created pursuant to Sections 600 and 670 of the Charter of the City of Los Angeles, as amended.

“CAMD” means the Clean Air Markets Division of the United States Environmental Protection Agency, any successor agency and any other state, regional, federal or intergovernmental entity or Person that is given authorization or jurisdiction or both over a program involving the registration, validation, certification or transferability of Environmental Attributes.

“Capacity” means the CEC-AC system rating.

“Capacity Rights” means the rights, whether in existence as of the Effective Date or arising hereafter during the Agreement Term, to capacity, resource adequacy, associated attributes and/or reserves or any of the foregoing associated with the electric generating capability of the Facility, including the right to resell such rights.

“CEC” means the California Energy Resources Conservation and Development Commission, also known as the California Energy Commission, or its successor agency.

“CEC-AC” means the solar photovoltaic system alternating current rating based upon the product of the Photovoltaics for Utility Scale Applications (PVUSA) Test Conditions rating of the module, module quantity, and the inverter efficiency.

“CEQA” means the California Environmental Quality Act, as amended from time to time, and any successor statute.

“Commercial Operation” means all of the following have been satisfied by Seller:

- (a) Construction of the Facility has been completed in accordance with the terms and conditions of this Agreement and the Facility possesses all the characteristics, and satisfies all of the requirements, set forth for this Facility in this Agreement;
- (b) The Seller achieved site control in the form of: (i) ownership of the Site; (ii) a lease from the Site owner, which permits Seller to perform its obligations under this Agreement, or (iii) be the licensee of the Site(s) under a license that permits the Seller to perform its obligations under this Agreement;
- (c) The Facility has successfully completed all testing required by Prudent Utility Practices or any Requirement of Law to be completed prior to full commercial operations;
- (d) Seller has obtained all Permits required for the construction, operation and maintenance of the Facility in accordance with this Agreement (including those identified in Appendix A), and all such Permits are final and non-appealable;
- (e) The Facility is both authorized and able to operate and deliver Energy at full Capacity in accordance with Prudent Utility Practices, the requirements of this Agreement and all Requirements of Law; and
- (f) Seller has caused the CEC to pre-certify the Facility as RPS Compliant.

“Commercial Operation Date” means the date on which Seller demonstrates to Buyer’s reasonable satisfaction that Commercial Operation has occurred.

“Commercial Operation Deadline” means the date twelve (12) months after the Effective Date of this Agreement set for the Seller to achieve Commercial Operation as such date may be extended pursuant to Section 2.6.

“Contract Year” means (i) the twelve-month period beginning on the Commercial Operation Date and ending on the first anniversary of the Commercial Operation Date, and (ii) each succeeding

period of twelve consecutive months following the period described in the preceding clause (i).

“Default” has the meaning set forth in Section 11.1.

“Defaulting Party” has the meaning set forth in Section 11.1.

“Delivery Term” has the meaning set forth in Section 2.2.

“Development Security Deposit” means the development security deposit described in Section 3.6 that is required to be provided by Seller to Buyer.

“Effective Date” means the date LADWP executes this Agreement, so long as the conditions precedent set forth in Section 2.1 have been met by such date.

“Electric Metering Device” means all meters, metering equipment, and data processing equipment used to measure, record, or transmit data relating to the Energy output from the Facility. Electric Metering Devices include the metering current transformers and the metering voltage transformers.

“Electric Service Requirements” means all requirements prescribed in writing by LADWP in effect at the time this Agreement is executed, and all revisions thereto or replacements thereof, which are necessary and proper for the regulation of any electric service installed, operated, and maintained within the City of Los Angeles. The Electric Service Requirements shall be in conformance with the Charter of the City of Los Angeles and the Rules.

“Eligible Renewable Energy Facility” means an electric generation facility that complies with the criteria of Section 10.5.2(1)(d) of the Los Angeles Administrative Code or any successor thereto.

“Energy” means electrical energy.

“Environmental Attributes” means any and all current or future fuel, emissions, air quality, or other environmental characteristics, credits, benefits, reductions, offsets, or allowances, howsoever entitled, named, registered, created, measured, allocated, or validated, that are at any time recognized or deemed of value (or both) by Buyer, applicable law, or any voluntary or mandatory program of any Governmental Authority or other Person that are attributable to Facility Energy and the emissions or other environmental characteristics of such generation or its displacement of conventional fossil fuel Energy generation, including the avoidance of the emission of any gas, chemical, or other substance to the air, soil or water. Environmental Attributes include:

- (a) any REC or Renewable Energy Certificate;
- (b) any environmental attributes arising out of legislation or regulation concerned with oxides of nitrogen, sulfur, carbon, or any other greenhouse gas or chemical compound, with particulate matter, soot, or mercury;
- (c) any environmental attributes arising out of legislation or regulation implementing the United Nations Framework Convention on Climate Change (the “UNFCCC”), or the Kyoto Protocol to the UNFCCC;

- (d) any environmental attributes arising out of California’s greenhouse gas legislation and regulations, including California Assembly Bill 32 (Global Warming Solutions Act of 2006) and the regulations implemented pursuant to that act, including compliance instruments accepted under the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms regulation (or any successors thereto);
- (e) any environmental attributes arising out of any similar international, federal, state or local program;
- (f) any environmental attributes arising out of laws or regulations involving or administered by the CAMD, any successor agency and any similar state, regional or federal or intergovernmental entity or Person; and
- (g) all rights to report to any Person, and claim ownership of, the Environmental Attributes, including all evidences (if any) thereof such as RECs.

Environmental Attributes do not include any federal or state production tax credits. Environmental Attributes for purposes of this definition are separate from the Energy produced from the Facility.

“**EPA**” means Environmental Protection Agency and any successor agency.

“**EPS Compliant**,” when used with respect to the Facility at any time, means that the Facility satisfies the greenhouse gas emissions performance standard(s) applying at that time to electric generation facilities owned or operated (or both) by local publicly owned electric utilities, as established by the Governmental Authorities with jurisdiction over Buyer.

“**Facility**” means the Eligible Renewable Energy Facility, including all property interests and related transmission and other facilities described in Appendix A.

“**Facility Energy**” means Energy generated by the Facility and delivered to the Point of Delivery that qualifies for a Renewable Energy Certificate.

“**Facility Lender**” means any lender providing senior or subordinated construction, interim or long-term debt financing or refinancing for or in connection with the development, construction, purchase, installation or operation of the Facility.

“**FERC**” means the Federal Energy Regulatory Commission or any successor agency thereto.

“**Force Majeure**” means event or circumstance, including any failure of or threat of failure of facilities, flood, earthquake, storm, wildfire, lightning, epidemic (excluding COVID-19), pandemic (excluding COVID-19), quarantine restrictions (excluding COVID-19), war, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, and action or non-action by or inability to obtain authorizations or approvals from any governmental agency of authority (i) which prevents one Party from performing any of its obligations under this Agreement, (ii) which could not reasonably be anticipated as of the date of this Agreement, (iii) which is not within the reasonable control of, or the result of negligence, willful

misconduct, breach of contract, intentional act or omission or wrongdoing on the part of the affected Party, and (iv) which despite the exercise of commercially reasonable efforts the affected Party is unable to overcome or avoid or cause to be avoided.

“Governmental Authority” means any federal, state, regional, city or local government, any intergovernmental association or political subdivision thereof, or other governmental, regulatory or administrative agency, court, commission, administration, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority, or any Person acting as a delegate or agent of any Governmental Authority.

“Interconnection Agreement” means LADWP’s “STANDARD OFFER FOR VIRTUAL NET ENERGY METERING CUSTOMER GENERATION INTERCONNECTION AGREEMENT” as amended, supplemented or otherwise modified from time to time.

“Interconnection Cost Milestone” means payment of the full interconnection cost by Seller as set forth in the final Authority to Bill letter/invoice.

“Interconnection Cost Milestone Deadline” means the date by which Seller must pay the full interconnection cost (60 days from the date of the Authority to Bill letter/invoice).

“kWh” means kilowatt-hours.

“Lien” means any mortgage, deed of trust, lien, security interest, retention of title or lease for security purposes, pledge, charge, encumbrance, equity, attachment, claim, easement, right of way, covenant, condition or restriction, leasehold interest, purchase right or other right of any kind, including an option, of any other Person in or with respect to any real or personal property.

“Los Angeles City Attorney” means Buyer’s Counsel as provided under the Charter of the City of Los Angeles Section 270, *et. seq.* or any successor.

“MWh” means megawatt-hours.

“NERC” means the North American Electric Reliability Corporation and any successor thereto.

“Non-Defaulting Party” has the meaning set forth in Section 11.3.

“Pacific Prevailing Time” means the local time in Los Angeles, California.

“Permit” means all applications, permits, licenses, franchises, certificates, concessions, consents, authorizations, certifications, self-certifications or approvals which are required to be filed, submitted, obtained or maintained by any Person with respect to the development, construction, equipping, financing, ownership, operation or maintenance of the Facility, the production, sale and delivery of Facility Energy, Capacity Rights and Environmental Attributes, or any other transactions or matter contemplated by this Agreement (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements).

“Person” means any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust, unincorporated organization, entity, government

or other political subdivision.

“Point of Delivery” means, when used with respect to any Energy sold and purchased under this Agreement, the point where that Energy is required to be delivered by Seller to Buyer under this Agreement, as set forth in Appendix A.

“Power Revenue Fund” means the fund in the City of Los Angeles’ treasury known as the “Power Revenue Fund” to which all revenue from every source collected by LADWP in connection with its possession, management and control of the power assets is required to be deposited and credited.

“Program Guidelines” means guidelines for the Virtual Net Energy Metering Pilot Program adopted by the Board, including all amendments, revisions, and replacements thereof.

“Proposed Commercial Operation Date” means the date set forth in Appendix A, as indicated on Seller’s VNEM Pilot Program application.

“Prudent Utility Practices” means those practices, methods, and acts, that are commonly used by a significant portion of the renewable energy generation industry in prudent engineering and operations to design and operate electric equipment lawfully and with safety, dependability, efficiency, and economy, including any applicable practices, methods, acts, guidelines, standards and criteria of FERC, NERC, WECC and compliance with all applicable Requirements of Law.

“Public Utilities Code” means the Public Utilities Code of the State of California.

“Purchase Price” means \$0._____/kWh.

“Qualified Customer” means each metered customer who may receive payment for a portion of the Facility Energy as listed in the Allocation, whose meter is owned by the Buyer and on the same Site as the Facility meter, and whose account is not participating in any other LADWP NEM program at the Site for the duration of this Agreement.

“Qualified Residential Customer” means each Qualified Customer purchasing Electric Service under LADWP Schedule R-1.

“Rate Ordinance” means an ordinance, in accordance with City of Los Angeles Charter Subsection 676(a) or any amendments to or replacements of that subsection, approving the rates fixed by the Board of Water and Power Commissioners of the City of Los Angeles (Board) for electric energy or surplus energy.

“REC” or “Renewable Energy Certificate” means a tradable environmental commodity that represents proof, in accordance with the WREGIS Operating Rules or any successor, that one (1) megawatt-hour (MWh) of energy was generated from an eligible renewable energy resource, as defined in Section 399.12 of the Public Utilities Code or any successor thereto.

“Renewables Portfolio Standard” means the procurement targets for eligible renewable energy resources Buyer is required to implement under Section 399.30 of the Public Utilities Code or any successor thereto.

“Requirement of Law” means the Rules, the Electric Service Requirements, the Program Guidelines, all federal, state and local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any federal, state, local or other Governmental Authority (including those pertaining to electrical, building, zoning, environmental, and occupational safety and health requirements).

“RPS Compliant,” when used with respect to the Facility at any time, means that all Energy generated by that Facility at that time would, if purchased by Buyer together with the associated Environmental Attributes (including RECs), be eligible to be credited against the Renewables Portfolio Standard.

“Rules” means The Rules Governing Electric Service in the City of Los Angeles adopted by the Board under Resolution No. 56, dated September 8, 1983, and all amendments, revisions, and replacements thereof.

“Site” means the real property (including all fixtures and appurtenances thereto) and related physical and intangible property generally identified in Appendix A as owned or leased by Seller where the Facility is located or will be located, and including any easements, rights-of-way or contractual rights held or to be held by Seller for transmission lines and/or roadways servicing such Site or the Facility located (or to be located) thereon.

“Site Control” means that Seller shall: (i) own the Site; or (ii) be the lessee of the Site under a lease, which permits Seller to perform its obligations under this Agreement; or (iii) be the licensee of the Site(s) under a license that permits the Seller to perform its obligations under this Agreement.

“VPPA Milestone” means the date when the Seller has either (i) obtained the permit or permits required to construct the Facility, or (ii) has submitted to Buyer in writing proof of solar panel procurement for the rated Capacity of the Facility.

“VPPA Milestone Deadline” means the date that is the six-month anniversary of the Effective Date.

“Tax” or **“Taxes”** means each federal, state, county, local and other (a) net income, gross income, gross receipts, sales, use, ad valorem, business or occupation, transfer, franchise, profits, withholding, payroll, employment, excise, property or leasehold tax and (b) customs, duty or other fee, assessment or charge of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amount with respect thereto.

“VNEM” means the LADWP Virtual Net Energy Metering Pilot Program.

“WECC” means the Western Electricity Coordinating Council and any successor entity thereto.

“WREGIS” means Western Renewable Energy Generation Information System, and any successor; provided that said successor is capable of performing substantially similar functions and is acceptable to Buyer.

“WREGIS Operating Rules” means the rules describing the operations of the Western Renewable Energy Generation Information System, as published by WREGIS and as may be

amended from time to time.

Other terms defined herein have the meanings so given them in this Agreement.

Section 1.2 Interpretation. In this Agreement, unless a clear contrary intention appears:

- (a) the singular number includes the plural number and vice versa;
- (b) reference to any Person includes such Person's successors and assigns but, in case of a Party hereto, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (c) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof;
- (d) reference to any Article, Section, or Appendix means such Article of this Agreement, Section of this Agreement, or such Appendix to this Agreement, as the case may be, and references in any Article or Section or definition to any clause means such clause of such Article or Section or definition;
- (e) "hereunder", "hereof", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or Section or other provision hereof or thereof;
- (f) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;
- (g) reference to time shall always refer to Pacific Prevailing Time; and reference to any "day" shall mean a calendar day unless otherwise indicated.

ARTICLE II EFFECTIVE DATE, TERM, AND EARLY TERMINATION

Section 2.1 Effective Date. Subject to Section 3.2, this Agreement is effective as of the Effective Date. On or prior to the Effective Date, each of the following must have occurred:

- (a) Buyer received satisfactory evidence that Seller has obtained Site Control for the Agreement Term;
- (b) Buyer received copies of all requisite resolutions and incumbency certificates of Seller and any other documents evidencing all actions taken by Seller to authorize the execution and delivery of this Agreement and all Ancillary Documents to which it is a party;
- (c) Buyer received a copy of Seller's completed Business Tax Registration Certificate;

- (d) Buyer has received the Seller's signed Certificate of Compliance with Child Support Obligations;
- (e) Buyer has received Seller's Equal Employment Practices Provisions Certification;
- (f) Buyer has received Seller's Affirmative Action Plan;
- (g) Buyer has obtained all necessary approvals (if any) of Buyer's Board of Commissioners and/or the Los Angeles City Council, if applicable;
- (h) Buyer received an executed Interconnection Agreement from Seller; and
- (i) Buyer received the Development Security Deposit as set forth in Section 3.6.
- (j) Buyer has received executed Allocation from Seller for payment distribution by Buyer for proceeds from energy sales.

Section 2.2 Agreement Term and Delivery Term. The term of this Agreement (the "**Agreement Term**") shall commence on the Effective Date and shall end upon the expiration or earlier termination of this Agreement in accordance with the terms hereof. This Agreement, which shall have a minimum term of ten (10) years, shall have a delivery term (the "**Delivery Term**") of (check applicable box) (i) [_____] (__) Contract Years commencing on the Commercial Operation Date and ending on the [_____] anniversary thereof, or (ii) ten (10) Contract Years ("Initial Delivery Term") commencing on the Commercial Operation Date and ending on the tenth (10th) anniversary thereof with an optional extension term, at Seller's election, of up to another ten (10) Contract Years ("Optional Extension Term"), unless sooner terminated in accordance with the terms of this Agreement.

Section 2.3 Optional Extension Term. If Seller wishes to exercise the Optional Extension Term, Seller must submit a request for extension of the Initial Delivery Term to LADWP in writing, between one hundred and eighty (180) days and sixty (60) days prior to the tenth (10th) anniversary of the Commercial Operation Date. If request is not timely received, then this Agreement will terminate on the tenth (10th) anniversary of the Commercial Operation Date.

Section 2.4 Survivability. The provisions of Article II, Article X, and Article XI shall survive for a period of one year following the termination of this Agreement. The provisions of Article IX shall survive for a period of four (4) years following final payment made by Buyer hereunder or the expiration or termination date of this Agreement, whichever is later. The provisions of Article V, Article VI, and Article VIII shall continue in effect after termination to the extent necessary to provide for final billing and adjustments related to the period prior to termination of this Agreement.

Section 2.5 Early Termination. This Agreement may be terminated (i) by mutual written agreement of the Parties, (ii) when and as provided in Section 3.2, (iii) upon the occurrence of a Default, the Non-Defaulting Party may terminate this Agreement as set forth in Section 11.3, (iv) when and as provided in Section 12.22, or (v) by Buyer, in its sole discretion, (a) upon notice to Seller if Seller fails to achieve the VPPA Milestone on or before the VPPA Milestone Deadline, with the exception of Force Majeure, (b) upon notice to Seller if Seller fails to achieve Commercial

Operation on or before the Commercial Operation Deadline, without exception, suspension or extension for reasons of Force Majeure or otherwise, (c) if Seller abandons the Facility, (d) if electric output from the Facility ceases for twelve (12) consecutive months, (e) if Seller or the owner of the Site applies for or participates in any net metering program or receives ratepayer-funded on-site generation incentives for the Facility, or (f) if Facility consumes more than 10% of its energy delivery as measured by the Electric Metering Device. Upon termination of this Agreement, Seller shall disconnect the Facility from LADWP's distribution system at Seller's expense. Any termination of this Agreement under this Section shall be without prejudice to the rights and remedies of either Party for Defaults occurring prior to such termination.

Section 2.6 Extension of Commercial Operation Deadline. The Commercial Operation Deadline may be extended for up to six (6) months. Seller must submit a request for extension of the Commercial Operation Deadline to LADWP in writing, describing in reasonable detail the cause of the delay, at least thirty (30) days prior to the Commercial Operation Deadline. Any decision to grant such extension will be made at the discretion of LADWP.

ARTICLE III DEVELOPMENT OF THE FACILITY

Section 3.1 Design and Permitting. Seller shall determine the proposed location, design, configuration and capacities of the Facility as it deems appropriate, subject only to the requirements of this Agreement and all applicable Requirements of Law. Seller, at its expense, shall timely take all steps necessary to obtain all Permits required to construct, maintain or operate the Facility and for the production, sale and delivery of Energy and Environmental Attributes in accordance with the requirements of this Agreement and all applicable Requirements of Law. Seller shall represent the Facility as necessary in all meetings with and proceedings before all Governmental Authorities.

Section 3.2 CEQA Determinations. Any CEQA requirements for creation of a Facility shall be the responsibility of Seller. The Parties acknowledge and agree that Buyer reserves all of its rights and powers under CEQA that may be applicable, including the power to: (i) review the Facility and its environmental impacts; (ii) prepare and/or review environmental documents and studies; (iii) adopt feasible mitigation measures and/or alternatives in order to avoid or lessen any significant environmental impacts resulting from the project; (iv) determine that any significant impacts that cannot be mitigated are acceptable due to overriding considerations; and (v) decide to terminate this Agreement due to any significant adverse environmental effects resulting from the Facility. The parties therefore acknowledge and agree that Buyer has no obligation to purchase Energy under this Agreement until all of the following have occurred: (i) any applicable CEQA review has been completed; (ii) Buyer has decided, based on that review, to approve the purchase of Energy from the Facility; and (iii) the applicable period for any legal challenges under CEQA relating to the Facility has expired without any such challenge having been filed or, in the event of any such challenge, the challenge has been determined adversely to the challenger by final judgment or settlement. If Buyer, based upon its independent review of the Facility under CEQA, decides not to approve the purchase of Energy from the Facility and to terminate this Agreement, due to significant adverse environmental effects from the Facility, Buyer will give Seller notice thereof and this Agreement will terminate upon the giving of such notice.

Section 3.3 Construction and Ownership of the Facility. Seller shall use commercially reasonable and diligent efforts to site, develop, finance and construct the Facility. The Facility shall

be owned by Seller during the Agreement Term, subject to Section 12.6. Seller shall develop the Facility, at its sole risk and expense, and in compliance with the requirements of this Agreement, Buyer's interconnection requirements, and all applicable Requirements of Law and Prudent Utility Practices.

Section 3.4 Milestones. Seller shall provide Buyer with documentation demonstrating that each of the Interconnection Cost Milestone and VPPA Milestone has been met on or before the Interconnection Cost Milestone Deadline and VPPA Milestone Deadline, respectively.

Section 3.5 Certification of Commercial Operation Date. Seller shall provide Buyer with a notice when Seller believes that all requirements to achieving Commercial Operation of the Facility as specified in the definition of "Commercial Operation" in Section 1.1 have been satisfied.

Section 3.6 Development Security Deposit. Seller shall provide a Development Security Deposit of \$50 for each kilowatt of Capacity of the Facility to Buyer in the form of a certified or cashier's check on or prior to the Effective Date. If the Interconnection Cost Milestone or VPPA Milestone is not met by the Interconnection Cost Milestone Deadline or VPPA Milestone Deadline, respectively, or Commercial Operation does not occur by the Commercial Operation Deadline, Buyer shall retain as liquidated damages the entire Development Security Deposit. However, if failure to meet VPPA Milestone Deadline or Commercial Operation is due to Force Majeure, Buyer will refund the Development Security Deposit. After Seller achieves Commercial Operation, Seller shall submit a written request to the Buyer for the refund of the Development Security Deposit. The Parties agree that it is impractical or extremely difficult to determine actual damages to which LADWP would be entitled if the Interconnection Cost Milestone Deadline, VPPA Milestone Deadline, or Commercial Operation Deadline are not achieved, and the liquidated damages provided for in this Section 3.6 are a fair and reasonable calculation of actual damages to LADWP in such a circumstance. Buyer will refund the Development Security Deposit to Seller within thirty (30) days of receiving the written request, provided that the Interconnection Cost Milestone, VPPA Milestone, and Commercial Operation have been achieved by their respective Deadlines.

ARTICLE IV OPERATION AND MAINTENANCE OF THE FACILITY

Section 4.1 Compliance with Electrical Service Requirements. Seller shall, at its sole expense, operate and maintain the Facility (i) in accordance with Prudent Utility Practices, the requirements of this Agreement, Buyer's interconnection requirements, and all applicable Requirements of Law, and (ii) in a manner that is reasonably likely to maximize the output of Energy and Environmental Attributes from the Facility and result in a useful life for the Facility of not less than the Agreement Term.

Section 4.2 General Operational Requirements. In addition to the requirements set forth in Section 4.1 and elsewhere in this Agreement, Seller shall, at all times: (i) employ qualified and trained personnel for operating and maintaining the Facility, (ii) operate and maintain the Facility with due regard for the safety, security and reliability of the interconnected facilities, LADWP's distribution system, and (iii) comply with operating and maintenance standards recommended by, and required by, the Facility's equipment suppliers.

Section 4.3 Operation and Maintenance Plan. Seller shall devise and implement a

plan of inspection, maintenance, and repair for the Facility and the components thereof in order to maintain such equipment in accordance with Prudent Utility Practices, and shall keep records with respect to inspections, maintenance, and repairs thereto. The aforementioned plan and all records of such activities shall be available for inspection by Buyer during Seller's regular business hours upon reasonable notice.

Section 4.4 Outages. Seller shall notify Buyer as soon as Seller becomes aware of any current or planned outage at the Facility reasonably expected to last longer than 30 days. Seller shall take all reasonable measures and exercise commercially reasonable efforts to avoid outages and to limit the duration and extent of any outages. Seller shall promptly notify Buyer of any material damage or destruction affecting the Facility or of the institution of any proceeding for the condemnation or other taking of the Facility and shall keep Buyer apprised on the effect thereof on the ability of the Facility to deliver Facility Energy.

ARTICLE V COMPLIANCE DURING CONSTRUCTION AND OPERATION PERIOD

Section 5.1 The Facility. Seller warrants and guarantees that it will perform, or cause to be performed, all engineering, design and construction in a good and workmanlike manner and in accordance with applicable standards, Prudent Utility Practices, all applicable Requirements of Law, the Milestone and all other requirements of this Agreement. Seller also warrants and guarantees that throughout the Agreement Term Seller shall monitor the operation and maintenance of the Facility and that said operation and maintenance will be, in full compliance with all applicable standards, Prudent Utility Practices, Requirements of Law and other provisions of this Agreement. Without limiting the foregoing, Seller shall promptly repair and/or replace, consistent with Prudent Utility Practice, any component of the Facility that may be damaged or destroyed or otherwise not operating properly and efficiently.

Section 5.1.1 Buyer's Right to Monitor In General. Buyer shall have the right and Seller shall permit Buyer and its representatives, advisors, engineers and consultants to observe, inspect and monitor all operations and activities at the Facility Site.

Section 5.1.2 Startup and Testing. Prior to the Commercial Operation Date and as a condition precedent to the achievement of the Commercial Operation Date, Buyer shall have the right to (i) review and monitor the performance and achievement of all initial performance tests and all other tests required under the Facility construction contracts that must be performed in order to achieve completion; (ii) be present to witness such initial performance tests and review the results thereof; and (iii) perform such detailed examinations, inspections, quality surveillance and tests as, in the judgment of Buyer, are appropriate and advisable to determine that all components of the Facility have been installed in accordance with this Agreement.

Section 5.2 Compliance with Standards. Seller shall cause the Facility and all parts thereof to be designed, constructed, tested, operated and maintained to meet all of the requirements of this Agreement, all applicable Requirements of Law, all applicable requirements of the latest revision of the American Society for Testing and Materials, American Society of Mechanical Engineers, American Welding Society, EPA, Edison Electric Institute, Institute of Electrical and Electronics Engineers, Instrument Society of America, National Electrical Code, National Electric

Safety Code, Occupational Safety & Health Administration, California Occupational Safety & Health Administration, as applicable, Uniform Building Code, Uniform Plumbing Code, and the applicable local County Fire Department Standards of the applicable county, and any successors thereto.

Section 5.3 Effect of Review by Buyer. Any review by Buyer of the design, construction, engineering, operation or maintenance of the Facility is solely for the information of Buyer. Buyer shall have no obligation to share the results of any such review with Seller, nor shall any such review or the results thereof (whether or not the results are shared with Seller) nor any failure to conduct any such review relieve Seller from any of its obligations under this Agreement.

Section 5.4 Inspection and Maintenance Reports. Seller shall provide an inspection and maintenance report on the Facility to Buyer prior to the end of the third full month of the second Contract Year, the fourth Contract Year and every second Contract Year thereafter. This report shall be prepared at Seller's expense by a California licensed contractor who is not the owner or operator of the Facility. A California licensed electrician shall perform the inspection of the electrical portion of the Facility.

ARTICLE VI PURCHASE AND SALE OF POWER; CAPACITY RIGHTS

Section 6.1 Purchases by Buyer. On and after the Commercial Operation Date and continuing for the Delivery Term, Seller shall sell and deliver, and Buyer shall purchase and receive, all Facility Energy, together with all associated Environmental Attributes and Capacity Rights for the Purchase Price. In no event shall Buyer have any obligation or liability whatsoever for any debt pertaining to the Facility by virtue of Buyer's ownership of the Capacity Rights or otherwise. Seller represents and covenants that it has not assigned, transferred, conveyed, encumbered, sold or otherwise disposed of and will not in the future assign, transfer, convey, encumber, sell or otherwise dispose of any of the Capacity Rights to any Person other than Buyer or attempt to do any of the foregoing with respect to any of the Capacity Rights. Seller shall not report to any Person that any of the Capacity Rights belong to any Person other than Buyer. Buyer may, at its own risk and expense, report to any Person that the Capacity Rights belong to it. Buyer shall not be required to purchase and receive any Facility Energy if receiving such Facility Energy would cause or contribute to any adverse effects to Buyer's operation of a reliable and efficient electric grid as determined in Buyer's sole discretion. Any energy consumption by the Facility not used to generate a REC, will be billed to Seller pursuant to a separate electric service agreement. Seller acknowledges that proceeds from the sale will be allocated, and payments will be made, to customers at the Facility Site as set forth in Appendix F.

Section 6.2 Facility's Point of Delivery. Seller shall deliver all Facility Energy to Buyer, and Buyer shall receive all Facility Energy from Seller, under this Agreement at the Point of Delivery.

Section 6.3 Energy to Come Exclusively from Facility. All Energy for sale and delivery pursuant to this Agreement shall come from the Facility and Seller shall not procure Energy from sources other than the Facility for sale and delivery pursuant to this Agreement.

Section 6.4 Sales to Third Parties. Seller shall not sell or otherwise transfer any Facility Energy, Capacity Rights or Environmental Attributes to any Person other than Buyer. Any purported sale or transfer in violation of this provision shall be null and void at inception and of no force or

effect.

Section 6.5 Facility Consumption. Any Facility consuming more than that Facility produced for any particular month shall be billed for the consumption in accordance to the applicable rate in the Electric Rate Ordinance. Facilities consuming more than 10% of its Energy delivery in a 12 months period, as measured by the Electric Metering Device, shall result in the termination of this Agreement and placement on the applicable Customer Generation Rate per LADWP's *Electric Rates Ordinance*.

ARTICLE VII TITLE AND RISK OF LOSS

Section 7.1 Title; Risk of Loss. Seller shall be responsible for any costs or charges imposed on or associated with the delivery of Energy up to the Point of Delivery, and Buyer shall be responsible for any costs or charges imposed on or associated with the delivery of Energy at and from the Point of Delivery. As between the Parties, Seller shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of all Energy prior to the Point of Delivery, and Buyer shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of all Energy at and from the Point of Delivery. Seller warrants that it will deliver all Energy and Environmental Attributes to Buyer free and clear of all Liens created by any Person other than Buyer. Title to and risk of loss as to all Energy and Environmental Attributes shall pass from Seller to Buyer at the Point of Delivery.

ARTICLE VIII ENVIRONMENTAL ATTRIBUTES; EPS AND RPS COMPLIANCE

Section 8.1 Generation of Environmental Attributes. Upon Buyer's request, Seller shall take all actions and execute all documents or instruments necessary under applicable law, bilateral arrangements or other obligatory or voluntary Environmental Attribute programs of any kind to maximize the attribution, accrual, realization, generation, production, recognition and validation of Environmental Attributes throughout the Agreement Term.

Section 8.2 Transfer of Environmental Attributes. Seller shall transfer to Buyer, and Buyer shall receive from Seller, all right, title, and interest in and to all Environmental Attributes, whether now existing or acquired by Seller or that hereafter come into existence or are acquired by Seller during the Agreement Term. Seller agrees to transfer and make available to Buyer all Environmental Attributes, to the fullest extent allowed by applicable law, immediately upon Seller's production or acquisition of the Environmental Attributes.

Section 8.3 Conveyance of Environmental Attributes. Buyer may unilaterally elect to change the Environmental Attribute conveyance procedure for Buyer to be able to receive and report the Environmental Attributes purchased under the Agreement as belonging to Buyer. Buyer will provide written notice to Seller of such change in procedure, and Seller shall thereafter comply with such new procedures.

Section 8.4 Reporting of Ownership of Environmental Attributes. During the Agreement Term, Seller shall not report to any Person that the Environmental Attributes belong to any Person other than Buyer, and Buyer may report under any program that such Environmental

Attributes purchased hereunder belong to it.

Section 8.5 Status of Facility. Seller warrants and guarantees that when complete, and at all times thereafter, the Facility will be both RPS Compliant and EPS Compliant and will be an Eligible Renewable Energy Facility. Seller will be responsible for having the CEC certify the Facility as RPS Compliant and maintaining such certification during the Agreement Term.

Section 8.6 WREGIS. Seller shall cause and allow LADWP to be the “Qualified Reporting Entity” and “Account Holder” (as such terms are defined by WREGIS) for the Facility.

ARTICLE IX BILLING; PAYMENT; AUDITS; METERING; POLICIES

Section 9.1 Calculation of Energy Delivered; Statements; Payment. For each calendar month during the Delivery Term, commencing with the first calendar month in which Facility Energy is delivered by Seller to, and received by, Buyer under this Agreement, Buyer shall calculate the amount of Energy so delivered and received during such calendar month as determined from recordings produced by Buyer’s meters maintained pursuant to Section 9.6, at or near midnight on the last day of the calendar month in question. Buyer will not pay for any Facility Energy in excess of 1.15 times the energy hour production profile submitted by Seller at time of application. The total combined monthly payments for the Facility Energy shall be calculated as the sum of Facility Energy, in kWh, delivered at each hour multiplied by the Purchase Price.

Payments issued by the Buyer for measured Facility Energy shall be issued via individual checks to the Seller and Qualified Customers identified in the executed Allocation. The total proportion allocated to all Qualified Residential Customers shall be fixed for the entire Agreement Term, and shall be no less than forty percent (40%) of the total payment. Qualified Customers’ meters shall be owned by the Buyer and must be on the same Site as the Facility meter. A Qualified Customer account shall not participate in any other LADWP NEM program at the Site for the duration of this Agreement.

At all times after the Effective Date, Seller shall provide Buyer with prompt notice of any change in the Allocation (Appendix F) as needed to reflect current tenancy and ensure payment accuracy.

Section 9.2 Payment. Buyer shall deliver to Seller a statement showing the monthly amount of Facility Energy that was delivered by Seller, the total payment amount as calculated as set forth in Section 9.1, and payment for Seller’s share of that amount as set forth in the executed Allocation, minus all applicable fees derived from changing allocations.

Buyer shall also deliver to each Qualified Customer a statement showing that Qualified Customer’s share of the payment amount as set forth in the executed Allocation, and payment for that share. Qualified Customer payments shall be made payable to each customer with an active service agreement at the address identified in the executed Allocation at or near midnight on the last day of the calendar month in question. If there is no active service agreement at any address identified in the executed Allocation at or near midnight on the last day of the calendar month in question, the share of the payment amount for that address shall be reallocated proportionally among the Qualified Customers according to the percentages in the executed Allocation.

Statements and payments shall be delivered no later than ninety (90) days after the end of each calendar month to which they apply.

Undeliverable Qualified Customer payments and checks not cashed after two (2) years shall be voided and funds will be reallocated proportionally among the Qualified Customers according to the percentages in the executed Allocation, and shall be shown on the next available calendar month's statement.

Section 9.3 Disputed Statement. In the event any portion of any statement or Environmental Attribute is in dispute, the undisputed amount shall be paid when due. The Party disputing a payment or Environmental Attribute shall promptly notify the other Party of the basis for the dispute. Disputes shall be discussed by the parties, who shall use reasonable efforts to amicably and promptly resolve the disputes.

Section 9.4 Buyer's Right of Setoff. In addition to any right now or hereafter granted under applicable law and not by way of limitation of any such rights, Buyer shall have the right at any time or from time to time without notice to Seller or to any other Person, any such notice being hereby expressly waived, to set off against any amount due to Seller or Qualified Customer from Buyer under this Agreement or otherwise any amount due to Buyer from Seller or Qualified Customer under this Agreement or otherwise, including any amounts due because of breach of this Agreement or any other obligation and any costs payable by Seller if and to the extent paid in the first instance by Buyer.

Section 9.5 Records and Audits. Seller shall maintain or cause to be maintained all records pertaining to the management of this Agreement, related subcontracts, and performance of services pursuant to this Agreement (including all billings, costs, metering, and Environmental Attributes), in their original form, sufficient to properly reflect all costs claimed to have been incurred and services performed pursuant to this Agreement. Buyer and the Authorized Auditors shall have the right to discuss such records with Seller's officers and independent public accountants (and by this provision Seller authorizes said accountants to discuss such billings and costs), all at such times and as often as may be reasonably requested. All records shall be retained, and shall be subject to examination and audit with fourteen (14) calendar days prior written notice by the Authorized Auditors, for a period of not less than four years following final payment made by Buyer hereunder or the expiration or termination date of this Agreement, whichever is later. The Authorized Auditors will have the right to reproduce, photocopy, download, transcribe, and the like any such records. Any information provided by Seller on machine-readable media shall be provided in a format accessible and readable by the Authorized Auditors. To the extent that the Authorized Auditor's examination or audit reveals inaccurate, incomplete or non-current records, or records are unavailable, the records shall be considered defective. If the Authorized Auditor's examination or audit indicates Seller has been overpaid under a previous payment application, within fifteen (15) calendar days of notice to Seller of the identified overpayment Seller shall pay to Buyer the identified overpayment and, if the audit reveals that Buyer overpayment to Seller is more than five percent (5.0%) of the billings reviewed, all expenses and costs incurred by the Authorized Auditors arising out of or related to the examination or audit.

Section 9.6 Electric Metering Device. The Facility Energy made available to Buyer or Buyer's Agent by Seller under this Agreement shall be measured using one (1) Electric Metering Device installed, owned and maintained by Buyer. Buyer or its designee, at no expense to Seller,

shall inspect and test all Electric Metering Devices as required. Seller or its designee, at no expense to Buyer, shall provide a dedicated analog telephone service solely for the purpose of delivering data from the Electric Metering Device, if required, as determined by LADWP. If an Electric Metering Device fails to register, or if the measurement made by an Electric Metering Device is found upon testing to be inaccurate by more than one percent (1.0%), an adjustment shall be made correcting all measurements by the inaccurate or defective Electric Metering Device for both the amount of the inaccuracy and the period of the inaccuracy. The adjustment period shall be determined as far as can be reasonably ascertained by Buyer from the best available data. If the period of the inaccuracy cannot be ascertained reasonably, any such adjustment shall be for a period equal to one-third of the time elapsed since the preceding test of the Electric Metering Devices. To the extent that the adjustment period covers a period of deliveries for which payment has already been made by Buyer, Buyer shall use the corrected measurements as determined in accordance with this Section 9.6 to recompute the amount due for the period of the inaccuracy and shall subtract the previous payments by Buyer for this period from such recomputed amount. Any difference shall be accounted for in the next statement Buyer sends to Seller.

Section 9.7 Power Revenue Fund. Any amounts payable by Buyer under this Agreement shall be payable solely from Buyer's Power Revenue Fund. No other fund or account held by or on behalf of Buyer (or any other department or division thereof) may be used to satisfy any such obligations.

Section 9.8 Taxes. Seller shall be responsible for and shall pay, before the due dates therefore, any and all federal, state and local Taxes incurred by it as a result of entering into this Agreement and all Taxes imposed or assessed with respect to the Facility, the Facility site, or any other assets of Seller, the sale or use of Energy and Environmental Attributes and all Taxes related to Seller's income.

ARTICLE X REPRESENTATIONS; WARRANTIES; SELLER'S COVENANTS

Section 10.1 Representations and Warranties of Buyer. Buyer makes the following representations and warranties to Seller as of the Effective Date:

- (a) Buyer is a validly existing California charter city and has the legal power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and all Ancillary Documents to which it is a party and carry out the transactions contemplated hereby and thereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement and all Ancillary Documents to which it is a party.
- (b) The execution, delivery and performance by Buyer of this Agreement and all Ancillary Documents to which it is a party have been duly authorized by all necessary action, and do not and will not require any consent or approval of Buyer's regulatory/governing bodies, other than that which has been obtained.
- (c) This Agreement and all Ancillary Documents to which Buyer is a party constitute the legal, valid and binding obligation of Buyer enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency,

reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

Section 10.2 Representations, Warranties and Covenants of Seller. Seller makes the following representations, warranties and covenants to Buyer:

- (a) Seller is a (*check one*) limited liability company / partnership / corporation / person] [duly organized, validly existing and in good standing under the laws of its respective state of incorporation or organization], is qualified to do business in the State of California and has the legal power and authority to own and lease its properties, to carry on its business as now being conducted and has all necessary authority, permits and approvals, including, to the extent required, any FERC authorization, to enter into this Agreement and all Ancillary Documents to which it is a party and to carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement and all Ancillary Documents to which it is a party.
- (b) The execution, delivery and performance by Seller of this Agreement and all Ancillary Documents to which it is a party, including the consummation of the transactions contemplated thereby and the fulfillment of and compliance with the provisions of this Agreement and all Ancillary Documents to which it is a party, have been duly authorized by all necessary action, and do not and will not require any consent or approval other than those which have already been obtained.
- (c) The execution and delivery of this Agreement and all Ancillary Documents to which Seller is a party, the consummation of the transactions contemplated hereby and thereby and the fulfillment of and compliance with the provisions of this Agreement and such Ancillary Documents, do not and will not conflict with or constitute a breach of or a default under, any of the terms, conditions or provisions of any Requirement of Law, or any organizational documents or any other agreement or instrument to which Seller is a party or by which it or any of its property is bound or result in or require the creation or imposition of any Lien upon any of the properties or assets of Seller, and Seller has obtained or shall timely obtain all Permits required for the performance of its obligations hereunder and there under and operation of the Facility in accordance with the requirements of this Agreement and all Ancillary Documents to which it is a party.
- (d) This Agreement and all Ancillary Documents to which Seller is a party constitute the legal, valid and binding obligation of Seller which is party thereto enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.
- (e) There is no pending, or to the knowledge of Seller, threatened action or proceeding affecting Seller before any Governmental Authority, which purports to affect the

legality, validity or enforceability of this Agreement or any Ancillary Documents to which it is a party.

- (f) Seller is not in violation of any Requirement of Law, which violations, individually or in the aggregate, would reasonably be expected to result in a material adverse effect on the business, assets, operations, condition (financial or otherwise) or prospects of Seller, or the ability of Seller to perform any of its obligations under this Agreement or any Ancillary Documents to which it is a party.
- (g) The CEQA authorizations or other Permits required to construct, maintain or operate the Facility and for the production, sale and delivery of Energy and Environmental Attributes in accordance with the requirements of this Agreement and all Ancillary Documents and all applicable Requirements of Law will be timely obtained in the ordinary course of business.
- (h) Seller owns or possesses, or will own or possess in a timely manner, all patents, rights to patents, trademarks, copyrights and licenses necessary for the performance by Seller of this Agreement and all Ancillary Documents to which it is a party and the transactions contemplated thereby, without any conflict with the rights of others.
- (i) At all times after the Effective Date, Seller shall have Site Control. Seller shall provide Buyer with prompt notice of any change in the status of Seller's Site Control.
- (j) Neither Seller nor, to Seller's knowledge, the owner of the Site has participated in or submitted any claim for receipt of funds under any net metering program or ratepayer-funded on-site generation incentives for the Facility. Seller waives all claims for eligibility for, and will not submit any claim for receipt of funds under, any net metering program or ratepayer-funded on-site generation incentives for the Facility.
- (k) Seller has disclosed, or will disclose in a timely manner, all monies received from federal, state, local, non-profit, or other agencies to help Seller facilitate the development of the Facility for the benefit of multifamily dwellings (if any);
- (l) At all times after the Effective Date, Seller shall provide Buyer with prompt notice of any change in the Allocation (Appendix F) as needed to reflect current tenancy and ensure payment accuracy.

ARTICLE XI DEFAULT; TERMINATION AND REMEDIES

Section 11.1 Default. Each of the following events or circumstances shall constitute a "*Default*" by the responsible Party (the "*Defaulting Party*"):

- (a) *Buyer Payment or Performance Default.* Failure by Buyer to make any payment or perform any of its other duties or obligations under this Agreement or any Ancillary Documents to which it is a party when and as due which is not cured within thirty (30) calendar days after receipt of notice thereof from Seller.
- (b) *Seller Payment or Performance Default.* Failure by Seller to make any payment or

perform any of its other duties or obligations under this Agreement or any Ancillary Documents to which it is a party when and as due which is not cured within thirty (30) calendar days after receipt of notice thereof from Buyer.

- (c) *Buyer Breach of Representation and Warranty.* Inaccuracy in any material respect at the time made or deemed to be made of any representation, warranty, certification or other statement made by Buyer in this Agreement or any Ancillary Document to which it is a party.
- (d) *Seller Breach of Representation and Warranty.* Inaccuracy in any material respect at the time made or deemed to be made of any representation, warranty, certification or other statement made by Seller in this Agreement or any Ancillary Documents to which it is a party.
- (e) *Buyer Bankruptcy.* Bankruptcy of Buyer.
- (f) *Seller Bankruptcy.* Bankruptcy of Seller.
- (g) *Fundamental Change.* Seller consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another Person and at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee Person fails to assume all the obligations of Seller under this Agreement and all Ancillary Documents to which it is a party pursuant to an agreement satisfactory to Buyer.

Section 11.2 Default Remedy. If a Default has occurred and is continuing, the remedy of the non-defaulting Party shall be the exercise of any rights and remedies provided for herein, or otherwise available at law or equity, including (i) application of all amounts available under the Development Security Deposit against any amounts then payable by Seller to Buyer under this Agreement or any Ancillary Documents and (ii) termination of this Agreement pursuant to Section 11.3. No failure of either Party to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by either Party of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power.

Section 11.3 Termination for Default. If Default occurs, the Party that is not the Defaulting Party (the “*Non Defaulting Party*”) may, for so long as the Default is continuing and without limiting any other rights or remedies available to the Non-Defaulting Party under this Agreement, by notice to the Defaulting Party establish a date, which shall coincide with the last day of a statement period, but no later than thirty (30) days after the date of such notice, on which this Agreement shall terminate; provided that if a Default is due to the Bankruptcy of either Party, this Agreement shall automatically terminate on the occurrence of such event, without notice or other action by either Party.

ARTICLE XII MISCELLANEOUS

Section 12.1 Authorized Representative. Each Party hereto shall designate an authorized representative who shall be authorized to act on its behalf with respect to those matters contained

herein (each an “**Authorized Representative**”), which shall be the functions and responsibilities of such Authorized Representatives. Each Party may also designate an alternate who may act for the Authorized Representative. Within thirty (30) calendar days after execution of this Agreement, each Party shall notify the other Party of the identity of its Authorized Representative, and alternate if designated, and shall promptly notify the other Party of any subsequent changes in such designation. The Authorized Representatives shall have no authority to alter, modify, or delete any of the provisions of this Agreement.

Section 12.2 Notices. With the exception of statements and payments in Section 9.2 hereof, all notices, requests, demands, consents, waivers and other communications which are required under this Agreement shall be in writing and shall be deemed properly sent if delivered in person or sent by facsimile transmission, reliable overnight courier, or sent by registered or certified mail, postage prepaid to the persons specified in Appendix B. In addition to the foregoing, the Parties may agree in writing at any time to deliver notices, requests, demands, consents, waivers and other communications through alternate methods, such as electronic mail.

Section 12.3 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take all further action not inconsistent with the provisions of this Agreement that may be reasonably necessary to effectuate the purposes and intent of this Agreement.

Section 12.4 No Dedication of Facilities. Any undertaking by one Party hereto to the other Party under any provisions of this Agreement shall not constitute the dedication of the system or any portion thereof of either Party to the public or to the other Party or any other Person, and it is understood and agreed that any such undertaking by either Party shall cease upon the termination of such Party’s obligations under this Agreement.

Section 12.5 Force Majeure. A Party shall not be considered to be in default in the performance of any of its obligations under this Agreement when and to the extent such Party’s performance is prevented by a Force Majeure; *provided, however*, that the Party has given a written detailed description of the full particulars of the Force Majeure to the other Party within five (5) days after becoming aware thereof. Nothing contained herein shall be construed so as to require a Party to settle any strike or labor dispute in which it may be involved. The Parties shall use reasonable efforts to mitigate the effect of a Force Majeure event.

Section 12.6 Assignment of Agreement.

- (a) Neither Party shall assign any of its rights, or delegate any of its obligations, under this Agreement without the prior written consent of other Party, which consent shall not be unreasonably withheld; provided that Seller shall not assign such rights or delegate such obligations in part without the prior written consent of Buyer, which consent may be withheld in Buyer’s sole discretion. The Party seeking such assignment or such delegation shall provide written notice of such assignment or delegation to the other Party and request the consent required hereunder at least ten (10) Business Days before such assignment or delegation at the address of such other Party set forth in Appendix B. The consent to assignment shall be substantially in the form of Appendix D. Any payment direction or redirection provided to Buyer arising out of or in connection with such assignment shall be provided to Buyer in writing at the address specified in such consent and shall be effective within the time specified in such consent.

- (b) Upon at least ten (10) Business Days prior written notice delivered to the address of such the Buyer set forth in Appendix B, Seller may assign all of its rights, and delegate all of its obligations, in whole under this Agreement without the prior written consent of Buyer if such assignment and delegation is to a retail customer of Buyer who owns the premises on which the Facility is located. Any payment direction or redirection provided to Buyer arising out of or in connection with such assignment shall be provided to Buyer in writing at the address specified in Appendix B and shall be effective within twenty (20) Business Days.
- (c) Upon any assignment or delegation of obligations by such assignor Party pursuant to paragraphs (a) or (b) of this Section, the assignor Party shall be relieved of and fully discharged from all its obligations hereunder, whether such obligations arose before or after the date of such assignment and delegation, provided that assignee assumes the payment and performance obligations provided under this Agreement with respect to the assignor Party, and agrees in writing to be bound by the terms of and conditions in this agreement.
- (d) To facilitate Seller's obtaining of financing to construct and operate the Facility, Buyer shall provide, at Seller's cost and expense, such consents to collateral assignment or other documents (in form and substance satisfactory to Buyer and the Los Angeles City Attorney) as may be reasonably requested by Seller or any Facility Lender in connection with the financing of the Facility; provided that any payment direction or redirection provided to Buyer arising out of or in connection with such collateral assignment shall be provided to Buyer in writing at the address specified in such consent and shall be effective within the time specified in such consent. The consent to collateral assignment and payment direction shall be substantially in the form of Appendix E.
- (e) Notwithstanding the foregoing or anything else expressed or implied herein to the contrary, Seller shall not assign, transfer, convey, encumber, sell or otherwise dispose of all or any portion of the Facility Energy, Capacity Rights or Environmental Attributes (not including the proceeds thereof) to any Facility Lender.
- (f) Any payment due to a Qualified Customer in the applicable Allocation shall not be assigned.
- (g) Any purported assignment or delegation in violation of this Section shall be null and void and of no force or effect.

Section 12.7 Entire Agreement. This Agreement (including all Appendices and Exhibits) contains the entire understanding concerning the subject matter herein and supersedes and replaces any prior negotiations, discussions or agreements between the Parties, or any of them, concerning that subject matter, whether written or oral, except as expressly provided for herein. This is a fully integrated document. Each Party acknowledges that no other party, representative or agent, has made any promise, representation or warranty, express or implied, that is not expressly contained in this Agreement that induced the other Party to sign this document. This Agreement may be amended or modified only by an instrument in writing signed by each Party.

Section 12.8 Governing Law; Venue. This Agreement was made and entered into in the City of Los Angeles and shall be governed by, interpreted and enforced in accordance with the laws of the State of California and the City of Los Angeles, without regard to conflict of law principles. All litigation arising out of, or relating to this Agreement, shall be brought in a state or federal court in the County of Los Angeles in the State of California. The Parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of forum non conveniens.

Section 12.9 Representation. Each party has been represented by legal counsel in the negotiations and execution of this Agreement.

Section 12.10 Execution in Counterparts. This Agreement may be executed in counterparts and upon execution by each signatory, each executed counterpart shall have the same force and effect as an original instrument and as if all signatories had signed the same instrument.

Section 12.11 Effect of Section Headings. Section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

Section 12.12 Waiver. The failure of either Party to this Agreement to enforce or insist upon compliance with or strict performance of any of the terms or conditions hereof, or to take advantage of any of its rights hereunder, shall not constitute a waiver or relinquishment of any such terms, conditions or rights, but the same shall be and remain at all times in full force and effect. Notwithstanding anything expressed or implied herein to the contrary, nothing contained herein shall preclude either Party from pursuing any available remedies for breaches not rising to the level of a Default, including recovery of damages caused by the breach of this Agreement and specific performance or any other remedy given under this Agreement or now or hereafter existing in law or equity or otherwise. Seller acknowledges that money damages may not be an adequate remedy for violations of this Agreement and that Buyer may, in its sole discretion, seek and obtain from a court of competent jurisdiction specific performance or injunctive or such other relief as such court may deem just and proper to enforce this Agreement or to prevent any violation hereof. Seller hereby waives any objection to specific performance or injunctive relief. The rights granted herein are cumulative.

Section 12.13 Relationship of the Parties. This Agreement shall not be interpreted to create an association, joint venture or partnership between the Parties hereto or to impose any partnership obligation or liability upon either such Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as an agent or representative of, the other Party.

Section 12.14 Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the parties hereto and the Qualified Customers identified in Appendix F. Nothing in this Agreement, whether expressed or implied, shall be construed to give to, or be deemed to create in, any other Person, whether as a third-party beneficiary of this Agreement or otherwise, any legal or equitable right, remedy or claim in respect of this Agreement of any covenant, condition, provision duty, obligation or undertaking contained or established herein. This Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any Person not a party hereto, except payments made to Qualified Customers identified in Appendix F, which are

consideration for energy and environmental attributes provided by Seller to Buyer.

Section 12.15 Indemnification. To the fullest extent permitted by applicable law, except for the sole negligence or willful misconduct of LADWP, Seller undertakes and agrees to defend, indemnify and hold harmless LADWP, the City of Los Angeles, and each of their respective boards, commissioners, officers, agents, employees, assigns and successors in interest, as applicable (hereinafter, collectively, “Indemnitees”) from and against any and all suits and causes of action (including proceedings before FERC), claims, losses, demands, penalties, judgments, costs, expenses, damages (including indirect, consequential, or incidental), disbursements of any kind or nature whatsoever, including but not limited to attorney’s fees (including allocated costs of internal counsel), other monetary remedies, and costs of litigation, damages, obligation or liability of any kind or nature whatsoever, in any manner arising by reason of, incident to, or connected in any manner with the performance, non-performance or breach of this Agreement, or any other act, error or omission or willful misconduct by or of the Seller or Seller’s officers, employees, agents, contractors, sub-contractors of any tier, including but not limited to any such performance, non-performance, breach, act, error or omission or willful misconduct that results in intellectual property infringement or leads to death or injury to any person, including but not limited to Seller, Seller’s officers, employees, agents, contractors or sub-contractors of any tier, or damage or destruction to property of any kind or nature whatsoever, of either Party hereto, or of third parties, or loss of use (hereinafter, collectively, “Indemnified Liabilities”). The provisions of this paragraph shall be in addition to, and not exclusive of, any other rights or remedies which Indemnitees have at law, in equity, under this Agreement or otherwise. To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this subsection may be unenforceable in whole or in part because they are violative of any law or public policy, Seller shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them. The provisions of this paragraph shall survive the expiration or termination of this Agreement.

Section 12.16 Limitation of Liability. In signing this agreement, Seller understands and agrees, that, to the fullest extent permitted by applicable law, none of LADWP, the City of Los Angeles, or any of their respective boards, commissioners, officers, agents, employees, assigns and successors in interest, as applicable shall be liable responsible, answerable or accountable to any Person under any circumstance with respect to LADWP’s obligations under or in connection with this agreement, except that such limitation shall not limit the liability, if any, of LADWP for its gross negligence or willful misconduct. Further, none of the above- mentioned Persons shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits, loss of use or other costs of business interruption related to this Agreement, whether based on statute, tort, contract, or under any theory of liability.

Seller further understands that these limitations are without regard to the cause or causes of such damages or costs, including negligence, be it sole, joint, contributory, or concurrent, active or passive. Any liability shall be limited to actual direct damages, and such actual direct damages shall be the sole and exclusive remedy, and all other remedies or damages at law or in equity are waived unless expressly provided for herein.

Section 12.17 Severability. In the event any of the terms, covenants or conditions of this Agreement, or the application of any such terms, covenants or conditions, shall be held invalid, illegal or unenforceable by any court having jurisdiction, all other terms, covenants and conditions of this

Agreement and their application not adversely affected thereby shall remain in force and effect, *provided* that the remaining valid and enforceable provisions materially retain the essence of the Parties' original bargain.

Section 12.18 Disclosure of Information. Seller acknowledges that Buyer, as a California municipal corporation, is subject to disclosure as required by the California Public Records Act, Cal. Govt. Code §§ 6250 *et seq.* and the Ralph M. Brown Act, Cal. Govt. Code §§ 54950 *et seq.* Information of Seller provided to Buyer pursuant to this Agreement will become the property of Buyer and Seller acknowledges that Buyer shall not have any liability whatsoever under this Agreement or otherwise for any claims or causes of action whatsoever resulting from or arising out of Buyer's copying or releasing to a third party any of the information of Seller pursuant to either of the aforementioned Acts.

Section 12.19 Fixed-Rate Contract: Mobile-Sierra Clause. The Parties hereby stipulate and agree that this Agreement was entered into as a result of arms'-length negotiations between the Parties. Further, the Parties believe that, to the extent the sale of Energy under this Agreement is subject to Sections 205 and 206 of the Federal Power Act, 16 U.S.C. Sections 824d or 824e, the rates, terms and conditions of this Agreement are just and reasonable within the meaning of Sections 205 and 206 of the Federal Power Act, and that the rates, terms and conditions of this Agreement will remain so over the life of the Agreement. The Parties waive all rights to challenge the validity of this Agreement or whether it is just and reasonable for and with respect to the entire term thereof, under Sections 205 and 206 of the Federal Power Act and to request the FERC to revise the terms and conditions and the rates or services specified in this Agreement, and hereby agree to make no filings at the FERC or with any other state or federal agency, board, court or tribunal challenging the rates, terms and conditions of this Agreement as to whether they are just and reasonable or in the public interest under the Federal Power Act. The Parties hereby further stipulate and agree that neither Party may bring any action, proceeding or complaint under Section 205 or 206 of the Federal Power Act, 16 U.S.C. 824d or 824e, seeking to modify, cancel, suspend, or abrogate the rates, terms and conditions of this Agreement, or to prevent this Agreement from taking effect. It is further agreed that, absent the agreement of both Parties to a proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any provision of this section is unenforceable or ineffective as to such Party), a non-party, or FERC acting *sua sponte* shall solely be the "public interest" application of the "just and reasonable" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Corp.*, 350 U.S. 332 (1956) and *FPC v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and clarified by *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish*, 554 U.S. 527 (2008).

Section 12.20 No Agreement for Retail Electric Service. This Agreement does not constitute an agreement by LADWP to provide retail electrical service to Seller or any third party. Such arrangements must be made separately with LADWP.

Section 12.21 Attorneys' Fees. Both Parties hereto agree that in any action to enforce the terms of this Agreement, each Party shall be responsible for its own attorneys' fees and costs.

Section 12.22 LADWP Business Policies. Seller must submit all forms to comply with the business policies prior to the Effective Date of this Agreement. Seller shall comply with all business policies set forth below:

Section 12.22.1 Non-Discrimination and Equal Employment Practices. Unless otherwise exempt, this contract is subject to the non-discrimination provisions in Sections 10.8 through 10.8.2 of the Los Angeles Administrative Code, as amended from time to time. The Seller shall comply with the applicable non- discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City of Los Angeles. In performing this contract, Seller shall not discriminate in its employment practices against any employee or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, age, disability, domestic partner status, marital status or medical condition. Any subcontract entered into by Seller relating to this contract, to the extent allowed hereunder, shall include a like provision for work to be performed under this contract.

Failure of Seller to comply with this requirement or to obtain the compliance of its subcontractors with such obligations shall subject Seller to the imposition of any and all sanctions allowed by law, including but not limited to termination of Seller's contract with the Buyer.

Unless otherwise exempt, this contract is subject to the equal employment practices provisions in Section 10.8.3 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of this contract, Seller agrees and represents that it will provide equal employment practices and Seller and each subcontractor hereunder will ensure that in his or her employment practices persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
 - 1. This provision applies to work or service performed or materials manufactured or assembled in the United States.
 - 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
 - 3. Seller agrees to post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.
- B. Seller will, in all solicitations or advertisements for employees placed by or on behalf of Seller, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
- C. As part of the Buyer's supplier registration process, and/or at the request of the awarding authority, or the Board of Public Works, Office of Contract Compliance, Seller shall certify in the specified format that he or she has not discriminated in the performance of City of Los Angeles contracts against any employee or applicant for employment on the basis or because of race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.
- D. Seller shall permit access to and may be required to provide certified copies of all of his or her records pertaining to employment and to employment practices by the awarding authority or the Office of Contract Compliance for the purpose of

investigation to ascertain compliance with the Equal Employment Practices provisions of City of Los Angeles contracts. On their or either of their request Seller shall provide evidence that he or she has or will comply therewith.

- E. The failure of any Seller to comply with the Equal Employment Practices provisions of this contract may be deemed to be a material breach of this contract. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Seller.
- F. Upon a finding duly made that Seller has failed to comply with the Equal Employment Practices provisions of this contract, the contract may be forthwith canceled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such failure to comply may be the basis for a determination by the awarding authority or the Board of Public Works that the Seller is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Charter of the City of Los Angeles. In the event of such a determination, Seller shall be disqualified from being awarded a contract with the Buyer and the City of Los Angeles for a period of two years, or until Seller shall establish and carry out a program in conformance with the provisions hereof.
- G. Notwithstanding any other provision of this contract, the Buyer shall have any and all other remedies at law or in equity for any breach hereof.
- H. The Board of Public Works shall promulgate rules and regulations through the Office of Contract Compliance, and provide necessary forms and required language to the awarding authorities to be included in City of Los Angeles Request for Bids or Request for Proposal packages or in supplier registration requirements for the implementation of the Equal Employment Practices provisions of this contract, and such rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive orders. No other rules, regulations or forms may be used by an awarding authority of the City of Los Angeles to accomplish the contract compliance program.
- I. Nothing contained in this contract shall be construed in any manner so as to require or permit any act which is prohibited by law.
- J. At the time a supplier registers to do business with the City of Los Angeles, or when an individual bid or proposal is submitted, Seller shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City of Los Angeles Contracts.
- K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Hiring practices;
 2. Apprenticeships where such approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
 3. Training and promotional opportunities; and
 4. Reasonable accommodations for persons with disabilities.
- L. All Sellers subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the Buyer and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to Seller. Failure of Seller to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject Seller to the imposition of any and all sanctions allowed by law, including but not limited to termination of the Seller's contract with the Buyer.

Section 12.22.2 Affirmative Action Program. Unless otherwise exempt, this contract is subject to the affirmative action program provisions in Section 10.8.4 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of this contract, Seller certifies and represents that Seller and each subcontractor hereunder will adhere to an affirmative action program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
1. This provision applies to work or services performed or materials manufactured or assembled in the United States.
 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
 3. Seller shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.
- B. Seller will, in all solicitations or advertisements for employees placed by or on behalf of Seller, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
- C. As part of the Buyer's supplier registration process, and/or at the request of the awarding authority or the Office of Contract Compliance, Seller shall certify on an electronic or hard copy form to be supplied, that Seller has not discriminated in the performance of City of Los Angeles contracts against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

- D. Seller shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the Office of Contract Compliance, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City of Los Angeles contracts, and on their or either of their request to provide evidence that it has or will comply therewith.
- E. The failure of Seller to comply with the Affirmative Action Program provisions of this contract may be deemed to be a material breach of this contract. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to Seller.
- F. Upon a finding duly made that Seller has breached the Affirmative Action Program provisions of this contract, the contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said Seller is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Los Angeles City Charter. In the event of such determination, such Seller shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.
- G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that Seller has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City of Los Angeles contract, there may be deducted from the amount payable to Seller by the City of Los Angeles under the contract, a penalty of ten dollars (\$10.00) for each person for each calendar day on which such person was discriminated against in violation of the provisions of a City of Los Angeles contract.
- H. Notwithstanding any other provisions of this contract, Buyer shall have any and all other remedies at law or in equity for any breach hereof.
- I. The Public Works Board of Commissioners shall promulgate rules and regulations through the Office of Contract Compliance and provide to the awarding authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City of Los Angeles contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an awarding authority of the City of Los Angeles to accomplish this contract compliance program.
- J. Nothing contained in this contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

- K. Seller shall submit an Affirmative Action Plan which shall meet the requirements of this chapter at the time it submits its bid or proposal or at the time it registers to do business with the City of Los Angeles. The plan shall be subject to approval by the Office of Contract Compliance prior to award of the contract. The awarding authority may also require Sellers and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve months from the date of approval by the Office of Contract Compliance. In case of prior submission of a plan, Seller may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve months. If the approval is 30 days or less from expiration, Seller must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the contract is awarded.
1. Every contract of \$5,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall in addition comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.
 2. Seller may establish and adopt as its own Affirmative Action Plan, by affixing his or her signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance, or it may prepare and submit its own Plan for approval.
- L. The Office of Contract Compliance shall annually supply the awarding authorities of the City of Los Angeles with a list of contractors and suppliers who have developed Affirmative Action Programs. For each contractor and supplier the Office of Contract Compliance shall state the date the approval expires. The Office of Contract Compliance shall not withdraw its approval for any Affirmative Action Plan or change the Affirmative Action Plan after the date of contract award for the entire contract term without the mutual agreement of the awarding authority and Seller.
- M. The Affirmative Action Plan required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Board of Public Works, Office of Contract Compliance or the awarding authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:
1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
 2. Classroom preparation for the job when not apprenticeable;
 3. Pre-apprenticeship education and preparation;
 4. Upgrading training and opportunities;
 5. Encouraging the use of contractors, subcontractors and suppliers of all racial

and ethnic groups, provided, however, that any contract subject to this ordinance shall require the Seller, subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the Seller's, subcontractor's or supplier's geographical area for such work;

6. The entry of qualified women, minority and all other journeymen into the industry; and
 7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.
- N. Any adjustments which may be made in Seller's or supplier's work force to achieve the requirements of the City's Affirmative Action Contract Compliance Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.
- O. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the pre-registration, pre-bid, pre-proposal or pre-award conferences shall not be confidential and may be publicized by Seller at his or her discretion. Approved Affirmative Action Agreements become the property of the City and may be used at the discretion of the City in its Contract Compliance Affirmative Action Program.
- P. This ordinance shall not confer upon the City of Los Angeles or any agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by seller or suppliers engaged in the performance of City contracts.
- Q. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with Buyer and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to Seller. Failure of Seller to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject Seller to the imposition of any and all sanctions allowed by law, including but not limited to termination of Seller's contract with Buyer.

The Seller shall have an Affirmative Action Plan on file with the Director of Supply Chain Services. The Seller shall comply with the requirements of the City of Los Angeles and shall complete, sign, and submit to the Seller the applicable "Affidavit". An Affirmative Action Plan shall be in effect and on file with the Seller for the duration of this Agreement.

Section 12.22.3 Compliance With Los Angeles City Charter Section 470(c)(12). Seller, any subcontractors, and their principals are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions

and fundraising for certain elected City officials or candidates for elected City office if the contract is valued at \$100,000 or more and requires approval of a City elected official. Additionally, Seller is required to provide and update certain information to the City as specified by law. Any Seller subject to Charter Section 470(c)(12), shall include the following notice in any contract with a subcontractor expected to receive at least \$100,000 for performance under this contract:

Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions:

As provided in Charter Section 470(c)(12) and related ordinances, you are subcontractor on City of Los Angeles contract #_____. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. Subcontractor is required to provide to Seller names and addresses of the subcontractor's principals and contact information and shall update that information if it changes during the 12 month time period. Subcontractor's information included must be provided to Seller within 10 business days. Failure to comply may result in termination of contract or any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling 213/978-1960.

Seller, Subcontractors, and their Principals shall comply with these requirements and limitations. Violation of this provision shall entitle the Buyer to terminate this Agreement and pursue any and all legal remedies that may be available.

Section 12.22.4 Child Support Policy. Seller and any of its subcontractor(s) must fully comply with all applicable state and federal employment reporting requirements for Seller's and any Seller's subcontractor(s)' employees. Seller and any of its subcontractor(s) must fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with the California Family Code. Seller and any of its subcontractor(s) must certify that the principal owner(s) thereof (any person who owns an interest of 10 percent or more) are in compliance with any Wage and Earnings Assignment Orders or Notices of Assignment applicable to them personally. Seller and any of its subcontractor(s) must certify that such compliance will be maintained throughout the term of this Agreement. Failure of Seller and/or any of its subcontractor(s) to fully comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignments or Notices of Assignment or failure of the principal owner(s) to comply with any Wage and Earnings Assignments or Notices of Assignment applicable to them personally shall constitute a Default under this Agreement. Failure of Seller and/or any of its subcontractor(s) or principal owner(s) thereof to cure the default within ninety (90) days of notice of such Default by Buyer shall subject this Agreement to termination.

Section 12.22.5 Equal Benefits Policy. The contract resulting from this proposal is subject to applicable provisions of the Equal Benefits Ordinance (EBO), Division 10, Chapter 1, Article 1, Section 10.8.2.1 of the City of Los Angeles Administrative Code. As part of their proposal to the Department, Sellers shall complete and submit the "Equal Benefits Ordinance Compliance Affidavit". Sellers do not need to submit supporting documentation with their proposals. However, the Department reserves the right to request supporting documentation to verify that benefits are provided equally as specified on the Equal Benefits Ordinance Compliance Affidavit. Sellers seeking

additional information regarding the requirements of the Equal Benefits Ordinance may visit the Bureau of Contract Administration's website at <http://bca.lacity.org>.

Section 12.22.6 Contractor Responsibility Program. This Agreement is subject to applicable provisions of the Contractor Responsibility Program Ordinance, Division 10, Chapter 1, Article 14 of the City of Los Angeles Administrative Code. As part of their proposal to the Department, Sellers shall complete and submit the "Pledge of Compliance with Contractor Responsibility Ordinance" and "Responsibility Questionnaire" affidavits. The Contractor Responsibility Program also requires that during the term of the contract, the Seller shall update responses to the "Responsibility Questionnaire" affidavit within thirty (30) calendar days after any changes to the responses previously provided, if such change would affect contractor's fitness and ability to continue performing the contract.

Section 12.22.7 Iran Contracting Act. Seller must comply with the Iran Contracting Act in accordance with California Public Contract Code Sections 2200-2208, all contractors, entering into, or renewing contracts with the Department for goods and services estimated at \$1 Million or more are required to complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit."

Section 12.22.8 Los Angeles City Business Tax Registration Certificate. Seller shall obtain and keep in full force and effect during the term of this Agreement all Business Tax Registration Certificates required by the City of Los Angeles Business Tax Ordinance, Article 1, Chapter II, Section 21.00 and following, of the Los Angeles Municipal Code. Seller's Vendor Registration Number must be shown on all invoices submitted for payment. Failure to do so, may delay payment. For additional information regarding applicability of the City Business Tax Registration, contact the City of Los Angeles Clerk's Office at (213) 978-1521.

Section 12.22.9 Taxpayer Identification Number (TIN). Seller declares that its authorized TIN is [_____]. No payment will be made under this Agreement without a valid TIN number.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date set forth below.

CITY OF LOS ANGELES acting by and through the
DEPARTMENT OF WATER AND POWER

By: _____
Signature

Name (Print)

Title
Date: _____

SELLER: _____

By: _____
Signature

Name (Print)

Title
Date: _____

APPENDIX A
FACILITY

1. Name of Facility (“Facility”):

(a) Site [address, city, zip code]:

Assessor’s Parcel Number: _____

(b) Point of Delivery [LADWP circuit number, or line name, as determined by the LADWP New Business & Customer Support design engineer]:

2. Owner of Property [Site owner]:

3. Owner and Operator of Facility (“Seller”):

4. Equipment:

(a) Total Capacity of Facility [kW AC]: _____

(b) Total Capacity of Facility [kW DC]: _____

(c) Total Capacity of Facility [kW CEC-AC]: _____

(d) Solar module make, model, and size: _____

(e) Total solar module quantity: _____

(f) Inverter make, model, and size: _____

(g) Total inverter quantity: _____

5. Proposed Commercial Operation Date [month day, 20XX]:

6. Permits to be Filled:

- (a) Los Angeles Department of Building and Safety (LADBS)
- (b) Master Conditional Use Permit or project-specific Conditional Use Permit
- (c) Additional permits [to be filled in based on project-specific requirements]:

APPENDIX B
BUYER AND SELLER BILLING, NOTIFICATION AND CONTACT INFORMATION

1. **Authorized Representative.** Correspondence to the Authorized Representative shall be transmitted to the following addresses:

1.1 If to Buyer:

Department of Water and Power of the City of Los Angeles
111 North Hope Street, Room 940 JFB
Los Angeles, California 90012
Attention: VNEM Program
Administrator

Telephone: (213) 367-2100
Facsimile: (213) 367-2591
Email: csp@ladwp.com

1.2 If to Seller:

Attention:

Telephone: [() -]
Facsimile: [() -]

Email: _____

2. Statements and payments shall be transmitted to the following addresses:

2.1 If to Buyer:

Department of Water and Power of the City of Los Angeles
P.O. Box 51111
Los Angeles, California 90051-0100
Attention: Accounts Receivable

2.2 If to Seller:

Attention:

Telephone: [() -]]

Facsimile: [() -]]

Email: _____

3. All notices required under the Agreement shall be sent by facsimile transmission, reliable overnight courier, and registered or certified mail, postage prepaid, to the address specified below.

3.1 If to Buyer:

Department of Water and Power of the City of Los Angeles
111 North Hope Street, Room 940 JFB
Los Angeles, California 90012
Attention: VNEM Program Administrator

Telephone: (213) 367-2100

Facsimile: (213) 367-2591

Email: esp@ladwp.com

3.2 If to Seller:

Attention:

Telephone: [() -]]

Facsimile: [() -]]

Email: _____

APPENDIX C
ENERGY PRODUCTION PROFILE

Attach the Energy Production Profile found in Attachment 3 of the Virtual Net Energy Metering Program Guidelines with the production profile submitted by the Seller.

APPENDIX D
FORM OF GENERAL CONSENT TO ASSIGNMENT

CONSENT TO ASSIGNMENT

This Consent to Assignment (“CTA”) is by and between the City of Los Angeles acting by and through the Department of Water and Power (“Buyer”), a municipal corporation of the State of California, [Seller] (“Assignor”), a [Enter type of company] _____ and [Enter Assignee Name] _____ (“Assignee”), [Enter type of company] _____. Buyer, Assignor and Assignee are sometimes referred to herein individually as “Party” and collectively as the “Parties”. Buyer hereby consents to the assignment by Assignor to Assignee of the entirety of the rights, title and interest Assignor may have in and to the agreements described on Exhibit A attached hereto and incorporated herein by this reference the “Assigned Agreement(s)”, for the [Capacity]__kW CEC-AC [Type]_ project named [Facility Name] _____, located at [Facility Street Address] _____ [Facility_City] _____, California, [Facility_Zip_code] _____, as of the date of last signature hereunder (the “Effective Date”) under the following terms and conditions:

1. Assignor and Assignee recognize and acknowledge that Buyer makes no representation or warranty, expressed or implied, that Assignor has any right, title, or interest in the Assigned Agreement(s). Assignee is responsible for satisfying itself as to the existence and extent of Assignor's right, title, and interest in the Assigned Agreement(s) and Assignor and Assignee expressly release Buyer from any liability resulting from or related to this CTA, including assignment for security if any, to which Buyer is consenting herein. Assignee and Assignor further release Buyer from any liability for consenting to any future assignments of the Agreement(s) by Assignee or Assignor.
2. Assignee hereby agrees to assume each and every such duty and obligation of the Assignor in the Assigned Agreements and hereby agrees to be bound by the terms of and conditions in the Assigned Agreements.
3. Assignor and Assignee hereby agree that they shall hold Buyer harmless from, and be jointly and severally liable to Buyer for, any third-party claims, losses, liabilities, damages, costs or expenses (including, without limitation, any direct, indirect or consequential claims, losses, liabilities, damages, costs or expenses, including legal fees) in connection with or arising out of any of the transactions contemplated by the assignment or this CTA.
4. Assignee acknowledges that the assignment of rights to it may be subject to previous assignments, liens or claims executed or arising prior to the Effective Date. Assignee agrees that it takes this assignment subject to any defenses or causes of action Buyer may have against Assignor.

5. Assignee hereby agrees that it will not assign any of the rights, title or interest in, or the duties and obligations under the Assigned Agreement(s) without the prior written consent of Buyer, unless otherwise specifically provided under the Assigned Agreement(s). Assignee further agrees that, in the event of any future assignment, Assignee shall remain jointly and severally liable to Buyer for each and every assigned duty and obligation under said Assigned Agreement(s).

6. Assignor hereby requests that Buyer (i) henceforth make any payments which shall become due under the Assigned Agreement(s) to Assignee and (ii) substitute Assignee for Assignor as the notice addressee under the Assigned Agreement(s). Assignor releases Buyer from all liability for making payment to Assignee, and Assignee releases Buyer from all liability for failure to direct such payments to Assignee rather than Assignor.

7. All notices hereunder shall be in writing and shall be effective when received; for purposes of this CTA, notices shall be deemed received (i) at the close of business on the date of receipt, if delivered by hand, or (ii) when signed for by recipient, if sent via registered or certified mail, postage prepaid, or via courier; provided that, such notice was properly addressed to the appropriate address indicated on the signature page hereof or to such other address as a Party may designate by prior written notice to the other Parties.

8. Assignee and Assignor each agree that Buyer shall have (and Buyer hereby expressly reserves) the right to set off or deduct from payments due to Assignor, each and every amount due Buyer from Assignor arising out of or in connection with the Assigned Agreements in accordance with the terms of such Assigned Agreements or in accordance with applicable law. Assignee further agrees that it takes this assignment subject to any defenses or causes of action Buyer may have against Assignor.

9. Assignee and Assignor agree that any change in payment notification will become effective within 30 days receipt of written notice.

10. Other than as explicitly provided herein, this CTA is neither a modification of nor an amendment to the Assigned Agreement(s).

11. The Parties hereto agree that this CTA shall be construed and interpreted in accordance with the laws of the State of California, excluding any choice of law rules which may direct the application of the laws of another jurisdiction. All litigation arising out of, or relating to the CTA, shall be brought in a state or federal court in the County of Los Angeles in the State of California. The parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of *forum non conveniens*.

12. No term, covenant or condition hereof shall be deemed waived and no breach excused unless such waiver or excuse shall be in writing and signed by the Party claimed to have so waived or excused.

Buyer:
CITY OF LOS ANGELES ACTING BY AND
THROUGH THE DEPARTMENT OF WATER AND
POWER:

By: _____

Name: _____

Title: _____

Dated: _____

Assignee:
[Assignee company name], [Enter type of company]
Attn: *[Enter title]*
[Mailing_Address]

By:
Name:
Title:
Dated:

Assignor:
[Seller],[Enter type of company] Attn:
[Enter title] [Mailing_Address]

By: Name:
Title: Dated:

Exhibit A

Description of Assigned Agreement(s)

1. (List all relevant agreements between Buyer and Counterparty)

APPENDIX E

FORM OF CONSENT TO COLLATERAL ASSIGNMENT AND PAYMENT DIRECTION

CONSENT TO COLLATERAL ASSIGNMENT AND PAYMENT DIRECTION

This Consent to Collateral Assignment (the “Consent”) is by and among the City of Los Angeles acting by and through the Department of Water and Power (“Buyer”), a municipal corporation of the State of California, and [NAME], a (“Seller”), and [NAME], a (“Secured Party”). Pursuant to Section 12.6 of the VNEM Power Purchase Agreement [Enter Contract Number] dated as of _____, _____ (the “VPPA”) for the [Capacity] _____ kW [type] _____ project named [Facility description] _____, located at [Facility Street Address] _____, [Facility City] _____, California, by and between Buyer and Seller, Buyer hereby consents to the grant by Seller to Secured Party of a security interest in Seller’s right, title and interest under the VPPA and the payments due by Buyer thereunder from time to time [and][add additional interests of Secured Party in other collateral related to the VPPA, if applicable] (the “Collateral”) pursuant to the [Pledge and Security Agreement] (the “Pledge”) dated as of _____, _____, executed by Seller for the benefit of Secured Party, in accordance with the Virtual Net Energy Metering Program Guidelines, subject to the following terms and conditions:

1. Seller and Secured Party recognize and acknowledge that Buyer makes no representation or warranty, expressed or implied, that Seller has any right, title, or interest in the Collateral. Secured Party is responsible for satisfying itself as to the existence and extent of Seller’s right, title, and interest in the Collateral. Buyer shall have no liability to Seller or Secured Party resulting from or related to this Consent. Buyer shall have no liability to Seller or Secured Party for consenting to any future assignments of the Collateral or any interest of Seller or Secured Party therein.
2. Seller hereby agrees that it shall hold Buyer harmless from any third-party claims, losses, liabilities, damages, costs or expenses (including, without limitation, any direct, indirect or consequential claims, losses, liabilities, damages, costs or expenses, including legal fees) in connection with or arising out of any of the transactions related to the Pledge or this Consent.
3. Secured Party acknowledges that the assignment of rights to it may be subject to previous assignments, liens or claims executed or arising prior to the date of the Pledge. Seller and Secured Party each agree that Buyer shall have (and Buyer hereby expressly reserves) the right to set off or deduct from payments due to Seller, each and every amount due Buyer from Seller arising out of or in connection with the VPPA. Secured Party agrees that it takes its interest in the Collateral and related rights in which it has a security interest subject to any defenses or causes of action that Buyer may have against Seller and other rights Buyer may have pursuant to the VPPA.

4. Secured Party acknowledges and confirms that, notwithstanding any provision to the contrary under applicable law or in any Pledge executed by Seller, Secured Party shall not assume, sell or otherwise dispose of the Collateral (whether by foreclosure sale, conveyance in lieu of foreclosure or otherwise) unless, on or before the date of any such assumption, sale or disposition, Secured Party or any third party, as the case may be, assuming, purchasing or otherwise acquiring the VPPA (a) cures any and all defaults of Seller under the VPPA which are capable of being cured and which are not personal to the Seller, (b) executes and delivers to Buyer a written assumption of all of Seller's rights and obligations under the VPPA in form and substance reasonably satisfactory to Buyer, (c) otherwise satisfies and complies with all requirements of the VPPA, (d) provides such tax and enforceability assurance as Buyer may reasonably request, and (e) is a Permitted Transferee (as defined below). Secured Party further acknowledges that the assignment of the VPPA is for security purposes only and that Secured Party has no rights under the VPPA to enforce the provisions of the VPPA unless and until an event of default has occurred and is continuing under the Pledge between Seller and Secured Party (a "Financing Default"), in which case Secured Party shall be entitled to all of the rights and benefits and subject to all of the obligations which Seller then has or may have under the VPPA to the same extent and in the same manner as if Secured Party were an original party to the VPPA.

"Permitted Transferee" means any person or entity who is reasonably acceptable to Buyer. Secured Party may from time to time, following the occurrence of a Financing Default, notify Buyer in writing of the identity of a proposed transferee of the VPPA, which proposed transferee may include Secured Party, in connection with the enforcement of Secured Party's rights under the Pledge, and Buyer shall, within thirty (30) business days of its receipt of such written notice, confirm to Secured Party whether or not such proposed transferee is a "Permitted transferee" (together with a written statement of the reason(s) for any negative determination) it being understood that if Buyer shall fail to so respond within such thirty (30) business day period such proposed transferee shall be deemed to be a "Permitted Transferee".

5. Secured Party acknowledges and agrees that Buyer may agree with Seller to modify or amend the VPPA, and that Buyer is not obligated to notify Secured Party of any such amendment or modification to the VPPA. Secured Party hereby releases Buyer from all liability arising out of or in connection with the making of any amendment or modification to the VPPA.
6. Buyer agrees to perform pursuant to the terms and conditions of the VPPA, by and between Buyer and Seller notwithstanding Secured Party's exercise of remedies under the Pledge, until the termination of the VPPA under law or equity or in accordance with its terms, including, without limitation, Article XI thereof.

In the event that Buyer sends a notice to Seller pursuant to Section 11.3 of the VPPA, Buyer shall promptly send a copy of such notice to Secured Party at Secured Party's address set forth below. In addition, Seller shall provide a copy of such notice to Secured Party the next business day after receipt from Buyer, independent of any agreement of Buyer to deliver the notice. If neither Buyer nor Seller delivers a Default Notice to Secured Party as provided herein, the Secured Party's applicable cure period shall begin on the date on which

notice of an Event of Default is delivered to Secured Party by either Buyer or Seller. Except for a delay in the commencement of the cure period for Secured Party and a delay in Buyer's ability to terminate the VPPA (in each case only if both Buyer and Seller fail to deliver notice of an Event of Default to Secured Party), failure of Buyer to deliver any Default Notice shall not waive Buyer's right to take any action under the VPPA and will not subject Buyer to any damages or liability for failure to provide such notice.

If possession of the Facility (as defined in the VPPA) is necessary for Secured Party to cure an Event of Default and Secured Party commences foreclosure proceedings against Seller within thirty (30) days of receiving notice of an Event of Default from Buyer or Seller, whichever is received first, Secured Party shall be allowed a reasonable additional period to complete such foreclosure proceedings, such period not to exceed ninety (90) days; provided, however, that Secured Party shall provide a written notice to Buyer that it intends to commence foreclosure proceedings with respect to Seller within ten (10) business days of receiving a notice of such Event of Default from Buyer or Seller, whichever is received first. In the event the Secured Party succeeds to Seller's interest in the Facility as a result of foreclosure proceedings, the Secured Party or a purchaser or grantee pursuant to such foreclosure shall be subject to the requirements of Section 4 of this Consent to Collateral Assignment and Payment Direction.

7. Seller and Secured Party shall have thirty (30) days from the receipt of notice of Event of Default to remedy or cure said default or event; provided, however, that neither the VPPA nor this Consent shall require Secured Party to cure said default or event, but Secured Party shall, in its sole discretion, have the option to do so.
8. [Buyer has been notified on the date hereof by Seller and Secured Party that all payments due or to become due to Seller under the VPPA after the date hereof have been assigned to the Secured Party pursuant to the Pledge.] A true, complete and correct copy of the executed Pledge [is attached hereto][has been provided to Buyer].
9. From and after the date hereof and until Buyer shall have received written notice from Secured Party delivered to the address for Buyer set forth below that the lien of the Pledge has been discharged pursuant to the terms thereof, Seller hereby directs Buyer, and Buyer agrees to make, all payments and amounts Buyer is obligated to pay under the VPPA to the Seller by mail at the address below:

Secured Party Name: _____
Contact Name: _____
Phone: _____
Email: _____
Payment Address: _____

10. Buyer shall have no liability to Seller or Secured Party (or their successors and assigns) for making payments due or to become due under the VPPA to Secured Party or for failure to direct such payments to Secured Party rather than Seller, and all such payments shall satisfy Buyer's corresponding payment obligation und the VPPA.

11. All payment directions or redirections to Buyer, and all notices to Buyer, shall be effective only (a) if hand delivered, upon receipt; or (b) if sent by (i) certified or registered United States mail, postage prepaid, return receipt requested, three days after deposit with the United States Postal Service or (ii) expedited prepaid reputable overnight delivery service, either commercial or United States Postal Service, the next business day after delivery to such service, to the following address and person (or at such other address and person as shall be designated from time to time by Buyer in a written notice to the Secured Party in the preceding manner):

VNEM Program Administrator

111 North Hope Street, Room 968

Los Angeles, CA 90012

12. Secured Party and Seller agree that any change in payment notification will become effective within 30 days following receipt by Buyer of written notice thereof in accordance with this Consent.
13. This Consent does not modify or alter any of the terms of the VPPA (except the address to which the notices referred to below are to be delivered), and Buyer shall have no obligation or liability to Secured Party with respect to the VPPA or otherwise.
14. The parties hereto agree that this Consent shall be construed and interpreted in accordance with the laws of the State of California, excluding any choice of law rules which may direct the application of the laws of another jurisdiction. All litigation arising out of, or relating to the Consent, shall be brought in a state or federal court in the County of Los Angeles in the State of California. The parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of *forum non conveniens*.
15. No term, covenant or condition hereof shall be deemed waived and no breach excused unless such waiver or excuse shall be in writing and signed by the party hereto claimed to have so waived or excused.
16. There are no third-party beneficiaries to this Consent.
17. The invalidity or unenforceability of any provision of this Consent shall not affect the validity or enforceability of any other provision of this Consent, which shall remain in full force and effect.
18. This Consent may be modified, amended or rescinded only by an instrument in writing signed by all parties hereto.

IN WITNESS WHEREOF, the undersigned have executed this Consent as of the date set forth below.

**CITY OF LOS ANGELES ACTING BY
AND THROUGH THE DEPARTMENT
OF WATER AND POWER:**

By: _____
Name: _____
Title: _____
Date: _____

[SELLER]:

By: _____
Name: _____
Title: _____
Date: _____

Seller's Address:

[SECURED PARTY]:

By: _____
Name: _____
Title: _____
Date: _____

Secured Party's Address:

APPENDIX F
ALLOCATION

- A. Seller shall provide LADWP with updated payment allocation information regarding Qualified Customers at the Site as set forth below.
- B. This Initial / Subsequent Allocation (check appropriate box) is being provided by:
1. Name of Individual filling out this document: _____
- C. Seller requests that payment due pursuant to the VNEM PPA, available as a result of the application of the rates and terms of the LADWP VNEM Pilot Program, be applied in the following percentages to the following Qualified Customers:

Qualified Customer (QC) Information and Allocation

	Percentage (Must total 100%)	Service Address (Include unit numbers, if applicable)	Meter Number
Seller			
Common Area / House Account			
Qualified Residential Customers:			
QC # 1			
QC # 2			
QC # 3			
QC # 4			
QC # 5			
QC # 6			
QC # 7			
QC # 8			
QC # 9			
QC #			

Attached is/are _____ (number of sheets) sheets extending the above lists to additional Qualified Customers. Each attached sheet is signed by the undersigned and dated with today's date.

- D. Seller represents that the forgoing is the percentage allocation of the payment due pursuant to Section 9.1 that Seller wants to take effect on the first regularly scheduled monthly meter read date that is at least 15 days following receipt of this form by the LADWP. Seller understands there will be no charge for up to one adjustment per 12-month period; however, subsequent changes per 12-month period will occur at a cost of \$7.50 per Qualified Customer modified. Seller understands that, in the absence of a Qualified Customer's written authorization to LADWP, LADWP will not release information concerning the Qualified Customer to any party other than the Qualified Customer.

- E. Seller represents that Seller has taken all reasonable steps to verify the accuracy of this information, including contacting the owner for a list of Qualified Customers, conducting periodic site visits to support this information, in consultation with the owner.

- F. Seller requests that all applicable setup fees and fees derived from changing allocations be deducted from any amount due to Seller. Seller understands that payments due will be issued by individual check to LADWP's customer of record on each Qualified Customer account.

Seller Name (Please Print)

Signature

Date

Title