



**Regular Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, February 12, 2026 at 5:30 p.m.
City of Davis Community Chambers
23 Russell Boulevard, Davis, California 95616**

Board Members will be attending in-person and public participation will be in-person and available via Zoom Webinar (video/teleconference). VCE will, to the best of its ability, provide hybrid and remote options for VCE meeting participants and to the public; however, VCE cannot guarantee these options will be available due to technical limitations outside of our control. For assurance of public comment, VCE encourages in-person and written public comments to be submitted as described below when possible. VCE, to the best of its abilities, will provide participation via the Zoom platform.

Accommodations for Persons with disabilities: Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Alisa Lembke, VCE Board Clerk/Administrative Analyst, as soon as possible and preferably at least two (2) working days before the meeting at (530) 446-2754 or Alisa.Lembke@ValleyCleanEnergy.org.

If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of VCEA staff who will distribute the information to the Board members and other staff.

Please note that the numerical order of items is for convenience of reference. Items may be taken out of order on the request of any Board member with the concurrence of the Board. Staff recommendations are advisory to the Board. The Board may take any action it deems appropriate on any item on the agenda even if it varies from the staff recommendation.

Members of the public who wish to listen to the Board of Director's meeting may do so with the video/teleconferencing call-in number and meeting ID code. Video / teleconference information below to join meeting:

Join meeting via Zoom:

- a. From a PC, Mac, iPad, iPhone, or Android device with high-speed internet.
(If your device does not have audio, please also join by phone.)**

<https://us02web.zoom.us/j/81060485198>

Meeting ID: 810 6048 5198

- b. By phone:**

One tap mobile:

+1-669-444-9171,, 81060485198# US

+1-669-900-9128,, 81060485198# US

Or Dial:

+1-669-444-9171 US

+1-669-900-9128 US

Meeting ID: 810 6048 5198

Public comments may be submitted electronically or during the meeting. Instructions on how to submit your public comments can be found in the PUBLIC PARTICIPATION note at the end of this agenda.

Board Members: Bapu Vaitla (City of Davis, Chair), Jesse Loren (City of Winters, Vice Chair), Lucas Frerichs (Yolo County), Tom Stallard (City of Woodland), Sheila Allen (Yolo County), Donna Neville (City of Davis), Tania Garcia-Cadena (City of Woodland), Richard Casavecchia (City of Winters)

Alternate Board Members: Angel Barajas (Yolo County), Mayra Vega (City of Woodland), Linda Deos (City of Davis), Albert Vallecillo (City of Winters)

5:30 p.m. Call to Order

- 1. Welcome, Approval of Agenda.**
- 2. Receive 2025 Year-end review. (Information)**
- 3. Election of Officers for 2026.**
- 4. Public Comment:** This item is reserved for persons wishing to address the Board on any VCE-related matters that are not otherwise on this meeting agenda or are listed on the Consent portion of the agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker, electronically submitted comments should be limited to approximately 300 words. Comments that are longer than 300 words will only be read for two minutes. All electronically submitted comments, whether read in their entirety or not, will be posted to the VCE website within 24 hours of the conclusion of the meeting. See below under **PUBLIC PARTICIPATION** on how to provide your public comment.

CONSENT AGENDA

- 5. Approve December 11, 2025 Board meeting Minutes.**
- 6. Receive 2026 long range calendar.**
- 7. Receive Treasurer's reports: A) October 31, 2025; B) November 30, 2025; and C) December 31, 2025.**
- 8. Receive legislative update provided by Pacific Policy Group.**
- 9. Receive January 2026 regulatory update dated February 4, 2026 provided by Keyes & Fox.**
- 10. Receive Community Advisory Committee (CAC) December 18, 2025 and January 22, 2026 meeting summaries and CAC Task Group 2025 Year-end reports.**
- 11. Receive Customer Participation update (4th Quarter 2025). (Information)**
- 12. Approve VCE Employee Handbook updates. (Action)**
- 13. Receive annual Strategic Plan Report. (Information)**

14. Adopt Resolution amending Resolution 2021-008 to modify the time and location for regular Board of Directors meetings. (Action)
15. Adopt Resolution designating VCE Officers for purposes of executing or verifying CPUC filings. (Action)
16. Ratify Consultant Agreement with First Principles for portfolio modeling services for VCE's Integrated Resources Plan (IRP) update. (Action)
17. Ratify Consultant Agreement with Gridtractor to assist VCE with dynamic rate design options for the Residential Dynamic Pricing Pilot project. (Action)

REGULAR AGENDA

18. Approve participation in and authorize VCE to execute documents associated with VCE participating in the CC Power long duration storage project: Willow Rock. (Discussion/Action)
19. Discuss and approve appointment to vacant Yolo County seat on the Community Advisory Committee. (Discussion/Action)
20. **Board Member and Staff Announcements:** Action items and reports from members of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCE expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.
21. **Adjournment/Announcement:** The Board will adjourn their regular meeting to Thursday, March 12, 2026 at the City of Woodland Council Chambers located at 300 First street, Woodland, California 95695 and convene into Closed Session.

CLOSED SESSION

Public comment on the closed session item only will be read at this time.

22. **Conference with Legal Counsel – Anticipated Litigation.**
Initiation of litigation pursuant to Government Code Section 54956.9(c) (one case).
23. **Reconvene in Open Session to Report from Closed Session, if needed.**

PUBLIC PARTICIPATION: Public Comments: Public participation for this meeting will be done electronically via e-mail and during the meeting as described below.

Public participation via e-mail: If you have anything that you wish to be distributed to the Board and included in the official record, please e-mail it to VCE staff at Meetings@ValleyCleanEnergy.org . If information is received by 3:00 p.m. on the day of the Board meeting it will be e-mailed to the Board members and other staff prior to the meeting. If it is received after 3:00 p.m. the information will be distributed after the meeting, but within 24 hours of the conclusion of the meeting. Written public comments that do not exceed 300 words will be read by the VCE Board Clerk, or other assigned VCE staff, to the Board and the public during the meeting subject to the usual time limit for public comments [two (2) minutes]. General written public comments will be read during Item 2, Public Comment. *Written public*

comment on individual agenda items should include the item number in the “Subject” line for the e-mail and the Clerk will read the comment during the item. All written comments received will be posted to the VCE website.

Verbal public participation during the meeting:

- 1) **If attending in person**, please complete a **Comment Card** and return it to the Board Clerk.
- 2) **If attending remotely via Zoom**, there are two (2) ways for the public to provide verbal comments:
 - A. If you are attending by computer, activate the “participants” icon at the bottom of your screen, then raise your hand (hand clap icon) under “reactions”. When called upon, you will be “unmuted” to allow to speak.
 - B. If you are attending by phone only, you will need to press *9 to raise your hand. When called upon, press *6 to unmute your microphone.

VCE staff will acknowledge that you have a public comment to make during the item and will call upon you to make your verbal comment.

Public records that relate to any item on the open session agenda for a regular or special Board meeting are available for public review on the VCE website. Records that are distributed to the Board by VCE staff less than 72 hours prior to the meeting will be posted to the VCE website at the same time they are distributed to all members, or a majority of the members of the Board. Questions regarding VCE public records related to the meeting should be directed to Board Clerk Alisa Lembke at (530) 446-2750 or Alisa.Lembke@ValleyCleanEnergy.org. The Valley Clean Energy website is located at: <https://valleycleanenergy.org/board-meetings/>.

VALLEY CLEAN ENERGY ALLIANCE

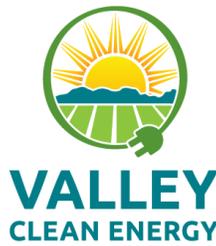
Staff Report – Item 5

TO: Board of Directors
FROM: Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT: Approval December 11, 2025 Board meeting Minutes
DATE: February 12, 2026

RECOMMENDATION

Receive, review and approve the attached December 11, 2025 meeting Minutes.

Attachment: December 11, 2025 Board meeting Minutes



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS REGULAR MEETING
THURSDAY, DECEMBER 11, 2025**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting for Thursday, December 11, 2025 at 5:30 p.m. to be held at City of Davis Community Chambers located at 23 Russell Boulevard, Davis, California 95616. Board Chair Bapu Vaitla established that there was a quorum present and began the meeting at 5:32 p.m.

Board Members Present: Bapu Vaitla (Chair), Jesse Loren (Vice Chair), Tom Stallard, Lucas Frerichs, Donna Neville, Richard Casavecchia, Tania Garcia-Cadena, Sheila Allen

Members Absent:

Welcome and Approval of the Agenda Chair Vaitla welcomed everyone. Director Garcia-Cadena made a motion to approve the December 11, 2025 Agenda, seconded by Vice Chair Loren. Motion passed unanimously.

Public Comment – General and Consent Items Chair Vaitla opened the public comment period on general and consent items. There were no written or verbal public comments.

Approval of the Agenda and Consent Agenda Items / Resolutions 2025-012 and 2025-013 Motion made by Director Garcia-Cadena to approve the Consent agenda items, seconded by Director Casavecchia. Motion passed unanimously. The following items were:
3. approved November 13, 2025 Board Special meeting Minutes;
4. received 2025 and 2026 long range calendars;
5. received legislative update provided by Pacific Policy Group;
6. received November 2025 regulatory update dated December 3, 2025 provided by Keyes & Fox;
7. received Community Advisory Committee November 20, 2025 meeting summary;
8. received summary of VCE Grant activity;
9. approved Amendment Two (2) to the REACH Strategies Agreement as Resolution 2025-012; and
10. approved Amendment Three (3) to Task Order 8 of the Sacramento Municipal Utility District Consultant Agreement for Concierge Services as Resolution 2025-013.



Item 11: Approve 2026 Operating Budget and 2026 Customer Rates (Discussion/Action) Resolution 2025-014

VCE Executive Officer Mitch Sears introduced Edward Burnham, Chief Financial Officer who provided a brief overview of the background on 2026 rates and budget development. He reviewed Staff's recommended 2026 Customer rates. There were no written or verbal public comment.

Director Stallard made a motion to:

1. Approve 2026 VCE Customer Rates:
 1. Standard Green Rates with a 5% discount to PG&E's 2026 generation rates
 - i. Additional 5% discount (10% combined) to PG&E 2026 Rates for CARE/FERA and Medical Baseline customers; and,
 2. Base Green Rate discount of 2.5% to PG&E 2026 generation rates.

This motion was seconded by Director Casavecchia. Motion passed by the following vote:

AYES: Loren, Stallard, Frerichs, Neville, Casavecchia, Garcia-Cadena, Allen, Vaitla

NOES: None

ABSENT: None

ABSTAIN: None

Mr. Burnham reviewed the key factors of the 2026 proposed budget and multi-year forecast.

Motion made by Vice Chair Loren to approve the 2026 Budget with \$46.5 Million of operating revenues and \$62.3 Million of operating expenses for a net loss of \$15.8 M, seconded by Director Garcia-Cadena.

Motion passed by the following vote:

AYES: Loren, Stallard, Frerichs, Neville, Casavecchia, Garcia-Cadena, Allen, Vaitla

NOES: None

ABSENT: None

ABSTAIN: None

Item 12. Approve Greenhouse gas (GHG) Free Attributes for 2026 accepting large

Mr. Sears introduced this item. VCE Staff Chad Curran, Director of Power Services and Sierra Huffman, Senior Financial Analyst – Rates and Power Costs. Mr. Huffman provided a brief background and reviewed site locations, hydropower reform, VCE's history of taking PG&E's GHG free attributes, benefits of accepting the GHG free attributes, key points and Staff's recommendation.



hydro and nuclear.
(Discussion/Action)

The Board and Staff briefly discussed: the effects, if any, of large load Customers; if there were any negatives to not taking the GHG free attributes; current litigation over large hydro; and, possible ecological issues of large hydro resources. There were no written public comments.

Verbal public comment: Christine Shewmaker, former Community Advisory Committee (CAC) member, commented that as in the past she opposes VCE taking nuclear allocations. She also commented that she likes Staff's power content information – past, current and future resources, which supports VCE's goal of 100% carbon-free resources. She stated that she encourages VCE to plan beyond 2030 in obtaining carbon-free resources.

Director Frerichs made a motion to:

1. Accept the 2026 allocation of large hydro GHG-free attributes;
2. Accept the 2026 allocation of nuclear power GHG-free attributes; and,
3. Authorize the Chief Executive Officer to enter into an agreement(s) with PG&E to accept the 2026 Large Hydro and Nuclear GHG-free allocations

This motion was seconded by Vice Chair Loren. Motion passed by the following vote:

AYES: Loren, Stallard, Frerichs, Neville, Casavecchia, Garcia-Cadena, Allen, Vaitla

NOES: None

ABSENT: None

ABSTAIN: None

Item 13: Board Member and Staff Announcements.

Mr. Sears informed those present that VCE is recruiting a vacant Yolo County seat and a recently vacant City of Winters seat on the CAC. Staff plan on bringing applicants for consideration to the Board at their next meeting. Mr. Sears announced that the Board's January 8, 2026 regular meeting has been cancelled, and the next regular meeting is scheduled for Thursday, February 12, 2026.

Mr. Sears informed those present that the VCE Board Chair and Vice Chair positions rotate year to year. The Chair is scheduled to be held by



a Board Member from the City of Winters and the Vice Chair position is scheduled to be held by a Board Member from the City of Woodland.

There were no announcements from the Board Members.

One Board Member expressed concern about the decision to move forward with the “Charge Your Ride”, Phase 2 of the Electric Vehicle program, and requested possibly that this be revisited by Staff and the Board.

Item 14:
Announcement /
Adjournment

Chair Vaitla announced that the Board has cancelled their regular meeting scheduled for Thursday, January 8, 2026. The Board’s next regular meeting is scheduled for Thursday, February 12, 2026 at the City of Davis Community Chambers located at 23 Russell Boulevard, Davis, California 95616. Chair Vaitla adjourned the meeting at 6:23p.m. to the February 12, 2026 regular Board meeting.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 6

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee 2026 Long-Range Calendar

DATE: February 12, 2026

Recommendation

Receive and file the 2026 Board and Community Advisory Committee long-range calendar listing proposed meeting topics. Please note that meeting locations and topics may change.

Attachment: 2026 Board and CAC long range calendar

VALLEY CLEAN ENERGY
2026 Meeting Dates and Proposed Topics
Board and Community Advisory Committee (CAC)
(Note: Meeting locations and Topics are subject to change)

MEETING DATE		TOPICS	ACTION
January 8, 2026 CANCELLED	Board (Woodland)	<ul style="list-style-type: none"> • Oaths of Office for Board Members (Annual – new Members only) (R) (placeholder) • Election of Officers for 2026 (Annual) (R) (placeholder) • Customer Participation Update (4th Quarter 2025) (O) (placeholder) • 2025 Year-end review (R) (placeholder) • VCE Employee Handbook Update (R) (placeholder) • Annual Strategic Plan Report (R) (placeholder) 	<ul style="list-style-type: none"> • Action • Nominations • Information • Information • Action • Information
January 22, 2026	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • Rates/Budget 2026 Update (O) • Customer Participation Update (4th Quarter 2025) (O) • Review and approve 2026 draft CAC Task Group(s) “Charges” (R) • Power Portfolio update (R) • 2025 Year in review: Customer Care & Marketing (R) 	<ul style="list-style-type: none"> • Information • Information • Discussion/Action • Information • Information
February 12, 2026	Board (Davis)	<ul style="list-style-type: none"> • Oaths of Office for Board Members (Annual - new Members only) (R) • Election of Officers for 2026 (Annual) (R) • Customer Participation Update (4th Quarter 2025) (O) • 2025 Year-end review (O) • VCE Employee Handbook update (R) • Annual Strategic Plan Report (R) • Receive CAC 2025 Year-end Task Group Reports (O) 	<ul style="list-style-type: none"> • Action • Nominations • Information • Information • Action • Information • Information
February 26, 2026	Advisory Committee (Davis)	<ul style="list-style-type: none"> • Strategic Plan (O) 	<ul style="list-style-type: none"> • Discussion
March 12, 2026	Board (Woodland)	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •

March 26, 2026	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • Integrated Resource Plan (IRP) Update (Placeholder) 	<ul style="list-style-type: none"> • Discussion/Action
April 9, 2026	Board (Davis)	<ul style="list-style-type: none"> • Receive Enterprise Risk Management Report (Bi-Annual) (R) • Customer Participation update (1st Quarter 2026) (O) • Calendar Year 2025 Audited Financial Statements (James Marta & Co.) (placeholder) (R) • Electric Vehicle Rebate Program (O) • Load Management Standards Update (O) • Power Charge Indifference Adjustment (PCIA) / Rates Workshop (placeholder) (O) • Integrated Resource Plan (IRP) Update (placeholder) 	<ul style="list-style-type: none"> • Information • Information • Action • Discussion/Action • Information • Information • Discussion/Action
April 23, 2026	Advisory Committee (Davis)	<ul style="list-style-type: none"> • Load Management Standards Update (O) • 2025 Net Margin Allocation (R) • Customer Participation update (1st Quarter 2026) (O) • Integrated Resource Plan (IRP) Update (placeholder) 	<ul style="list-style-type: none"> • Information • Discussion/Action • Discussion/Action • Discussion/Action
May 12-14, 2026	CalCCA Annual Conference (Sacramento)	VCE Staff and some Board and CAC members attending	
May 14, 2026 Cancelled, may be rescheduled.	Board (Woodland)	<ul style="list-style-type: none"> • * No meeting due to CalCCA Annual Conference. A special meeting may be scheduled if an urgent matter needs to be addressed. • Integrated Resource Plan (IRP) Update (placeholder) (R) 	<ul style="list-style-type: none"> • Discussion/Action
May 28, 2026	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
June 11, 2026	Board (Davis)	<ul style="list-style-type: none"> • Re/Appointment of Members to Community Advisory Committee (Annual) (R) • Mid-Year 2026 Financial Update (R) • 2025 Net Margin Allocation (R) • Summer Preparedness outlook (O) • Residential Dynamic Pricing Pilot Program (HFP) (O) • Recap of CalCCA May 2026 Annual Conference (O) 	<ul style="list-style-type: none"> • Action • Information • Discussion/Action • Information • Discussion/Action • Information
June 25, 2026	Advisory Committee (Davis)	<ul style="list-style-type: none"> • Summer Preparedness outlook (O) 	<ul style="list-style-type: none"> • Information

*No meeting unless an urgent matter needs to be addressed

July 9, 2026	Board (Woodland)	<ul style="list-style-type: none"> Customer Participation update (2nd Quarter 2026) (O) 	<ul style="list-style-type: none"> Information
July 23, 2026	Advisory Committee (Woodland)	<ul style="list-style-type: none"> * Tentatively no meeting. 	
August 13, 2026	Board (Davis)	<ul style="list-style-type: none"> * Tentatively no meeting. 	
August 27, 2026	Advisory Committee (Davis)	<ul style="list-style-type: none"> Customer Participation Update (2nd Quarter 2026) (O) Power Portfolio Update (O) 	<ul style="list-style-type: none"> Information Information
September 10, 2026	Board (Woodland)	<ul style="list-style-type: none"> Certification of 2025 Power Content Label (Annual) (R) 	<ul style="list-style-type: none"> Action
September 24, 2026	Advisory Committee (Woodland)	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
October 8, 2026 Possibly meeting date conflict with League of Cities Annual Conference	Board (Davis)	<ul style="list-style-type: none"> Enterprise Risk Management Update (Annual) (R) Customer Participation Update (3rd Quarter 2026) (O) Legislative End of Session Update (O) 	<ul style="list-style-type: none"> Discussion/Action Information Information
October 22, 2026	Advisory Committee (Davis)	<ul style="list-style-type: none"> 2025 Power Content Label Outreach (O) Customer Participation Update (3rd Quarter 2026) (O) Legislative End of Session Update (O) 2027 Legislative & Regulatory Platform 	<ul style="list-style-type: none"> Information Information Information Discussion/Action
November 12, 2026	Board (Woodland)	<ul style="list-style-type: none"> 2027 Preliminary Operating Budget (R) Contract Renewals (R) (placeholder) Approve 2027 Legislative and Regulatory Platform 	<ul style="list-style-type: none"> Information/Discussion Discussion/Action Discussion/Action
November 26, 2026 November 19, 2026 (rescheduled to November 19 due to Thanksgiving holiday on Nov. 26 th)	Advisory Committee (Woodland) (Davis)	<ul style="list-style-type: none"> Review CAC Draft 2026 Task Group Year-end Reports (R) GHG Free Attributes (R) (placeholder) 	<ul style="list-style-type: none"> Discussion/Action Discussion/Action

*No meeting unless an urgent matter needs to be addressed

December 10, 2026	Board (Davis)	<ul style="list-style-type: none"> • Approve 2027 Operating Budget (Annual) and 2027 Customer Rates (R) • Receive VCE Grant/Program Annual Report (R) • GHG Free Attributes (R) (placeholder) • Contract Renewals (R) (placeholder) 	<ul style="list-style-type: none"> • Discussion/Action • Information • Discussion/Action • Action
December 24, 2026 December 17, 2026 (rescheduled to December 17 due to Christmas Eve on Dec. 24 th)	Advisory Committee (Davis)	<ul style="list-style-type: none"> • Approve 2026 Task Group Year-end Reports (R) • Power Portfolio Update (R) • Election of Officers for 2027 (Annual) (R) 	<ul style="list-style-type: none"> • Discussion/Action • Information • Nominations
January 14, 2027	Board (Woodland)	<ul style="list-style-type: none"> • Oaths of Office for Board Members (Annual - new Members only) (R) • Election of Officers for 2027 (Annual) (R) • Customer Participation Update (4th Quarter 2026) (O) • 2026 Year in review: Customer Care & Marketing (R) • Receive 2026 Task Group Year-end Reports (R) • VCE Employee Handbook Update (R) • Annual Strategic Plan Report (R) 	<ul style="list-style-type: none"> • Action • Nominations • Information • Information • Information • Action • Information
January 28, 2027	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • Rates/Budget 2027 Update (O) • Customer Participation Update (4th Quarter 2026) (O) • Approve 2027 CAC Task Group(s) "Charges" (R) 	<ul style="list-style-type: none"> • Information • Information • Discuss/Action

PLEASE NOTE: May 12-14, 2026: CalCCA Annual Conference in Sacramento, California

CAC PROPOSED FUTURE TOPICS Topics and Discussion dates may change as needed	<u>ESTIMATED</u> MEETING DATE(S)

*No meeting unless an urgent matter needs to be addressed

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 7 (a)**

TO: Board of Directors

FROM: Edward Burnham, Chief Financial Officer / Treasurer
Mitch Sears, Chief Executive Officer

SUBJECT: Monthly Treasurer’s Report (Informational Item) – October 31, 2025

DATE: February 12, 2026

RECOMMENDATION:

Accept the Treasurer’s report on VCE’s cash, investments, debt, and unaudited financial statements (with comparative year to date information) and Actual vs. Budget year to date for the month ending October 31, 2025.

BACKGROUND & DISCUSSION:

The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, Staff is reporting the Actual vs. Budget variances year to date ending October 31, 2025.

Financial Statements for the period October 1, 2025 – October 31, 2025

In the Statement of Net Position, VCE, as of October 31, 2025, has a total of \$73,345,000 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, and \$1,800,000 restricted assets related to supplier deposits. On October 31, 2025, VCE’s net position was \$89,579,190.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$6,830,862 of revenue (net of allowance for doubtful accounts), of which \$7,640,855 was billed in, and \$4,007,527 represents estimated unbilled revenue. The cost of electricity for the October revenue totaled \$4,627,299. For October, VCE’s gross margin was approximately 34% and the net income totaled \$1,854,294. The year-to-date change in net position was \$26,318,186.

In the Statement of Cash Flows, VCE cash flows from operations were \$2,643,858 due to October cash receipts of revenues being more than the monthly cash operating expenses.

Bank Account Balances (as of 10/31/2025):

Operating Account	\$39,832,783
Insured Cash Sweep Account	\$35,162,773
Debt Service Account	\$1,100,000
CAISO Operational Account	\$6,377,486
Total Cash on Deposit	\$82,473,042

Note: VCE receives 6.19% interest earnings for the average balance on the ICS account and CAISO operational account equal to the Local Agency Investment Fund (LAIF) state investments rate. October 2025 earnings were \$140,891.

VCE's Outstanding Loan Balances (as of 08/31/2025):

Valley Clean Energy Alliance has available at the financial institution a line of credit totaling \$11,000,000 with \$7,000,000 withdrawal limit, which expires on April 15, 2026. The related debt outstanding at the close of business on October 31, 2025 was \$0. VCE has issued, but undrawn, letters of credit for a total of \$266,989 for regulatory.

Actual vs. Budget Variances for the year to date ending October 31, 2025

Below are the financial statement line items with variances >\$50,000 and 5%

- Electric Revenue – (\$11,056,979) and -13% – Unfavorable variance mainly driven by lower load than forecasted by residential and agriculture customers due to mild winter and summer temperatures.
- Purchased Power – \$8,439,957 and 15% – Favorable mainly due to renewable energy credit sales in Q1 and lower load than forecasted by residential and agriculture customers due to mild winter and summer temperatures.
- Labor & Benefits \$424,520 and 24% – Favorable Variance due to vacancy for additional budgeted positions. Recruitments are in progress and expected to be filled in Q4.
- Legal Services \$121,600 – Favorable Variance due to AgFIT to PG&E administered HFP pilot, current year shared regulatory proceedings by CalCCA.
- Programs \$1,799,172 – Favorable Variance due to timing differences in AgFIT closeout, current year program activities, and member agency support services.
- Marketing & Engagement \$146,250 – Favorable Variance due to lower forecasted activities for support of programs and events.
- Other Contract Services (e.g. IRP) 60,000 – Favorable Variance due to the IRP process being delayed by CPUC.

Attachments:

- 1) Financial Statements (Unaudited) October 1, 2025 to October 31, 2025 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending October 31, 2025



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31,

2025 PREPARED ON DECEMBER 17, 2025

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
OCTOBER 31, 2025
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	74,345,000
Accounts receivable, net of allowance	9,979,470
Accrued revenue	4,007,527
Prepaid expenses	426,222
Inventory - Renewable Energy Credits	-
Other current assets and deposits	8,184,369
Total current assets	96,942,588

Restricted assets:

Debt service reserve fund	1,100,000
Total restricted assets	1,100,000

TOTAL ASSETS	\$ 98,042,588
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LIABILITIES

Current liabilities:

Accounts payable	243,673
Accrued payroll	101,638
Interest payable	-
Due to member agencies	-
Accrued cost of electricity	4,156,525
Other accrued liabilities	2,092,100
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	69,462

TOTAL LIABILITIES	\$ 8,463,398
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NET POSITION

Net position:

Local Programs Reserve	1,085,585
Restricted	1,100,000
Unrestricted	87,393,605
TOTAL NET POSITION	\$ 89,579,190

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
OCTOBER 31, 2025
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING OCTOBER 31, 2025	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 6,830,862	\$ 76,700,484
Other revenue	-	\$ 26,530
TOTAL OPERATING REVENUES	6,830,862	76,727,014
OPERATING EXPENSES		
Cost of electricity	4,627,299	47,387,042
Contract services	236,745	2,177,231
Staff compensation	117,291	1,373,585
General, administration, and other	136,124	772,701
TOTAL OPERATING EXPENSES	5,117,459	51,710,560
TOTAL OPERATING INCOME (LOSS)	1,713,403	25,016,455
NONOPERATING REVENUES (EXPENSES)		
Interest income	140,891	1,301,731
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	140,891	1,301,731
CHANGE IN NET POSITION	1,854,294	26,318,186
Net position at beginning of period	87,724,896	63,263,712
Net position at end of period	\$ 89,579,190	\$ 89,581,897

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
OCTOBER 31, 2025
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING OCTOBER 31, 2025	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 10,667,961	\$ 76,470,329
Payments received from other revenue sources	-	26,530
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(7,674,172)	(47,685,863)
Payments for contract services, general, and administration	(373,532)	(3,696,108)
Payments for member agency services	-	-
Payments for staff compensation	(117,291)	(1,373,585)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	2,502,966	23,741,303
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
Net cash provided (used) by non-capital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	140,891	1,301,731
Net cash provided (used) by investing activities	140,891	1,301,731
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	2,643,858	25,043,035
Cash and cash equivalents at end of period	71,340,142	90,006,110
	73,984,000	115,049,145
Cash and cash equivalents included in:		
Cash and cash equivalents	74,345,000	74,345,000
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	\$ 75,445,000	\$ 75,445,000

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
OCTOBER 31, 2025
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING OCTOBER 31, 2025</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 1,713,403	\$ 25,016,455
Adjustments to reconcile operating income to net cash provided		
Depreciation expense		
Increase (decrease) for uncollectible accounts	79,600	763,600
(Increase) decrease in net accounts receivable	2,717,171	(1,591,379)
(Increase) decrease in accrued revenue	1,036,540	(558,229)
(Increase) decrease in prepaid expenses	(36,300)	(85,781)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	11,434	(240,419)
Increase (decrease) in accounts payable	(12,096)	(505,758)
Increase (decrease) in accrued payroll	(50,376)	(49,836)
Increase (decrease) in due to member agencies	-	-
Increase (decrease) in accrued cost of electricity	(3,046,874)	(298,821)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	-	-
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	74,364	1,271,040
Increase (decrease) in user taxes due to other governments	16,101	20,432
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	\$ 2,502,967	\$ 23,741,303

VALLEY CLEAN ENERGY
2025 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 10/31/2025

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 77,637,281	\$ 88,786,000	\$ (11,148,719)	-13%
Electric Revenue	\$ 76,309,021	\$ 87,366,000	\$ (11,056,979)	-13%
Interest Revenues	\$ 1,301,730	\$ 820,000	\$ 481,730	59%
Reimbursable Revenues	\$ 26,530	\$ 600,000	\$ (573,470)	-96%
Purchased Power	\$ 47,387,043	\$ 55,827,000	\$ (8,439,957)	-15%
Purchased Power Base	\$ 47,387,043	\$ 53,170,000	\$ (5,782,957)	-11%
Purchased Power Contingency 5%	\$ -	\$ 2,657,000	\$ (841,378)	-32%
Labor & Benefits	\$ 1,325,480	\$ 1,750,000	\$ (424,520)	-24%
Salaries & Wages/Benefits	\$ 1,023,142	\$ 1,440,000	\$ (416,858)	-29%
Contract Labor	\$ 183,917	\$ 160,000	\$ 23,917	15%
Human Resources & Payroll	\$ 118,421	\$ 150,000	\$ (31,579)	-21%
Office Supplies & Other Expenses	\$ 260,994	\$ 430,100	\$ (169,106)	-39%
Technology Costs	\$ 77,605	\$ 45,600	\$ 32,005	70%
Office Supplies	\$ 5,409	\$ 10,000	\$ (4,591)	-46%
Travel	\$ 13,256	\$ 24,500	\$ (11,244)	-46%
CalCCA Dues	\$ 163,660	\$ 160,000	\$ 3,660	2%
CC Power	\$ -	\$ 180,000	\$ (180,000)	-100%
Memberships	\$ 1,064	\$ 10,000	\$ (8,936)	-89%
Contractual Services	\$ 1,953,713	\$ 2,212,000	\$ (258,287)	-12%
Other Contract Services (e.g. IRP)	\$ -	\$ 60,000	\$ (60,000)	-100%
Don Dame	\$ 2,876	\$ 18,000	\$ (15,125)	-84%
Wholesale Energy Services (TEA)	\$ 672,408	\$ 720,000	\$ (47,592)	-7%
2030 100% Renewable & Storage	\$ -	\$ 25,000	\$ (25,000)	-100%
Customer Support Call Center	\$ 830,288	\$ 805,000	\$ 25,288	3%
Operating Services	\$ 115,560	\$ 100,000	\$ 15,560	16%
Commercial Legal Support	\$ 34,882	\$ 20,000	\$ 14,882	74%
Legal General Counsel	\$ 17,763	\$ 70,000	\$ (52,238)	-75%
Regulatory Counsel	\$ 116,638	\$ 170,000	\$ (53,362)	-31%
Joint CCA Regulatory counsel	\$ -	\$ 16,000	\$ (16,000)	-100%
Legislative - (Lobbyist)	\$ 55,000	\$ 57,500	\$ (2,500)	-4%
Accounting Services	\$ -	\$ 2,500	\$ (2,500)	-100%
Financial Consultant	\$ 48,070	\$ 93,000	\$ (44,930)	-48%
Audit Fees	\$ 60,230	\$ 55,000	\$ 5,230	10%
Marketing	\$ 163,750	\$ 310,000	\$ (146,250)	-47%
Marketing Collateral	\$ 163,720	\$ 270,000	\$ (106,280)	-39%
Community Engagement Activities & Sponsorships	\$ 30	\$ 40,000	\$ (39,970)	-100%
Programs	\$ 65,828	\$ 1,865,000	\$ (1,799,172)	-96%
Program Costs (Rebates, Incentives, etc.)	\$ 159,363	\$ 800,000	\$ (640,637)	-80%
Member Agency Advisory Services	\$ -	\$ 130,000	\$ (130,000)	-100%
AG Fit	\$ (93,535)	\$ 920,000	\$ (1,013,535)	-110%
PIPP Program	\$ -	\$ 15,000	\$ (15,000)	-100%
Rents & Leases	\$ 33,003	\$ 41,000	\$ (7,997)	-20%
Hunt Boyer Mansion	\$ 33,003	\$ 21,000	\$ 12,003	57%
Lease Improvement	\$ -	\$ 20,000	\$ (20,000)	-100%
Other A&G	\$ 443,246	\$ 648,600	\$ (205,354)	-32%
Development - New Members	\$ -	\$ 21,000	\$ (21,000)	-100%
Strategic Plan Implementation	\$ 108,345	\$ 64,000	\$ 44,345	69%
Strategic Plan Update & Community Focus Group	\$ 58,971	\$ 100,000	\$ (41,029)	-41%
PG&E Data Fees	\$ 221,309	\$ 250,000	\$ (28,691)	-11%
Insurance	\$ 54,621	\$ 80,000	\$ (25,379)	-32%
Banking Fees	\$ -	\$ 133,600	\$ (133,600)	-100%
Miscellaneous Operating Expenses	\$ 12,136	\$ 10,000	\$ 2,136	21%
Contingency	\$ -	\$ 200,000	\$ (200,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 51,645,194	\$ 63,293,700	\$ (11,648,506)	-18%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
NET INCOME	\$ 25,992,087	\$ 25,492,300		

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 7 (b)**

TO: Board of Directors

FROM: Edward Burnham, Chief Financial Officer / Treasurer
Mitch Sears, Chief Executive Officer

SUBJECT: Monthly Treasurer’s Report (Informational Item) – November 30, 2025

DATE: February 12, 2026

RECOMMENDATION:

Accept the Treasurer’s report on VCE’s cash, investments, debt, and unaudited financial statements (with comparative year to date information) and Actual vs. Budget year to date for the month ending November 30, 2025.

BACKGROUND & DISCUSSION:

The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, Staff is reporting the Actual vs. Budget variances year to date ending November 30, 2025.

Financial Statements for the period November 1, 2025 – November 30, 2025

In the Statement of Net Position, VCE, as of November 30, 2025, has a total of \$76,653,542 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, and \$1,800,000 restricted assets related to supplier deposits. On November 30, 2025, VCE’s net position was \$88,737,398.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$4,386,879 of revenue (net of allowance for doubtful accounts), of which \$5,004,788 was billed in, and \$3,456,396 represents estimated unbilled revenue. The cost of electricity for the November revenue totaled \$4,902,296 For November, VCE’s gross margin was approximately -8% and the net loss totaled \$841,792. The year-to-date change in net position was \$25,558,750.

In the Statement of Cash Flows, VCE cash flows from operations were \$4,498,782 due to November cash receipts of revenues being more than the monthly cash operating expenses.

Bank Account Balances (as of 11/30/2025):

Operating Account	\$42,040,968
Insured Cash Sweep Account	\$35,284,677
Debt Service Account	\$1,100,000
CAISO Operational Account	\$6,534,935
Total Cash on Deposit	\$84,960,580

Note: VCE receives 6.05% interest earnings for the average balance on the ICS account and CAISO operational account equal to the Local Agency Investment Fund (LAIF) state investments rate. November 2025 earnings were \$143,496.

VCE's Outstanding Loan Balances (as of 08/31/2025):

Valley Clean Energy Alliance has available at the financial institution a line of credit totaling \$11,000,000 with \$7,000,000 withdrawal limit, which expires on April 15, 2026. The related debt outstanding at the close of business on October 31, 2025 was \$0. VCE has issued, but undrawn, letters of credit for a total of \$266,989 for regulatory.

Actual vs. Budget Variances for the year to date ending November 30, 2025

Below are the financial statement line items with variances >\$50,000 and 5%

- Electric Revenue – (\$12,888,100) and -14% – Unfavorable variance mainly driven by lower load than forecasted by residential and agriculture customers due to mild winter and summer temperatures.
- Purchased Power – \$7,206,661 and 12% – Favorable mainly due to renewable energy credit sales in Q1 and lower load than forecasted by residential and agriculture customers due to mild winter and summer temperatures.
- Labor & Benefits \$465,533 and 24% – Favorable Variance due to vacancy for additional budgeted positions. Recruitments are in progress and expected to be filled in Q4.
- Programs \$1,862,053 – Favorable Variance due to timing differences in AgFIT closeout, current year program activities, and member agency support services.
- Marketing & Engagement \$164,825 – Favorable Variance due to lower forecasted activities for support of programs and events.
- Other Contract Services (e.g. IRP) 66,000 – Favorable Variance due to the IRP process being delayed by CPUC.

Attachments:

- 3) Financial Statements (Unaudited) November 1, 2025 to November 30, 2025 (with comparative year to date information.)
- 4) Actual vs. Budget for the year to date ending November 30, 2025



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF NOVEMBER 1 TO NOVEMBER 30, 2025

PREPARED ON FEBRUARY 1, 2026

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
NOVEMBER 30, 2025
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	76,653,542
Accounts receivable, net of allowance	8,467,825
Accrued revenue	3,456,397
Prepaid expenses	400,847
Inventory - Renewable Energy Credits	-
Other current assets and deposits	8,341,819
Total current assets	97,320,429

Restricted assets:

Debt service reserve fund	1,100,000
Total restricted assets	1,100,000
TOTAL ASSETS	\$ 98,420,429

LIABILITIES

Current liabilities:

Accounts payable	244,041
Accrued payroll	109,188
Interest payable	-
Due to member agencies	-
Accrued cost of electricity	5,421,782
Other accrued liabilities	2,095,884
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	12,136
TOTAL LIABILITIES	\$ 9,683,031

NET POSITION

Net position:

Local Programs Reserve	1,085,585
Restricted	1,100,000
Unrestricted	86,551,813
TOTAL NET POSITION	\$ 88,737,398

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
NOVEMBER 30, 2025
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING NOVEMBER 30, 2025</u>	<u>YEAR TO DATE</u>
OPERATING REVENUE		
Electricity sales, net	\$ 4,386,879	\$ 81,087,363
Other revenue	-	\$ 26,530
TOTAL OPERATING REVENUES	<u>4,386,879</u>	<u>81,113,893</u>
OPERATING EXPENSES		
Cost of electricity	4,902,296	52,289,338
Contract services	202,675	2,379,906
Staff compensation	131,716	1,505,301
General, administration, and other	135,480	825,825
TOTAL OPERATING EXPENSES	<u>5,372,167</u>	<u>57,000,371</u>
TOTAL OPERATING INCOME (LOSS)	(985,288)	24,113,523
NONOPERATING REVENUES (EXPENSES)		
Interest income	143,496	1,445,228
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>143,496</u>	<u>1,445,228</u>
CHANGE IN NET POSITION	(841,792)	25,558,750
Net position at beginning of period	89,579,190	63,263,712
Net position at end of period	<u>\$ 88,737,398</u>	<u>\$ 88,822,462</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
NOVEMBER 30, 2025
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING NOVEMBER 30, 2025</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 6,442,229	\$ 82,912,558
Payments received from other revenue sources	-	26,530
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(3,637,040)	(51,322,902)
Payments for contract services, general, and administration	(318,187)	(3,931,938)
Payments for member agency services	-	-
Payments for staff compensation	(131,716)	(1,505,301)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	2,355,286	26,178,946
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
Net cash provided (used) by non-capital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	143,496	1,445,228
Net cash provided (used) by investing activities	143,496	1,445,228
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	2,498,782	27,624,174
Cash and cash equivalents at end of period	73,984,000	73,984,000
	76,482,782	101,608,174
Cash and cash equivalents included in:		
Cash and cash equivalents	76,653,542	76,653,542
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	\$ 77,753,542	\$ 77,753,542

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
NOVEMBER 30, 2025
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING NOVEMBER 30, 2025	YEAR TO DATE
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**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (985,288)	\$ 24,113,523
Adjustments to reconcile operating income to net cash provided		
Depreciation expense		
Increase (decrease) for uncollectible accounts	49,900	813,500
(Increase) decrease in net accounts receivable	1,340,869	(250,508)
(Increase) decrease in accrued revenue	551,130	(7,099)
(Increase) decrease in prepaid expenses	5,775	(80,006)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	19,600	(220,819)
Increase (decrease) in accounts payable	368	(505,390)
Increase (decrease) in accrued payroll	7,550	(42,286)
Increase (decrease) in due to member agencies	-	-
Increase (decrease) in accrued cost of electricity	1,265,257	966,436
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	-	-
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	157,450	1,428,490
Increase (decrease) in user taxes due to other governments	(57,325)	(36,893)
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	\$ 2,355,286	\$ 26,178,946

VALLEY CLEAN ENERGY
2025 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 11/30/2025

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 82,167,656	\$ 95,149,000	\$ (12,981,344)	-14%
Electric Revenue	\$ 80,695,900	\$ 93,584,000	\$ (12,888,100)	-14%
Interest Revenues	\$ 1,445,226	\$ 905,000	\$ 540,226	60%
Reimbursable Revenues	\$ 26,530	\$ 660,000	\$ (633,470)	-96%
Purchased Power	\$ 52,289,339	\$ 59,496,000	\$ (7,206,661)	-12%
Purchased Power Base	\$ 52,289,339	\$ 56,664,000	\$ (4,374,661)	-8%
Purchased Power Contingency 5%	\$ -	\$ 2,832,000	\$ (918,411)	-32%
Labor & Benefits	\$ 1,459,467	\$ 1,925,000	\$ (465,533)	-24%
Salaries & Wages/Benefits	\$ 1,131,122	\$ 1,584,000	\$ (452,878)	-29%
Contract Labor	\$ 198,723	\$ 176,000	\$ 22,723	13%
Human Resources & Payroll	\$ 129,622	\$ 165,000	\$ (35,378)	-21%
Office Supplies & Other Expenses	\$ 271,811	\$ 469,800	\$ (197,989)	-42%
Technology Costs	\$ 85,254	\$ 48,800	\$ 36,454	75%
Office Supplies	\$ 6,077	\$ 11,000	\$ (4,923)	-45%
Travel	\$ 13,256	\$ 25,000	\$ (11,744)	-47%
CalCCA Dues	\$ 166,160	\$ 176,000	\$ (9,840)	-6%
CC Power	\$ -	\$ 198,000	\$ (198,000)	-100%
Memberships	\$ 1,064	\$ 11,000	\$ (9,936)	-90%
Contractual Services	\$ 2,141,721	\$ 2,435,400	\$ (293,679)	-12%
Other Contract Services (e.g. IRP)	\$ -	\$ 66,000	\$ (66,000)	-100%
Don Dame	\$ 3,431	\$ 19,800	\$ (16,370)	-83%
Wholesale Energy Services (TEA)	\$ 746,262	\$ 792,000	\$ (45,738)	-6%
2030 100% Renewable & Storage	\$ -	\$ 27,500	\$ (27,500)	-100%
Customer Support Call Center	\$ 909,988	\$ 885,500	\$ 24,488	3%
Operating Services	\$ 115,684	\$ 110,000	\$ 5,684	5%
Commercial Legal Support	\$ 42,778	\$ 22,000	\$ 20,778	94%
Legal General Counsel	\$ 21,652	\$ 77,000	\$ (55,349)	-72%
Regulatory Counsel	\$ 133,128	\$ 187,000	\$ (53,872)	-29%
Joint CCA Regulatory counsel	\$ -	\$ 17,600	\$ (17,600)	-100%
Legislative - (Lobbyist)	\$ 60,500	\$ 63,250	\$ (2,750)	-4%
Accounting Services	\$ -	\$ 2,750	\$ (2,750)	-100%
Financial Consultant	\$ 48,070	\$ 95,000	\$ (46,930)	-49%
Audit Fees	\$ 60,230	\$ 70,000	\$ (9,770)	-14%
Marketing	\$ 176,175	\$ 341,000	\$ (164,825)	-48%
Marketing Collateral	\$ 175,256	\$ 297,000	\$ (121,744)	-41%
Community Engagement Activities & Sponsorships	\$ 919	\$ 44,000	\$ (43,081)	-98%
Programs	\$ 157,447	\$ 2,019,500	\$ (1,862,053)	-92%
Program Costs (Rebates, Incentives, etc.)	\$ 159,363	\$ 900,000	\$ (740,637)	-82%
Member Agency Advisory Services	\$ -	\$ 143,000	\$ (143,000)	-100%
AG Fit	\$ (1,916)	\$ 960,000	\$ (961,916)	-100%
PIPP Program	\$ -	\$ 16,500	\$ (16,500)	-100%
Rents & Leases	\$ 35,103	\$ 45,100	\$ (9,997)	-22%
Hunt Boyer Mansion	\$ 35,103	\$ 23,100	\$ 12,003	52%
Lease Improvement	\$ -	\$ 22,000	\$ (22,000)	-100%
Other A&G	\$ 474,158	\$ 700,300	\$ (226,142)	-32%
Development - New Members	\$ -	\$ 23,100	\$ (23,100)	-100%
Strategic Plan Implementation	\$ 111,476	\$ 70,400	\$ 41,076	58%
Strategic Plan Update & Community Focus Group	\$ 58,971	\$ 110,000	\$ (51,029)	-46%
PG&E Data Fees	\$ 243,315	\$ 275,000	\$ (31,685)	-12%
Insurance	\$ 60,396	\$ 88,000	\$ (27,604)	-31%
Banking Fees	\$ -	\$ 133,800	\$ (133,800)	-100%
Miscellaneous Operating Expenses	\$ 12,139	\$ 11,000	\$ 1,139	10%
Contingency	\$ -	\$ 220,000	\$ (220,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 57,017,361	\$ 67,663,100	\$ (10,645,739)	-16%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
NET INCOME	\$ 25,150,295	\$ 27,485,900		

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 7 (c)**

TO: Board of Directors

FROM: Edward Burnham, Chief Financial Officer / Treasurer
Mitch Sears, Chief Executive Officer

SUBJECT: Monthly Treasurer’s Report (Informational Item) – December 31, 2025

DATE: February 12, 2026

RECOMMENDATION:

Accept the Treasurer’s report on VCE’s cash, investments, debt, and unaudited financial statements (with comparative year to date information) and Actual vs. Budget year to date for the month ending December 31, 2025.

BACKGROUND & DISCUSSION:

The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, Staff is reporting the Actual vs. Budget variances year to date ending December 31, 2025.

Financial Statements for the period December 1, 2025 – December 31, 2025

In the Statement of Net Position, VCE, as of December 31, 2025, has a total of \$79,013,892 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, and \$1,800,000 restricted assets related to supplier deposits. On December 31, 2025, VCE’s net position was \$94,049,205.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$7,315,915 of revenue (net of allowance for doubtful accounts), of which \$7,460,485 was billed in, and \$3,410,317 represents estimated unbilled revenue. The cost of electricity for the December revenue totaled \$1,645,260. For December, VCE’s gross margin was approximately 78% and the net income totaled \$5,311,807. The year-to-date change in net position was \$30,871,429.

In the Statement of Cash Flows, VCE cash flows from operations were \$3,233,387 due to December cash receipts of revenues being more than the monthly cash operating expenses.

Bank Account Balances (as of 12/31/2025):

Operating Account	\$42,282,795
Insured Cash Sweep Account	\$37,417,161
Debt Service Account	\$1,100,000
CAISO Operational Account	\$7,346,171
Total Cash on Deposit	\$88,146,127

Note: VCE receives 6.05% interest earnings for the average balance on the ICS account and CAISO operational account equal to the Local Agency Investment Fund (LAIF) state investments rate. December 2025 earnings were \$153,000.

VCE's Outstanding Loan Balances (as of 08/31/2025):

Valley Clean Energy Alliance has available at the financial institution a line of credit totaling \$11,000,000 with \$7,000,000 withdrawal limit, which expires on April 15, 2026. The related debt outstanding at the close of business on October 31, 2025 was \$0. VCE has issued, but undrawn, letters of credit for a total of \$266,989 for regulatory.

Actual vs. Budget Variances for the year to date ending December 31, 2025

Below are the financial statement line items with variances >\$50,000 and 5%

- Electric Revenue – (\$12,424,185) and -12% – Unfavorable variance mainly driven by lower load than forecasted by residential and agriculture customers due to mild winter and summer temperatures.
- Purchased Power – \$10,057,407 and 12% – Favorable mainly due to renewable energy credit sales in Q1 and lower load than forecasted by residential and agriculture customers due to mild winter and summer temperatures.
- Labor & Benefits \$469,164 and 23% – Favorable Variance due to vacancy for additional budgeted positions. 2 of 3 successful recruitments completed in Q4.
- Programs \$1,952,260 – Favorable Variance due to timing differences in AgFIT closeout, current year program activities, and member agency support services.
- Marketing & Engagement \$176,890 – Favorable Variance due to lower forecasted activities for support of programs and events.
- Other Contract Services (e.g. IRP) 72,000 – Favorable Variance due to the IRP process being delayed by CPUC.

Attachments:

- 5) Financial Statements (Unaudited) December 1, 2025 to December 31, 2025 (with comparative year to date information.)
- 6) Actual vs. Budget for the year to date ending December 31, 2025



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF DECEMBER 1 TO DECEMBER 31,

2025 PREPARED ON FEBRUARY 1, 2026

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
DECEMBER 31, 2025
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	79,013,892
Accounts receivable, net of allowance	9,580,149
Accrued revenue	3,410,317
Prepaid expenses	389,517
Inventory - Renewable Energy Credits	-
Other current assets and deposits	9,153,055
Total current assets	<u>101,546,929</u>

Restricted assets:

Debt service reserve fund	1,100,000
Total restricted assets	<u>1,100,000</u>

TOTAL ASSETS	<u><u>\$ 102,646,929</u></u>
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LIABILITIES

Current liabilities:

Accounts payable	275,960
Accrued payroll	120,355
Interest payable	-
Due to member agencies	-
Accrued cost of electricity	4,269,113
Other accrued liabilities	2,101,541
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	30,754

TOTAL LIABILITIES	<u><u>\$ 8,597,724</u></u>
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NET POSITION

Net position:

Local Programs Reserve	1,085,585
Restricted	1,100,000
Unrestricted	91,863,620
TOTAL NET POSITION	<u><u>\$ 94,049,205</u></u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
DECEMBER 31, 2025
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING DECEMBER 31, 2025	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 7,315,915	\$ 88,403,278
Other revenue	-	\$ 26,530
TOTAL OPERATING REVENUES	7,315,915	88,429,808
OPERATING EXPENSES		
Cost of electricity	1,645,260	53,934,599
Contract services	210,702	2,590,608
Staff compensation	168,510	1,673,811
General, administration, and other	132,636	957,589
TOTAL OPERATING EXPENSES	2,157,108	59,156,607
TOTAL OPERATING INCOME (LOSS)	5,158,807	29,273,201
NONOPERATING REVENUES (EXPENSES)		
Interest income	153,000	1,598,228
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	153,000	1,598,228
CHANGE IN NET POSITION	5,311,807	30,871,429
Net position at beginning of period	88,737,398	63,263,712
Net position at end of period	\$ 94,049,205	\$ 94,135,140

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2025
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING DECEMBER 31, 2025	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 6,342,689	\$ 89,255,247
Payments received from other revenue sources	-	26,530
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(2,797,929)	(54,120,831)
Payments for contract services, general, and administration	(305,862)	(4,236,932)
Payments for member agency services	-	-
Payments for staff compensation	(168,510)	(1,673,811)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	3,070,387	29,250,202
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
Net cash provided (used) by non-capital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	153,000	1,598,228
Net cash provided (used) by investing activities	153,000	1,598,228
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	76,482,782	76,482,782
Cash and cash equivalents at end of period	79,706,169	107,331,212
Cash and cash equivalents included in:		
Cash and cash equivalents	79,013,892	79,013,892
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	\$ 80,113,892	\$ 80,113,892

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2025
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE</u> <u>PERIOD ENDING</u> <u>DECEMBER 31, 2025</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 5,158,807	\$ 29,273,201
Adjustments to reconcile operating income to net cash provided		
Depreciation expense		
Increase (decrease) for uncollectible accounts	74,400	887,900
(Increase) decrease in net accounts receivable	(1,940,501)	(2,191,012)
(Increase) decrease in accrued revenue	46,080	38,981
(Increase) decrease in prepaid expenses	5,775	(74,231)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	5,556	(215,264)
Increase (decrease) in accounts payable	31,920	(473,471)
Increase (decrease) in accrued payroll	11,167	(31,119)
Increase (decrease) in due to member agencies	-	-
Increase (decrease) in accrued cost of electricity	(1,152,669)	(186,233)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	-	-
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	811,236	2,239,726
Increase (decrease) in user taxes due to other governments	18,618	(18,276)
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	\$ 3,070,387	\$ 29,250,203

VALLEY CLEAN ENERGY
2025 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 12/31/2025

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 89,636,571	\$ 102,195,000	\$ (12,558,429)	-12%
Electric Revenue	\$ 88,011,815	\$ 100,436,000	\$ (12,424,185)	-12%
Interest Revenues	\$ 1,598,226	\$ 990,000	\$ 608,226	61%
Reimbursable Revenues	\$ 26,530	\$ 769,000	\$ (742,470)	-97%
Purchased Power	\$ 53,934,599	\$ 63,992,000	\$ (10,057,401)	-16%
Purchased Power Base	\$ 53,934,599	\$ 60,946,000	\$ (7,011,401)	-12%
Purchased Power Contingency 5%	\$ -	\$ 3,046,000	\$ (926,134)	-30%
Labor & Benefits	\$ 1,630,836	\$ 2,100,000	\$ (469,164)	-22%
Salaries & Wages/Benefits	\$ 1,271,030	\$ 1,728,000	\$ (456,970)	-26%
Contract Labor	\$ 218,361	\$ 192,000	\$ 26,361	14%
Human Resources & Payroll	\$ 141,445	\$ 180,000	\$ (38,555)	-21%
Office Supplies & Other Expenses	\$ 301,891	\$ 509,500	\$ (207,609)	-41%
Technology Costs	\$ 94,269	\$ 52,000	\$ 42,269	81%
Office Supplies	\$ 6,268	\$ 12,000	\$ (5,732)	-48%
Travel	\$ 16,630	\$ 25,500	\$ (8,870)	-35%
CalCCA Dues	\$ 183,660	\$ 192,000	\$ (8,340)	-4%
CC Power	\$ -	\$ 216,000	\$ (216,000)	-100%
Memberships	\$ 1,064	\$ 12,000	\$ (10,936)	-91%
Contractual Services	\$ 2,331,551	\$ 2,643,800	\$ (312,249)	-12%
Other Contract Services (e.g. IRP)	\$ -	\$ 72,000	\$ (72,000)	-100%
Don Dame	\$ 3,799	\$ 21,600	\$ (17,802)	-82%
Wholesale Energy Services (TEA)	\$ 820,718	\$ 864,000	\$ (43,282)	-5%
2030 100% Renewable & Storage	\$ -	\$ 30,000	\$ (30,000)	-100%
Customer Support Call Center	\$ 989,782	\$ 966,000	\$ 23,782	2%
Operating Services	\$ 116,119	\$ 120,000	\$ (3,881)	-3%
Commercial Legal Support	\$ 54,884	\$ 24,000	\$ 30,884	129%
Legal General Counsel	\$ 23,850	\$ 84,000	\$ (60,151)	-72%
Regulatory Counsel	\$ 148,101	\$ 204,000	\$ (55,899)	-27%
Joint CCA Regulatory counsel	\$ -	\$ 19,200	\$ (19,200)	-100%
Legislative - (Lobbyist)	\$ 66,000	\$ 69,000	\$ (3,000)	-4%
Accounting Services	\$ -	\$ 3,000	\$ (3,000)	-100%
Financial Consultant	\$ 48,070	\$ 97,000	\$ (48,930)	-50%
Audit Fees	\$ 60,230	\$ 70,000	\$ (9,770)	-14%
Marketing	\$ 195,110	\$ 372,000	\$ (176,890)	-48%
Marketing Collateral	\$ 193,829	\$ 324,000	\$ (130,171)	-40%
Community Engagement Activities & Sponsorships	\$ 1,281	\$ 48,000	\$ (46,719)	-97%
Programs	\$ 221,740	\$ 2,174,000	\$ (1,952,260)	-90%
Program Costs (Rebates, Incentives, etc.)	\$ 203,348	\$ 1,000,000	\$ (796,652)	-80%
Member Agency Advisory Services	\$ -	\$ 156,000	\$ (156,000)	-100%
AG Fit	\$ 18,392	\$ 1,000,000	\$ (981,608)	-98%
PIPP Program	\$ -	\$ 18,000	\$ (18,000)	-100%
Rents & Leases	\$ 37,203	\$ 49,200	\$ (11,997)	-24%
Hunt Boyer Mansion	\$ 37,203	\$ 25,200	\$ 12,003	48%
Lease Improvement	\$ -	\$ 24,000	\$ (24,000)	-100%
Other A&G	\$ 508,530	\$ 752,000	\$ (243,470)	-32%
Development - New Members	\$ -	\$ 25,200	\$ (25,200)	-100%
Strategic Plan Implementation	\$ 113,776	\$ 76,800	\$ 36,976	48%
Strategic Plan Update & Community Focus Group	\$ 58,971	\$ 120,000	\$ (61,029)	-51%
PG&E Data Fees	\$ 265,357	\$ 300,000	\$ (34,643)	-12%
Insurance	\$ 66,171	\$ 96,000	\$ (29,829)	-31%
Banking Fees	\$ 4,255	\$ 134,000	\$ (129,745)	-97%
Miscellaneous Operating Expenses	\$ 13,009	\$ 12,100	\$ 909	8%
Contingency	\$ -	\$ 240,000	\$ (240,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 59,174,469	\$ 72,844,600	\$ (13,670,131)	-19%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
NET INCOME	\$ 30,462,102	\$ 29,350,400		

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 8**

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: February 12, 2026

Pacific Policy Group, VCE’s lobby services consultant, continues to work with Staff and the Community Advisory Committee’s Legislative - Regulatory Task Group (LRTG) continues to meet and discuss legislative matters. Below is a summary:

California’s Legislature reconvened on January 5, 2026, beginning the second year of the 2025-26 legislative session. For some, the year started a sprint as legislators moved certain two-year bills out of the house of origin by January 31. For most, January was a time to prepare for the introduction of new legislation, but very few bills have been made public at this time. Legislators have until February 20 to introduce bills for consideration in 2026 and the decision last year by leadership in both houses to reduce the number of bills to 35 that each legislator may author is making some impact. Most legislation introduced so far has been in “spot bill” or “intent bill” form where the bill is seeking to carve out a certain policy space but does not have substantive language or detail for VCE make an informed decision on how to engage at this time. Legislators will have to amend these types of bills early in March to get a referral to a policy committee and continue to advance through the process. It is anticipated that policy committees will begin hearing bills in early to mid-March with the most intense period of hearings occurring the latter half of April.

In addition to the activity on legislation, January marks the first step in crafting the state’s next budget. A significant deficit of \$18 billion had been projected by the Legislative Analyst’s Office (LAO) but Governor Newsom’s proposed budget surprised many with a mere \$2.9 billion deficit figure. The Governor and Department of Finance believe that the better than anticipated tax revenue driven by record highs in the stock market thanks to the AI boom will continue to drive capital gains and income tax collections that exceed previous forecasts. While the budget situation for Fiscal Year 2026-27 is roughly balanced, according to the Governor, the same cannot be said for Fiscal Year 2027-28, of which the Governor projects a \$20 billion deficit. When the Governor releases his budget revision in May, the May Revision, it is anticipated there will be a plan to balance the FY 2027-28 budget as well, which could drastically change negotiations in the budget and on legislation.

Lastly for January, it was a month to digest the carousel of movement in the Senate as it relates to committee chairs and members. Most significantly for VCE, out as chair of the Senate Committee on Energy, Utilities and Communications is Senator Josh Becker (Menlo Park), and in is Senator Ben Allen (Santa Monica). Elsewhere, Senator Sabrina Cerbantes (Riverside) steps in as chair for the Senate Appropriations Committee and Senator Angelique Ashby (Sacramento) takes over as Majority Leader.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: February 12, 2026

Please find attached Keyes & Fox’s January 2026 Regulatory Memorandum dated February 4, 2026 an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated February 4, 2026

Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance (VCE) Board of Directors

From: Sheridan Pauker, Partner, Keyes & Fox LLP
Jason Hoyle, Director of Research, EQ Research LLC

Subject: Monthly Regulatory Update

Date: February 4, 2026

Keyes & Fox LLP and EQ Research LLC are pleased to provide VCE's Board of Directors with this informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC) over the past month.

NEW Demand Response Enhancements

Background: This proceeding will enhance demand response (DR) resources statewide by updating guiding principles, policies, and data system and process requirements. Demand response development is closely connected to the implementation of dynamic rates and real-time pricing (RTP), similar to VCE's AgFIT Pilot but across all customer classes.

Recent Developments: A December 30 [Ruling](#) requested comments on the [Staff Proposal](#) to extend Flex Alert funding to 2026. Comments in response to the Ruling were filed on January 20 and reply comments were filed on January 30.

Analysis: Flex Alerts are issued during times of peak demand and grid stress as a request for voluntary reductions in electricity use. The program's contract ended in 2025, and the current proposal is to extend the program through 2026 at the same \$22 million budget level.

Next Steps: A scoping memo is expected. A Staff Proposal on Data Systems and Processes is expected during the first quarter of 2026.

Additional Information: [Ruling](#) and [Staff Proposal](#) (Dec. 30, 2025); [OIR](#) and [Guiding Principles](#) (Sep. 29, 2025); Docket No. [R.25-09-004](#).

IRP Rulemaking (2025)

Background: This new proceeding governs the biennial Integrated Resource Plan (IRP) process, including load serving entity (LSE) procurement requirements, the establishment of a variety of state- and LSE-level load and procurement forecasts, greenhouse gas (GHG) reduction targets, ongoing reliability obligations, and the Commission's oversight of the IOUs' bundled procurement plans. This proceeding continues the work of R.20-05-003 and will be the primary forum for most future CPUC work on the Reliable and Clean Power Procurement Program framework (RCPPP).

Recent Developments: On January 14, the CPUC issued a [Proposed Decision](#) requiring 2029-2032 electric resource procurement and transmitting portfolios for the 2026-2027 Transmission Planning Process. Under the Proposed Decision, **VCE is responsible for procuring a total of 22 MW which are additional to prior Mid-Term Reliability (MTR) procurement requirements**, with 7 MW by 2030 and 15 MW by 2032. On January 16, the ALJ issued a [Ruling](#) setting the IRP filing requirements for LSEs. **The deadline for filing individual LSE IRPs is currently June 1, 2026**, but CalCCA plans to submit a request for the filing deadline to be extended to six months from when the final modeling data are made available. The IRP filing is based on achieving a statewide GHG emissions limit of 25 million metric tons (MMT) in 2035 and 8 MMT by 2045.

Analysis: The additional procurement requirements are intended to encourage LSEs to procure resources that are eligible for the expiring federal tax credit and to bolster reliability, but resource requirements are unchanged from prior MTR procurements and there are no carve-outs for resources with specific characteristics such as long-lead times or long-duration storage. LSEs must file an IRP with at least one portfolio that conforms to standard assumptions, but additional portfolios are allowed for LSEs that choose to include their own assumptions, such as for electrification- and data center-driven load growth. This approach to the IRP requirements will allow the Commission to compare and consolidate LSEs' IRP data based on standardized assumptions, while also preserving alternative scenarios to better plan for future uncertainty.

Next Steps: The Proposed Decision may be heard as soon as the February 26 Commission meeting. Comments on the Proposed Decision are due February 6 and reply comments are due February 11. VCE's next IRP filing is due June 1,

2026, but the deadline may be extended. Comments on IRP filings are due July 15. IOUs' Bundled Procurement Plan updates are now due June 1, comments on proposed updates are expected to be due in Q3, and a proposed decision adopting updated BPPs is now expected in Q4. An ALJ ruling on the "good faith effort" standard for LSE compliance with procurement requirements was expected in Q4 of 2025 but is delayed.

Additional Information: IRP [Ruling](#) (Jan. 16, 2026); [Proposed Decision](#) (Jan. 14, 2026); [Ruling](#) (Jan. 2, 2026); PG&E [AL 7798-E](#) (Dec. 30, 2025); PG&E [AL 7790-E](#) (Dec. 19, 2025); [Scoping Ruling](#) (Oct. 28, 2025); [Ruling](#) (Sep. 30, 2025); [OIR](#) (Jul. 2, 2025); Docket No. [R.25-06-019](#).

PG&E 2023 Phase 2 GRC

Background: Phase 2 General Rate Case (GRC) proceedings determine PG&E's marginal cost of service and revenue requirement allocation among customer classes for a set period (in this case, 2023-2026). This proceeding is also considering extension of existing dynamic rate pilots (including VCE's AgFIT pilot, now expanded across PG&E territory) and other real-time pricing (RTP) pilots as well as post-pilot dynamic rates required by the CEC's Load Management Standards.

Recent Developments: On January 7, the CPUC issued a [Ruling](#) setting the schedule for the Dynamic Rate Options track. The Ruling generally granted PG&E's November 6, 2025, [Motion](#) to first address extension of Hourly Flex Pricing (HFP) pilots before they expire in 2027, and then to address post-pilot dynamic rates in the future. The Ruling declined to adopt PG&E's proposed schedule for full consideration of post-pilot dynamic rates. On January 23, PG&E submitted its Errata testimony. On January 27, an ALJ [Ruling](#) revised the procedural schedule that was suspended by an early January [Ruling](#).

Analysis: The Dynamic Rate Options track is relevant to VCE's AgFIT pilot and potential future extension of this pilot. Under the January 7 Ruling, PG&E will be submitting testimony supporting "stop-gap" RTP pilot extension, and there will be future opportunities for other parties to file responsive testimony and participate in hearings. PG&E's November 6, 2025 Motion stated that its testimony on the "stop-gap" extension of the pilots may include "significant" proposed changes to HFP Pilot rate design.

Next Steps: Intervenor testimony is due March 9, rebuttal testimony is due July 10, a meet and confer will be held July 20, and a Ruling on the need for evidentiary hearings is expected August 7. PG&E's testimony on dynamic rate pilots is due June 8, 2026, and intervenor testimony is due October 30, 2026, or 60 days after the release of the Mid-Term and M&E RTP pilot results. Evidentiary hearings, if necessary, will follow.

Additional Information: [Ruling](#) (Jan. 27, 2026); [Ruling](#) (Jan. 7, 2026); [Ruling](#) (Jan. 2, 2026); [Motion](#) for bifurcated track (Nov. 6, 2025); PG&E [Testimony](#) and [Change Tables](#) (Oct. 29, 2025); [Ruling](#) (Oct. 9, 2025); [Ruling](#) (Aug. 18, 2025); [Request](#) for scoping amendment (Jun. 12, 2025); PG&E [AL 7588-E](#) (May 2, 2025); [Scoping Memo](#) (Mar. 21, 2025); [Application](#) (Sep. 30, 2024); Docket No. [A.24-09-014](#).

PG&E 2026 ERRA Forecast

Background: The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other non-bypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates.

Recent Developments: On January 15, CalCCA filed an [Application for Rehearing](#) (AFR) of [D.25-12-027](#) and PG&E filed a [Response](#) on January 27. The AFR challenges, as legal error, the Commission's use of the new methodology established in the PCIA-ERRA Reform proceeding in June 2025 to adjust the valuation of the market-price benchmark for Resource Adequacy in the Power Charge Indifference Adjustment in this proceeding. The AFR also addresses the valuation of PG&E's pre-2019 banked RECs in this proceeding and requests an oral argument. Additionally, PG&E recently filed two advice letters required by D.25-12-027: [7820-E](#) addressing PG&E's implementation of an "interim" Slice-of-Day methodology for valuing the capacity in its PCIA portfolio, and [7829-E](#) addressing PG&E's tracking of the pre-2019 banked RECs it will use for bundled customers Renewables Portfolio Standard compliance in 2026.

Analysis: The AFR challenges several key components of the ERRA Forecast rates which resulted in rate increases of 24% for residential customers and 65% for residential CARE customers.

Next Steps: If the AFR's request for oral argument is granted, parties will be notified at least 10 days in advance.

Additional Information: PG&E [Response](#) (Jan. 27, 2026); CalCCA [Application for Rehearing](#) (Jan. 15, 2026); PG&E [AL 7797-E](#) (Dec. 30, 2025); [D.25-12-027](#) (Dec. 23, 2025); [Scoping Ruling](#) (Oct. 29, 2025); PG&E [Fall Update](#) (Oct. 15, 2025); [Ruling](#) (Sep. 24, 2025); [Scoping Memo and Ruling](#) (Jul. 31, 2025); PG&E 2026 ERRA Forecast [Application](#) (May 15, 2025); Docket No. [A.25-05-011](#).

PCIA/ERRA Reform

Background: This Rulemaking considers updates and reforms to the Energy Resource and Recovery Account (ERRA) and Power Charge Indifference Adjustment (PCIA) rules and processes with the objectives of improving existing rules, mitigating rate volatility, and ensuring indifference among bundled and departing customers. Track 1 concluded in 2025,

Track 2's scope was revised to consider issues related to the valuation of pre-2019 RECs arising from 2026 ERRA forecast proceedings, and an additional Track 3 will be initiated later in 2026 to review broader issues.

Recent Developments: The Track 2 prehearing conference was held on January 23. An [Amended Scoping Memo](#) was issued on February 3 formalizing the Track 2 issues related to the IOUs' use of pre-2019 banked RECs and their valuation in the PCIA.

Analysis: Track 2 of this proceeding was added specifically to address issues related to the IOUs' use of pre-2019 banked RECs and their valuation with respect to ERRA proceedings and the PCIA. PG&E's use of pre-2019 banked RECs was approved on an interim basis in its 2026 ERRA Forecast proceeding without a corresponding PCIA credit provided to departed now-CCA customers, which results in increased CCA customer costs and decreased bundled customer costs.

Next Steps: Testimony is due March 2, reply testimony is due March 23, a potential staff proposal may be issued by March 27, the evidentiary hearing (if needed) begins April 28, any settlement is due May 15, and a proposed decision is expected by July 31.

Additional Information: [Amended Scoping Memo](#) (Feb. 3, 2026); [Ruling](#) (Dec. 26, 2025); CalCCA [Petition for Writ of Review](#) (Dec. 1, 2025); [D.25-06-049](#) (Jun. 27, 2025); [Scoping Memo](#) (Apr. 8, 2025); ALJ [Ruling](#) (Mar. 21, 2025); [Ruling](#) & [Staff Report](#) on RA MPB (Feb. 26, 2025); [OIR](#) (Feb. 26, 2025); Docket No. [R.25-02-005](#).

RA Rulemaking

Background: This proceeding is the successor to R.23-10-011, and it will address the 2027 and 2028 RA compliance years, local RA obligations for the 2027-2029 and 2028-2030 compliance years, further refinements to the 24-hour Slice-of-Day (SOD) framework. Track 1 will consider accreditation for long-duration energy storage, unforced capacity outage rates for thermal resources, accreditation for solar and wind resources, and transactability within the SOD framework during the first half of 2026. Track 2 will address the planning reserve margin and coordination with the integrated resource plan proceeding.

Recent Developments: Track 1 proposals were filed by parties on January 23. Proposals from [PG&E](#), [CalCCA](#), and other parties supported allowing energy-only resources to count towards the charging sufficiency of energy storage resources. CalCCA also proposed coordination with the California Energy Commission to separate data center load from the RA forecast and to only use actual load rather than forecast load to set RA obligations. One group of [Joint Parties](#) proposed a methodology for including long-duration energy storage resources (i.e., resources that discharge over 8 or more hours) in the SOD framework, and [CalAdvocates'](#) proposed a method for addressing multi-day storage resources that have a charge and discharge cycle longer than 24 hours.

Analysis: Track 1 proposals on counting energy-only resources towards energy storage charging sufficiency will increase the flexibility of charging storage resources, enable more storage resources to be fully valued for RA, and make more efficient use of energy-only resources. Proposals addressing long-duration and multi-day storage resources will fill additional regulatory gaps in the SOD framework, improve alignment between the RA requirements and the reliability procurement requirements, and enable LSEs to plan for the future RA compliance needs when these resources eventually come online.

Next Steps: A workshop on party proposals will be held on February 10-11. An Energy Division report on RA transactability issues is due February 6, transactability proposals are due February 20, and a workshop on transactability will be held February 24. Opening comments on party proposals are due March 6, and reply comments are due March 20. A Track 1 proposed decision is expected in May 2026.

Additional Information: Demand Response Load Impact Protocols (LIP) [Filing Guide](#) (Dec. 23, 2026); [Scoping Memo](#) (Dec. 12, 2025); [OIR](#) (Oct. 15, 2025); Docket No. [R.25-10-003](#).

PG&E 2027 Phase 1 GRC

Background: Phase 1 General Rate Case (GRC) proceedings determine PG&E's overall revenue requirement and classification of costs by function for a set period (in this case, 2027-2030).

Recent Developments: On January 16, an ALJ [Ruling](#) extended the deadline for intervenor and rebuttal testimony on post-2027 electrical undergrounding to February 27 and April 14, respectively. The extension accounts for filing deadlines on related topics established in [Resolution SPD-37](#). On January 26, the Assigned Commissioner issued an [Amended Scoping Memo and Ruling](#) expanding the scope to include SB 254's provisions on wildfire mitigation accounting and requesting party comments. On February 3, the ALJ issued a [ruling](#) requiring PG&E to file supplemental information by February 13 addressing the questions in the ruling related to various issues including overhead maintenance and poles, vegetation management, new business, transformer purchases, clean energy strategy, data centers, and historical and forecast demand data.

Analysis: N/A; CCA issues to be addressed in intervenor testimony due February 13.

Next Steps: Comments on the amended scope are due February 6. Intervenor testimony on most issues in this proceeding is due February 13; intervenor testimony on post-2027 electrical undergrounding is due on February 27. PG&E will also file supplemental information by February 13 addressing the questions in the February 3 ruling.

Additional Information: [Amended Scoping Memo and Ruling](#) (Jan. 26, 2026); [Ruling](#) (Jan. 16, 2026); [Resolution SPD-37](#) (Dec. 10, 2025); [Ruling](#) (Nov. 24, 2025); CalAdvocates/SBUA [Motion](#) (Nov. 6, 2025); [Ruling](#) (Sep. 25, 2025); [Scoping Memo and Ruling](#) (Jul. 31, 2025); [Application](#) (May 16, 2025); Docket No. [A.25-05-009](#).

RPS Rulemaking

Background: This proceeding addresses ongoing Renewables Portfolio Standard (RPS) requirements, including legislative mandates, and other matters related to the purchase of renewable energy. This proceeding is the forum for review of VCE's RPS Procurement Plan and RPS Compliance reports.

Recent Developments: On January 26, VCE's [Amended Confidentiality Motion](#) was filed, as required by [D.25-12-025](#).

Analysis: N/A.

Next Steps: A ruling establishing the requirements for the 2026 RPS Procurement Plan filing is expected in May.

Additional Information: VCE [Amended Confidentiality Motion](#) (Jan. 26, 2026); [D.25-12-025](#) (Dec. 26, 2025); VCE [RPS Compliance Report](#) (Aug. 1, 2025); VCE [2025 Draft RPS Plan](#) (Jun. 30, 2025); [Ruling](#) on 2025 RPS Plans (Apr. 17, 2025); [Notice](#) of RPS Plan Approval (Apr. 3, 2025); [Scoping Memo and Ruling](#) (May 9, 2024); [OIR](#) (Feb. 1, 2024); Docket No. [R.24-01-017](#).

PG&E 2024 ERRa Compliance

Background: The annual ERRa Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

Recent Developments: A [Ruling](#) revising the procedural schedule was issued on February 2, requiring PG&E to file supplemental testimony on March 11, 2026, and parties to file supplemental reply testimony on April 10.

Analysis: Supplemental testimony will address customer-specific vintaging associated with customers who have opted out of CCA service, then opted back in to CCA service, then moved within the incumbent CCA service area.

Next Steps: PG&E will file supplemental testimony on March 11.

Additional Information: [Ruling](#) (Feb. 2, 2026); [Ruling](#) requiring supplemental testimony (Dec. 22, 2025); [Joint Status Conference Statement](#) (Nov. 25, 2025); [Scoping Memo and Ruling](#) (May 2, 2025); PG&E 2024 ERRa Compliance [Application](#) (Feb. 28, 2025); Docket No. [A.25-02-013](#).

PG&E Billing System Modernization

Background: This proceeding addresses PG&E's plan to upgrade its legacy billing system, some portions of which date back to the mid-1990s. PG&E proposed a three-stage upgrade that would ultimately be complete in Q4 2029 and cost an estimated \$761.3 million.

Recent Developments: The ALJ issued an email [Ruling](#) on February 3 cancelling the evidentiary hearings scheduled for February 9 - 11, and notifying parties that a subsequent ruling will be issued for party input on a revised proceeding schedule and supplemental testimony.

Analysis: PG&E noted during the February 3 status conference that it now anticipates delays in BMI project milestones (specifically, it is now targeting a deployment date for the end state billing solution in Q2 2030 rather than Q4 2029, as originally anticipated). In light of this change, parties advocated for supplemental testimony and a delay in hearings, which the ALJ granted.

Next Steps: A ruling is expected soon requesting party input on a revised proceeding schedule and supplemental testimony.

Additional Information: [Ruling](#) (Feb. 3, 2026); [Ruling](#) (Dec. 12, 2025); [Ruling](#) (Nov. 18, 2025); [Ruling](#) (Sep. 11, 2025); [Joint Case Management Statement](#) (Aug. 20, 2025); [D.25-08-008](#) (Aug. 19, 2025); Joint CCA [Testimony](#) (Jun. 30, 2025); [Scoping Memo](#) (Mar. 27, 2025); [Application](#) (Oct. 23, 2024); Docket No. [A.24-10-014](#).

Distribution Interconnection Rules

Background: This rulemaking will review and refine distribution-level interconnection rules under Electric Rule 21, particularly those for distributed energy resources (DER) for PG&E, SCE, SDG&E and the small and multijurisdictional electric utilities.

Recent Developments: The prehearing conference was held on January 16. On January 20, the Commission issued [Draft Comment Resolution E-5436: Increased Funding to Maintain and Expand the California Distributed Generation Statistics Website and Orders to Improve Data Collection Quality in the Investor-Owned Utilities' Online Interconnection Application Interfaces](#). The Draft Resolution increases funding for the Distributed Generation Statistics Website to \$2.6

million under a three-year contact and directs the large IOUs to revise their online interconnection application websites to resolve ongoing data quality issues and increase the comprehensiveness of available data.

Analysis: The Distributed Generation Statistics Website provides policymakers, customers, and installers with current information from interconnections applications submitted to the large IOUs. The increased funding and other updates under this Draft Resolution will improve the website's usefulness for planning with near-real time data on and increase the speed of processing interconnection applications.

Next Steps: The Draft Resolution may be heard as early as the February 24 Commission meeting. A scoping memo and ruling is expected.

Additional Information: [Draft Comment Resolution E-5436](#) (Jan. 20, 2026); [OIR](#) (Jul. 25, 2025); Docket No. [R.25-08-004](#).

City and County of San Francisco Municipalization

Background: The City and County of San Francisco (SF or City or CCSF) filed this Petition in 2021 for a determination by the CPUC of just compensation for acquisition by the City of PG&E property (PG&E distribution system within SF transmission assets needed for operational control, a substation and related assets) pursuant to Public Utilities Code §1401-1421.

Recent Developments: A January 12 ALJ [Ruling](#) partly granted CCSF's Motion to compel PG&E responses, requiring PG&E to provide to CCSF current (2021) revenue and rate base data that PG&E has already provided to Commission Staff, but denying the remainder of the request. On February 2 parties filed comments on updating the procedural schedule.

Analysis: N/A.

Next Steps: Reply comments on updating the procedural schedule are due February 12, and the updated schedule for testimony will be specified in a future ruling.

Additional Information: [Ruling](#) on CCSF Motion to Compel (Jan. 12, 2026); [D.25-10-039](#) (Nov. 6, 2025); [Amended Scoping Memo](#) (Jul. 1, 2025); [Petition](#) (Jul. 27, 2021); Docket No. [P.21-07-012](#).

Utility Safety Culture Assessments

Background: This rulemaking will define safety culture concepts and determine how the safety culture of PG&E and other utilities in California will be assessed and evaluated. The CPUC's Office of Energy Infrastructure Safety will conduct annual wildfire safety-specific assessments of investor-owned utilities as required by AB 1054, and an independent third-party evaluator will conduct safety culture assessments every five years per SB 901. Phase 1 of this proceeding focused on developing safety culture assessments for the large electric and natural gas IOUs, and Phase 2 will develop safety culture assessments for small multi-jurisdiction utilities (SMJUs) and the gas storage operators.

Recent Developments: Party proposals on utility safety culture assessment for SMJUs and gas storage operators were submitted on January 30, and an ALJ [Ruling](#) scheduled a workshop on February 6 for presentations on party proposals.

Analysis: N/A.

Next Steps: A workshop on SMJU and gas storage safety culture assessment proposals will be held February 6. PG&E's first third-party evaluation is scheduled for August 1, 2028. Annual reports are due August 1 of each year between third-party evaluations.

Additional Information: [Ruling](#) (Jan. 27, 2026); [Scoping Memo and Ruling](#) (Aug. 26, 2025); [D.25-01-031](#) (Jan. 23, 2025); [OIR](#) (Oct. 7, 2021); Docket No. [R.21-10-001](#).

Climate Credit OIR

Background: This rulemaking will explore potential approaches to maximize the effectiveness at supporting customer affordability of cap-and-trade program proceeds returned to electric consumers via the state Climate Credit. The proceeding is divided into two tracks, and the current Track 1 has a Phase 1A and a Phase 1B. Phase 1A will address the timing of the distribution of climate credits in 2026 and Phase 1B will address broader changes in the residential Climate Credit.

Recent Developments: On February 3, the Assigned Commissioner issued a [Scoping Memo and Ruling](#) defining the issues for Phase 1A and Phase 1B and requesting comments on questions in the Ruling. In Phase 1A, the CPUC expects to issue a proposed decision in mid-February directing the IOUs to pause distribution of 2026 climate credits until a second decision later in Phase 1A determines whether moving the 2026 Climate Credits to a high-billed month or months would benefit customer affordability.

Analysis: The changes to the state's Climate Credit under consideration in this proceeding may impact customer electric bills in multiple ways. The immediately forthcoming proposed decision will temporarily halt Climate Credit distributions this year pending further consideration of potential changes over the next couple of months. Potential changes to the Climate Credit under consideration in Phase 1B are focused on affordability and include eligibility to receive the credit, the timing of its distribution, number of annual distributions, and the methodology used to calculate the credit.

Next Steps: A proposed decision pausing distribution of 2026 Climate Credits is expected no later than February 13. Comments on questions presented in the ruling are due March 2 and reply comments are due March 9. A proposed decision on moving the 2026 Climate Credits to a high-billed month is expected by March 27.

Additional Information: [Scoping Memo and Ruling](#) (Feb. 3, 2026); [Ruling](#) (Oct. 31, 2025); [OIR](#) (Aug. 20, 2025); Docket No. [R.25-07-013](#).

Disconnections and Reconnections

Background: This proceeding addresses approaches to the disconnection and reconnection of electric customers with a focus on improving energy access and cost containment.

Recent Developments: No recent developments.

Analysis: N/A.

Next Steps: Heat-based disconnection threshold proposals must be implemented by May 1.

Additional Information: CBO [Pilot Recommendations](#) (Dec. 11, 2025); [Ruling](#) granting extension (Oct. 21, 2025); [Ruling](#) (Oct. 13, 2025); [D.25-06-012](#) (Jun. 17, 2025); Phase 2 [Scoping Memo](#) (Jul. 15, 2022); [OIR](#) (Jul. 20, 2018); Docket No. [R.18-07-005](#).

EV Rates & Infrastructure

Background: This rulemaking is the successor to [R.18-12-006](#) and will focus on issues related to 1) timely energization of electric vehicle (EV) charging, 2) transportation electrification grid planning to support charging infrastructure deployment, 3) deployment of behind-the-meter (BTM) charging infrastructure to support state goals, 4) vehicle-grid integration (VGI), and 5) ongoing transportation electrification policy development and collaboration.

Recent Developments: No recent developments.

Analysis: N/A.

Next Steps: The Technical Assistance Program Handbook is due April 6.

Additional Information: [D.25-12-005](#) (Dec. 5, 2025); [Ruling](#) (Oct. 14, 2025); [Ruling](#) (Oct. 1, 2025); PG&E Mid-Term [Report](#) (Sep. 15, 2025); [Joint Report](#) on the CPUC’s Submetering and Telematics Workshop (Jun. 16, 2025); [Joint Report](#) on the Vehicle-Grid Integration Workshop (Jun. 16, 2025); [Scoping Memo and Ruling](#) (Apr. 12, 2024); [OIR](#) (Dec. 20, 2023); Docket No. [R.23-12-008](#).

Building Decarbonization

Background: This proceeding explores reduction of greenhouse gas (GHG) emissions associated with energy use in buildings. The current Phase 4 will consider whether modifications to electric line extension rules would assist under-resourced customers, electric baseline allowance modifications to encourage building decarbonization, and new programmatic approaches to building decarbonization.

Recent Developments: No recent developments.

Analysis: N/A.

Next Steps: N/A.

Additional Information: PG&E [AL 7642-E](#) (Jul. 15, 2025); [D.25-06-034](#) (Jun. 20, 2025); PG&E [AL 5074-G/7615-E](#) (Jun. 5, 2025); [Scoping Memo and Ruling](#) (Jul. 1, 2024); [OIR](#) (Feb. 8, 2019); Docket No. [R.19-01-011](#).

Other Dockets

The following table identifies other tracked dockets that are closed or inactive.

Docket	Name	Status
A.25-03-015	Diablo Canyon 2026	This proceeding was closed by D.25-12-007 , but reopened in response to two Applications for Rehearing (SLOMFP , CARE).
R.20-05-003	IRP	This proceeding was superseded by the new IRP docket, but it remains open to consider the additional procurement requested in ACP-CA’s July 2025 Motion , which is expected to be resolved in Q1 2026.
R.19-09-009	Microgrids	D.24-11-004 adopting implementation rules for multi-property microgrid tariffs and closing the proceeding was issued November 18. Proceeding reopened for pending Application for Rehearing and Petition for Modification .

R.23-03-007	Wildfire Fund NBC 2024-2026	D.25-12-006 set the 2026 Wildfire NBC at \$5.91/MWh - a slight decrease from the 2025 WF NBC charge of \$5.95/MWh.
A.22-05-002	Demand Response Programs (2023-2027)	D.24-04-006 , issued April 24, 2024, ended the Demand Response Auction Mechanism (DRAM) pilot programs of PG&E, SCE, and SDG&E and closed the proceeding. The proceeding was reopened to consider a pending Application for Rehearing .
A.21-06-021	PG&E 2023 Phase 1 GRC	A Proposed Decision to close this proceeding is scheduled to be heard at the February 26 Commission meeting.
A.22-02-015	PG&E 2021 ERRRA Compliance	This proceeding was closed in June 2025 with issuance of D.25-06-045 , but was reopened in response to an August 2025 Application for Rehearing .
R.21-03-011	POLR	The proceeding was closed in January 2026 with issuance of D.26-01-022 .

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Summaries of Community Advisory Committee’s (CAC) December 18, 2025 and January 22, 2026 meetings, and copies of 2025 Task Group Year End Reports

DATE: February 12, 2026

This report summarizes the Community Advisory Committee’s meetings held in person and via Zoom webinar on December 18, 2025 and January 22, 2026.

Thursday, December 18, 2025 Meeting:

- A. **Review and approve CAC Draft 2025 Task Group Year-end Reports.** Each Task Group prepared a draft 2025 year-end report summarizing their activities, accomplishments, challenges and future opportunities. The CAC approved the 1) Legislative & Regulatory, 2) Programs & Outreach, 3) Bioenergy, and 4) Strategic Plan Task Group 2025 Year-End Reports. (7-0-0) Attached for the Board’s information are the Year-end Reports.
- B. **Review draft CAC Local Energy Task Group “Charge”.** The CAC reviewed the first draft of the newly formed Local Energy Task Group “Charge”. The CAC and Staff provided their input on the draft. The final draft will be presented to the CAC at their next meeting along with other draft Task Group Charges.
- C. **Formation of 2026 Task Groups.** The CAC briefly discussed what Task Groups should be formed in 2026. The CAC resolved to reaffirm the formation of the Legislative & Regulatory and Programs & Outreach Task Groups for 2026. (7-0-0) At the CAC’s October 23, 2025 meeting, the Local Energy Task Group (LETG) was formed for 2026. Staff asked that each Task Group prepare a draft Charge for review and feedback for the CAC’s next scheduled meeting.
- D. **Election of Chair and Vice Chair for 2026.** Keith Taylor will serve as Chair and Rahul Athalye will serve as Vice Chair for 2026.

Thursday, January 22, 2026 Meeting:

- E. **Review and approve draft 2026 CAC Task Group Charges.** The CAC reviewed and approved the draft Charges for each of the 2026 Task Groups. (6-0-0) A *summary* of each Task Group Charge follows:

1. Legislative & Regulatory: Provide feedback, recommendations on potential VCE positions on legislation, and technical and strategic input to VCE staff on key legislative and regulatory issues facing VCE and the CCA community in general in 2026.
2. Programs & Outreach: Assist in the development of public information strategies, planning, and materials related to VCE customer marketing, outreach, policies, and programs.
3. Local Energy: Compile and organize educational materials on LER technologies and applications that could be appropriate for VCE's service area and identify potential Local Energy Resources (LER) applications that would be beneficial in VCE's territory and will develop brief initial descriptions.

- F. **Receive Power Portfolio update.** Staff provided an update of VCE's Power Portfolio. CAC members and Staff discussed items such as: compliance periods, power procurement, load forecast, and portfolio performance.
- G. **Receive 2025 year in review: Customer Care and Marketing.** The CAC received highlights of customer care, marketing and programs in 2025. Staff provided an overview of the current and past programs and detailed information about Customer interaction and participation in UltraGreen and programs. CAC Members and Staff discussed items such as: Opt Out rate, savings to customers and how to get this information out to VCE's customers, and Phase 2 of the Electric Vehicle program "Charge Your Ride".

Attachments:

1. Legislative and Regulatory Task Group 2025 Year End Report
2. Programs and Outreach Task Group 2025 Year End Report
3. Bioenergy Task Group 2025 Year End Report
4. Strategic Plan Task Group 2025 Year End Report

**VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE**

**LEGISLATIVE & REGULATORY TASK GROUP (LRTG)
2025 YEAR END REPORT**

Members: Lorenzo Kristov
Jennifer Rindahl (until November 2025)
Rahul Athalye
Ari Halberstadt
Keith Taylor

Primary Staff Contacts: Mitch Sears, Yvonne Hunter

2025 Charge:

Work with VCE staff and VCE's lobbyist to:

- Provide feedback, technical information and strategic advice to VCE staff on key legislative and regulatory issues facing VCE and the CCA community in general in 2025, including legislation and regulatory issues related to VCE's Legislative and Regulatory Platform, Strategic Plan and Environmental Justice Statement.
- Provide periodic reports to the CAC about legislation and regulatory issues.
- Lead CAC discussions to solicit recommendations from the CAC to inform VCE positions on key legislation and regulatory proceedings.
- Contribute to VCE's engagement with legislators, regulatory proceedings and other stakeholders.
- Receive periodic updates about and discuss CalCCA legislative and regulatory priorities, emphasizing how VCE can most effectively contribute.
- Discuss and evaluate potential 2026 Legislative and Regulatory Platform positions related to transport electrification and consideration of wildlife, open space and other impacts of new generation and storage facilities.
- Work with staff to periodically review and update VCE's Legislative and Regulatory Platform for consideration by the CAC and the VCE Board.

Highlights of Activities and Accomplishments in 2025

During 2025, the Leg/Reg Task Group met bi-weekly with staff and VCE's lobbyist and worked closely with them. During 2025 the Task Group:

1. Reviewed pending legislation; provided feedback, technical and policy information, and strategic guidance on legislative and regulatory issues; discussed and recommended VCE positions and legislative strategies for pending legislation and regulatory issues. Salient energy related issues for the Legislature in 2025 included energy affordability, wildfire risks and costs (following the Los Angeles fires in January), safety of utility-scale batteries (following the Moss Landing fire), and uncertainties around the growth and impacts of extremely large loads (data centers) anticipated in the next several years. Special attention

was devoted to discussing and advising on how best to engage legislators and regulators on issues of key importance to CalCCA and VCE.

2. Reviewed and discussed California state budget issues that affect matters of concern to VCE and all CCAs. For example, after the successful Demand Side Grid Services (DSGS) demonstration program in the summer, a program utilizing customer participation to provide grid relief during extreme peak load conditions, funding for the program was cut from the final budget. Restoration of DSGS funding is expected to be a 2026 legislative issue, as well as other measures to advance customer-side participation in and compensation for electric grid support.
3. Discussed and provided input on selected regulatory proceedings of interest to VCE. These included PCIA, the Self-Generation Incentive Program (SGIP) and Resource Adequacy (RA) proceedings. Other proceedings discussed by the LRTG included the following.
 - In the CPUC RA proceeding on the new Slice of Day structure, the CPUC rejected proposals by CalCCA and CCAs including VCE, to allow hourly trading of capacity between LSEs, a measure which could have reduced VCE's RA costs.
 - In the SGIP proceeding, VCE, CalCCA, and other CCAs advocated for changes to make CCA customers eligible to receive SGIP benefits, and the IOUs supported these changes. However, the CPUC denied the relevant Advice Letters submitted by CCAs.
 - The current CPUC Integrated Resource Planning (IRP) proceeding, which requires VCE to file its own plan, was delayed during the year and will be a major topic in 2026.
 - Late in the year the CPUC opened a new proceeding on Demand Response, which is at an early stage and will be continued in 2026.
4. Provided periodic updates to the CAC on key legislative and regulatory issues.
5. Received and discussed periodic updates about CalCCA legislative and regulatory activities, including critical opportunities for VCE to engage and lobby its legislators and provide input to CPUC and CEC proceedings.
6. Discussed proposed legislation to implement the Pathways Initiative (SB 540, revised as AB 825 at end of session). The Task Group provided comments about the proposal to staff and made a presentation about it to the full CAC. Following discussion of the Pathways bill in the LRTG and at CAC meetings, VCE did not take a position on the legislation.
7. Updated the Legislative and Regulatory Platform for 2026 for review by the CAC and VCE Board, including adding positions related to transport electrification and consideration of wildlife, open space and other impacts of new generation and storage facilities.

Challenges

1. Identifying those legislative and regulatory topics where VCE has a significant interest and can make a difference given VCE's limited resources. This is particularly challenging with regard to CPUC proceedings because there are so many that affect retail electricity customers, they continue to proliferate, they are extremely chronophagic and there is no VCE staff person assigned to track regulatory activities.
2. How to be most effective in the legislative and regulatory arenas given VCE's limited resources.

3. How best to respond to the often negative views of CCAs by regulatory agencies and some legislators and change the narrative to a positive message about the role of CCAs in the energy landscape.

Opportunities

1. Play a role in educating VCE staff, the CAC, VCE board and CalCCA about policy and regulatory developments and ways to advance opportunities and benefits for deploying distributed energy resources (DER). For example, the CPUC Integrated Resource Plan proceeding will be an important venue in which to explore beneficial DER projects, since VCE must prepare and file its own IRP. In 2026 the new CAC Local Energy Task Group is expected to focus on identifying and evaluating practical DER-related opportunities..
2. Continue to monitor and where feasible engage with legislative opportunities that can benefit VCE customers, such as Demand-Side Grid Support, Virtual Power Plants, and EV bi-directional charging.
3. Pursue ways for VCE to become more engaged with CalCCA and other CCAs. Of particular importance will be to work with CalCCA to educate legislators and their staff about PCIA and the negative impacts on ratepayers served by CCAs that have resulted from continual changes to the methods for determining PCIA to favor the IOU bundled service customers. For example, CalCCA recently filed a legal action (“Writ of Review”) identifying inappropriate retroactive ratemaking in the CPUC’s latest decision on PCIA. It will be important for VCE to follow this and other relevant activities related to PCIA.

**VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE**

**PROGRAMS & OUTREACH TASK GROUP (POTG)
2025 YEAR-END REPORT**

Members: Mark Aulman
David Springer
Diccon Westworth

Primary Staff Contacts: Rebecca Kuzynski

2025 Charge:

Collaborate with VCE staff and consultants on policies, procedures and programs aimed at improving the customer experience and customer satisfaction in VCE, including:

1. Assist in the development of public information strategies, planning, and materials related to VCE customer marketing, outreach, policies and programs. As requested by staff, review draft materials and provide comments as appropriate; assist with customer-facing community outreach to, and liaison with, member communities.
2. Help define audience segments within VCE's service area and consult on appropriate messages and communications approaches; provide a sounding board to assist in message development and copy testing. Conduct review of marketing materials at the draft (pre-release) stage upon request from staff. Assist with planning for focus groups in VCE service territory to better assess customer needs and preferences.
3. Assist with identification of statewide program opportunities and development of strategies for disseminating information on eligibility, rebate amounts, stacked incentives, and other details; assist Staff with finding and applying for external funding for potential programs.
4. Collaborate with Staff on an annual update to the 3-year Programs Plan, discuss 2025 program implementation with Staff; assist with the update of 2022 program design/implementation forms and program prioritization for implementation in 2025.
5. As requested by the Director of Customer Care and Marketing, provide outreach and messaging support for the efforts of other CAC task groups, as well as outreach to VCE's participating jurisdictions to encourage collaborative dissemination regarding programs, energy savings tips, rebates/incentives etc. on their websites and social media platforms.
6. Provide summaries and updates at monthly CAC meetings on Task Group activities.

Highlights of Accomplishments:

- Assisted in the development of Phase 2 of the EV rebate pilot program (Charge Your Ride) which will provide low-income residents with EV rebates of \$3500, p to \$35,000 in charging incentives (per project) for multi-family properties, and enhanced customer support through Electric Advisor to help shepherd multi-family property owners through the rebate and installation process. POTG reviewed program elements several times over the course of 2025 and was instrumental in helping staff to finalize the program, including marketing and outreach strategy, program design elements, and incentive amounts. Charge Your Ride was approved at the Board's November 2025 meeting.
- Assisted in refining Strategic Plan Goals related to Programs, Marketing, and Outreach. The Strategic Plan was approved by the Board in 2025, after several public-facing workshops and deploying other feedback gathering tools.
- POTG members continue to keep a finger on the pulse of, and help develop materials for, customer-facing materials to navigate and benefit from incentive programs such as TECH Clean California, an initiative to hasten the transition to electric space and water heating in residential homes.
- POTG members continue to brainstorm with staff on how to best support low-income households in the adoption of electrification, as well as steps VCE can take to include renters.
- Provided input on the design and marketing of programs developed through 3rd party partnerships, including:
 - **REDWDS or Responsive, Easy Charging Products with Dynamic Signals** - Received initial approval for funding from the California Energy Commission. Implementation of this program is expected to begin in 2024.
 - **Smart Home Energy and Load Flexibility (SHELF) program** – VCE is working with UC Davis and Panasonic to develop a program that is designed to shift residential load by offering load modification technologies along with dynamic rates, to residential customers.
- Due to limitations on staff time, POTG efforts are invaluable. Members may move forward to support staff on specific items that best suit their interests and industry expertise.

Lessons Learned – Challenges and Opportunities:

Challenges:

- Limited staff time to develop, market, and manage programs, especially as programs continue to grow in complexity and scope.
- Partnerships have proven to be time-consuming but productive.

Opportunities:

- Continue to learn from experiences of other CCAs on programs that have worked well for their customers.

- Potential to add staff and/or hire consultants to help with program implementation.
- Engage with Staff on availability of funding as reserves build.
- Support Staff with specific needs as time permits, such as ideas for and review of website updates, strategies to maximize customer access to incentives, and identification of future program and outreach needs.
- Collaborate with Yolo, Woodland, Davis, and Winters Climate Action Commissions and Cool Davis.
- Potential to collaborate with other public utilities.

**VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE**

**BIOENERGY TASK GROUP
2025 YEAR-END REPORT**

Members: Danielle Ballard
Diccon Westworth
Mark Aulman

Staff Lead: N/A (was Director of Power Procurement)

Summary:

The charge of the Bioenergy Task Group is to collaborate with VCE staff on development of recommendations to the Community Advisory Committee (CAC) on bioenergy electricity generation which may be applicable to Valley Clean Energy.

Specific tasks enumerated in the 2025 charge and respective outcomes to date:

Task 1: *Identify bioenergy-based power generation technologies and resources which are currently available or may become available to Valley Clean Energy.* **Outcome to date:** While VCE potentially could benefit from the addition of baseload resources such as bioenergy to its portfolio in the 40-50MW range, adequate resources have not been identified to date. The Task Group agrees with staff that VCE could benefit from the creation of a small-scale request for information (RFI) solicitation relating to the potential availability of small, locally situated projects. There are no results to report at this time.

Task 2: *Engage with external information sources including subject matter experts, relevant stakeholders, other CCAs, and others.* **Outcome to date:** The categories of information pertinent to 2025 Task Group Charge are yet to be determined, due to the absence of an appropriate RFI solicitation.

Task 3: *Provide summaries and updates at monthly CAC meetings on Bioenergy Task Group activities, including recommendations as appropriate.* **Outcome to date:** Task Group meetings and participation by CAC members have been paused, effective December 2024, contingent on staff assessment of a RFI solicitation relating to small-scale, locally sited projects. As of December 2025, resumption of Task Group activity has not been requested by staff, and for this reason Task Group activity remains suspended. Resumption of Task Group activity may occur if requested by staff.

**VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE**

**STRATEGIC PLAN TASK GROUP (SPTG)
2025 YEAR END REPORT**

Members: Danielle Ballard (Chair)
Lorenzo Kristov
Rahul Athalye
Ari Halberstadt

Primary Staff Contacts: Edward Burnham, Mitch Sears

2025 Charge

The CAC Strategic Plan Task Group will assist VCE Staff with the planning and development of a Major Update focusing on VCE achieving better energy outcomes for its customers and communities by guiding the organization's actions. The original 3-year (2021-2023) Strategic Plan was approved by the Board on October 8, 2020; on July 13, 2023, the Board adopted Strategic Plan Guidelines for a comprehensive alignment "rolling" approach; and, on September 14, 2023, the Board approved the 2021-2023 strategic plan minor update and extension of the plan through the end of 2025.

Specifically, the Task Group will:

- (1) conduct a more detailed comprehensive review/update, including a review of VCE's Vision/Mission and existing goals and objectives,
- (2) participate with Staff in conducting workshops at various levels of the organization, including community stakeholder engagement, to obtain input to be incorporated into the Major Update,
- (3) focus on incorporating changing legislative, regulatory, customer, economic, and other requirements into the Major Update,
- (4) identify changes in the overall CCA environment (economics, policy, technology, etc.) and describe their relevance for VCE,
- (5) provide summaries and updates at monthly CAC meetings on Task Group activities.

Highlights of Accomplishments in 2025

During 2025, the Strategic Plan Task Group met regularly in support of the development of the 2026-2029 Strategic Plan Major Update including the following activities:

1. Strategic Planning Review Framework: VCE followed its Board-adopted Strategic Plan Guidelines, which emphasize a balanced, multi-year approach for analysis of the major update.
2. Stakeholder Engagement: The Strategic Plan Task Group participated in the two public workshops focused on financial strength, procurement, community engagement, and decarbonization. STPG also included the customer survey feedback, which was distributed to over 45,000 contacts, gathering both quantitative and qualitative responses.
3. Draft Development and Iteration: The initial Major Update draft in early 2025, incorporated feedback from the Task Group, the full CAC, public workshops, and survey results. Key themes included affordability, local distributed energy resources, and support for vulnerable customers.
4. Plan Refinement: Based on input, objectives were revised to emphasize cost-effective renewable energy strategies, rate competitiveness, and community resilience.
 - a. Notably, Goal 2 was updated to reflect current renewable energy projections, project costs, and enable VCE to develop strategies for local distributed energy resources, as described under Objective 2.3.
5. Board and CAC Review: Draft versions were reviewed by the CAC in July and August 2025, with a final Board workshop in September 2025 based on recommendations from the SPTG.

The Strategic Plan Task Group concluded with the adoption of the Strategic Plan. The Board adopted the 2026-2029 Strategic Plan at the October 14, 2025, meeting, located [here](#).

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors
FROM: Rebecca Kuczynski, Chief Customer Officer
SUBJECT: Quarterly Customer Participation Update (Information)
DATE: February 12, 2026

RECOMMENDATION

Receive the attached quarterly Customer Participation update reflecting the time period of October 1, 2025 through December 31, 2025 (Quarter 4 2025).

Attachment: Quarterly Report - Customer Participation update

Item 11 – Customer Participation Update

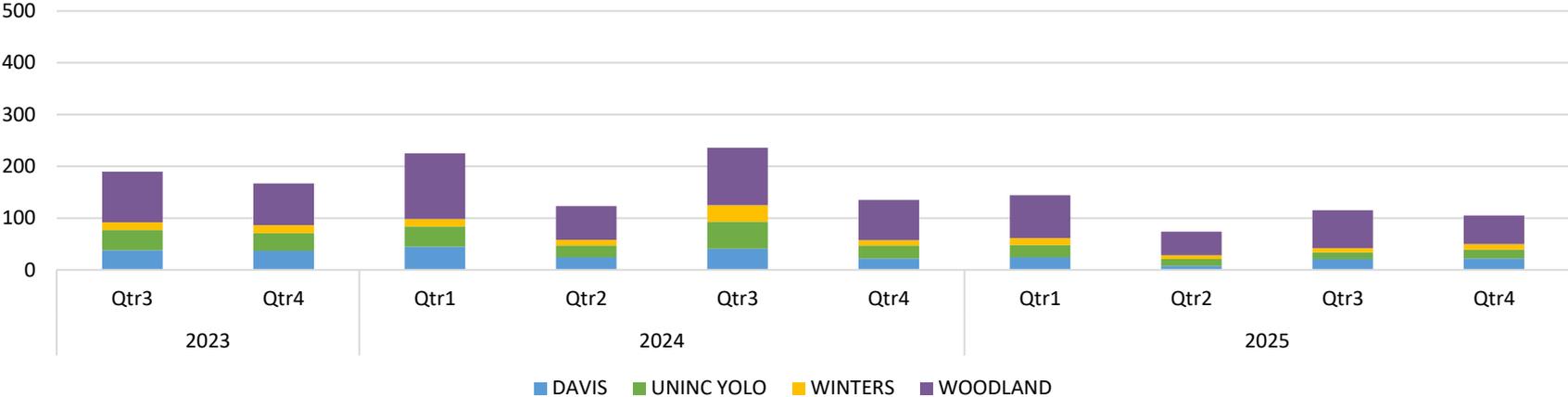
	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	NEM	Non-NEM
VCEA customers	28,741	20,633	2,632	10,852	62,858	54,840	6,095	11	1,912	15,455	47,403
Eligible customers	30,144	24,173	3,095	12,491	69,903	60,960	6,775	11	2,157	17,379	52,524
Participation Rate	95%	85%	85%	87%	90%	90%	90%	100%	89%	89%	90%

% of Load Opted Out

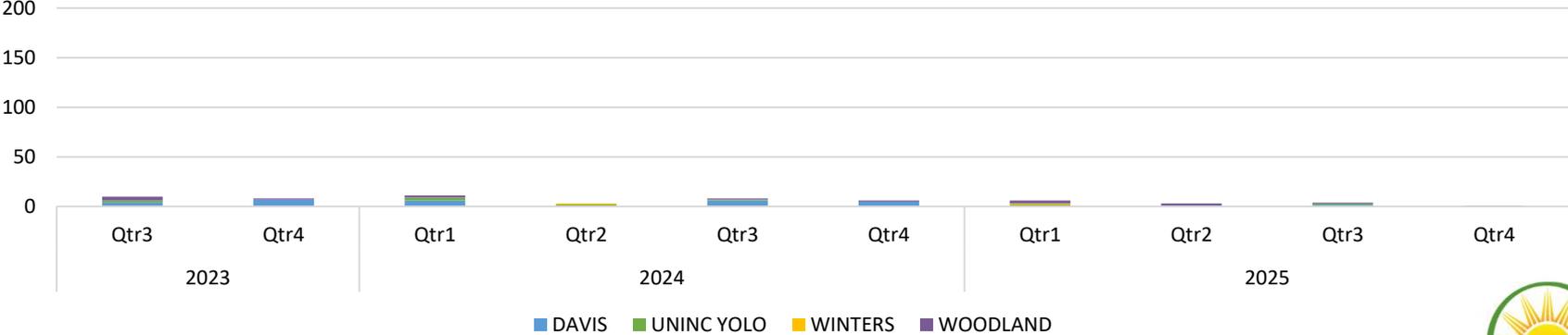
	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	Total
% of Load Opted Out	7%	10%	12%	11%	10%	10%	10%	0%	11%	10%
% of Load Opted Up	3%	1%	0%	1%	1%	0%	3%	0%	0%	1%

Item 11 – Customer Participation Update

Quarterly Opt-Outs



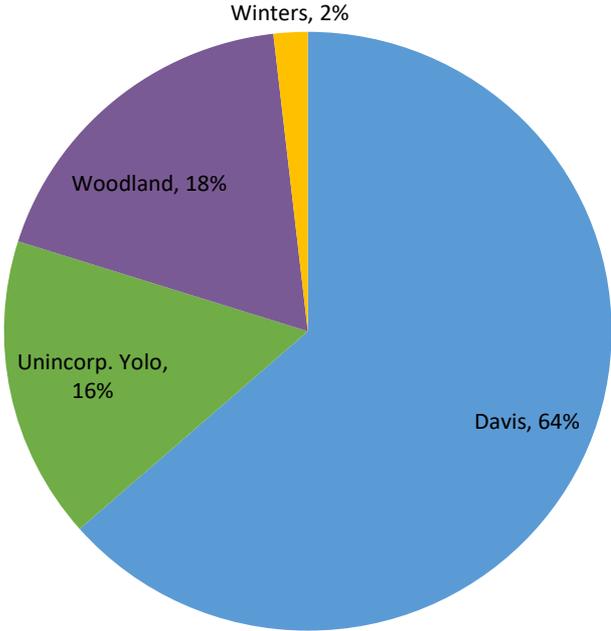
Quarterly Opt-Ups



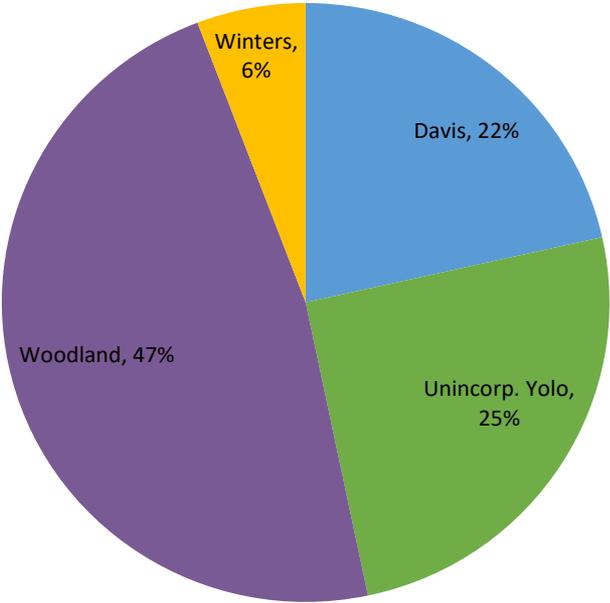
VALLEY
CLEAN ENERGY

Item 11 – Customer Participation Update

551 Opt-Ups



12,755 Opt-Outs



These pie charts are based on total opt-ups and opt-outs since launch. The percentages in the charts are the percentages of those opt-ups and opt-outs by TOT (town or territory).



VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 12**

TO: Board of Directors

FROM: Mitch Sears, Chief Executive Officer
Edward Burnham, Chief Financial Officer

SUBJECT: Update to Valley Clean Energy Employee Handbook (February 2026)

DATE: February 12, 2026

Recommendation

1. Adopt a resolution for updates to the VCE Handbook, as highlighted below and detailed in Attachment 1 - Employee Handbook (February 2026) Redline.

Background & Discussion

VCE's Employee Handbook includes policies and guidelines for human resources and benefits offered to employees. The VCE Employee Handbook is maintained to comply with the latest practices and remain competitive with compensation packages provided by other CCAs.

The Board adopted an Employee Handbook in January 2018 with an initial update in January 2019. The Handbook was updated on July 11, 2019, in coordination with legal counsel to maintain consistency with new laws and personnel requirements. The VCE Employee Handbook is updated annually to remain current.

Attachment 1 - Employee Handbook (February 2026) includes the following key updates (shown in redline highlights in the attachment):

- Parental Leave (PG 41) provides regular employees with additional paid parental leave for dedicated time to care for and nurture their newborn or newly adopted child.
- Medical contribution (PG 35-36) amounts to remain competitive and parity to market rates from \$2,479.00 to \$2,913.00 for insurance benefits.

Staff requests that the Board approve these changes detailed in the attached Employee Handbook (February 2026) redline to maintain best human resources practices and a competitive benefits package. The 2026 budget included an increased medical benefit to maintain employee medical coverage. VCE's legal counsel Richards Watson Gershon has reviewed and approved all changes in the attached updated Employee Handbook.

Attachments

1. Employee Handbook (February 2026) Redline
2. Employee Handbook (February 2026) Clean
3. Resolution 2026-XXX



VALLEY
CLEAN ENERGY

Employee Handbook

Updated

February ~~13~~2, ~~2025~~2026

Table of Contents

Welcome To Valley Clean Energy	5
Introductory Policies	6
Introduction & Future Revisions.....	6
Our Working Relationship	6
Open Communication Policy	6
Equal Employment Opportunity.....	6
Unlawful Harassment	7
Employment Policies and Practices.....	9
Classification of Employees	9
Rehired/Converted Employees	10
Job Duties	10
Work Schedules	10
Personnel Records.....	11
Inspection of Payroll Records	11
Layoffs and Work Reductions.....	11
Employment Termination.....	11
Employment Verification and References.....	12
Timekeeping and Attendance	12
Punctuality and Attendance	12
Timekeeping Requirements for Non-Exempt Staff	13
Meal and Rest Periods for Non-Exempt Staff.....	13
Overtime Time Provisions for Non-Exempt Staff	13
Make Up Time for Non-Exempt Staff	14
Exempt Employee Time Off.....	14
Lactation Accommodation	14
Payment of Wages.....	14
Advances.....	15
Payroll Deductions, Wage Attachments and Garnishments	15
Reporting Time Pay	15

Payment for Hours Worked During Business Travel for Non-Exempt Staff	15
Pay for Mandatory Meetings for Non-Exempt Staff	1516
Standards of Conduct	16
Professional Business Conduct and Ethics	16
Performance Evaluations.....	17
Problem Resolution	19
Alcoholic Beverage Consumption.....	19
Drug and Alcohol Abuse	19
Customer and Public Relations.....	21
Confidentiality	21
Conflict of Interest.....	22
Solicitation.....	22
Media Contact	22
Employment of Friends or Relatives.....	2223
Personal Relationships in the Workplace.....	23
Dress Policy.....	24
Day to Day Operations	24
Employer and Employee Property.....	24
Electronic Systems and Privacy	2425
Social Media Guidelines	25
Telephone Usage	27
Cell Phone Usage	27
Workplace Monitoring	28
Travel Expense Policy	28
Agency Property and Equipment.....	28
Personal Use of Agency Property	2930
Driving Record and Insurance.....	30
Health and Safety	30
Smoking Policies	3031
Security	31
Workplace Violence.....	31
Off-Duty Use of Facilities	3132

Parking	32
Employee Suggestion Program.....	32
Employee Benefits.....	32
Benefits.....	32
Official Health Plan Documents.....	32
Paid Time Off (PTO)	3233
Holidays	35
Insurance Benefits	35
Domestic Partners	38
Cal-COBRA	38
Recreational Activities and Programs.....	38
Leaves of Absence	38
Medical Leaves of Absence	39
Bereavement Leave	39
Bone Marrow and Organ Donation Leave.....	40
Civil Air Patrol Leave	40
Domestic Violence and Sexual Assault Victim Leave.....	40
Jury Duty or Witness Leave	41
Military Leave	41
<u>Parental Leave</u>	41
Pregnancy Disability Leave	4142
Integration With Other Benefits.....	4342
Continuation of Medical Benefits.....	4342
School Appearance Leave.....	4342
Time Off for Victims of a Violent or Serious Crime	43
Time Off to Vote	43
Volunteer Emergency Duty Leave	43
Workers' Compensation.....	4443
Return to Work Policy	4443
Receipt and Acknowledgment of VCE Employee Handbook.....	44
Receipt and Acknowledgement of VCE Handouts.....	4645

Welcome To Valley Clean Energy Alliance

DATE

Dear VCE Employee:

INSERT COVER LETTER HERE

Sincerely,

Mitch Sears
Chief Executive Officer

Introductory Policies

Introduction & Future Revisions

We hope you will find your employment with Valley Clean Energy Alliance (“VCE” or “Agency”) to be both rewarding and challenging. Our staff are key to VCE’s success and we carefully select our new employees. This handbook is not a contract, express or implied, nor does it guarantee employment for any specific length of time.

The policies included in this handbook are guidelines only and are subject to change as VCE deems appropriate. From time to time you may receive notice of new or modified policies, procedures, benefits, or programs. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

Our Working Relationship

VCE does not offer tenure or any other form of guaranteed employment. Either VCE or the employee can terminate the employment relationship at any time, with or without cause, with or without notice. This is called Employment At Will. This employment at will relationship exists regardless of any other written statements or policies contained in this handbook or any other Agency documents or any verbal statement to the contrary.

No one except VCE’s Chief Executive Officer (CEO) can enter into any kind of employment relationship or agreement that is contrary to the previous statement. To be enforceable, such relationship or agreement must be in writing, signed by the CEO, approved by the VCE Board.

Open Communication Policy

At VCE, courtesy, tact and consideration should guide each employee in relationships with fellow workers and the public. It is mandatory that each employee show maximum respect to every other person in the organization. The purpose of communication should be to help others and to make our business run as effectively as possible, thereby gaining the respect of our colleagues and customers.

Equal Employment Opportunity

VCE is an equal opportunity employer and makes employment decisions on the basis of merit and business need. VCE’s policies prohibit unlawful discrimination based on race, color, religious creed, gender, pregnancy (or related medical condition), genetic information, genetic characteristics, gender identity, gender expression, religion, marital status, military or veteran status, age, national origin or ancestry, physical or mental disability, medical condition, sexual orientation, or any other consideration made unlawful by federal, state or local laws. All such discrimination is contrary to VCE policy.

Reasonable Accommodation.

When necessary under the California Fair Employment and Housing Act and the Americans with Disabilities Act, VCE will reasonably accommodate an employee or applicant with a disability if the employee or applicant is otherwise qualified to safely perform all of the essential functions of the position.

We will make reasonable accommodations when requested to comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability. VCE will engage in a timely, good-faith, interactive process to determine a reasonable accommodation, if any, in response to a request for reasonable accommodation by an employee or applicant with a known physical or mental disability or known medical condition. VCE will consider all requests for accommodation, but retains discretion to determine what, if any, accommodation to provide.

Unlawful Harassment

VCE intends to provide a work environment that is pleasant, professional, and free from intimidation, hostility or other offenses which might interfere with work performance. Harassment of any sort - verbal, physical, or visual - will not be tolerated. This includes both sexual harassment as well as harassment based on an employee's status in a protected class. These classes include, but are not necessarily limited to race, color, religion, age, gender, genetic information, genetic characteristics, gender identity, gender expression, sexual orientation, pregnancy (or related medical condition), national origin or ancestry, disability, medical condition, marital status, veteran status, military status, or any other protected status defined by law. This policy also prohibits unlawful harassment based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. This policy extends to unlawful harassment of VCE employees by any other VCE employees, vendors, independent contractors, customers, or others with whom employees may come into contact with during their work for VCE.

Our workplace is not limited to our facilities, but may also include customer and vendor facilities, as well as anywhere a business-related function, or social function sponsored by VCE, is taking place.

What Is Workplace Harassment?

Workplace harassment can take many forms. It may be, but is not limited to, words, signs, offensive jokes, cartoons, pictures, posters, e-mail jokes, social media communication, messages or statements, pranks, intimidation, physical assaults or contact, or violence. It may also take the form of other vocal activity including derogatory statements not directed to the targeted individual but taking place within their hearing. Other prohibited conduct includes written material such as notes, photographs, cartoons, articles of a harassing or offensive nature, and taking retaliatory action against an employee for discussing or making a harassment complaint. In addition, this policy protects employees against conduct from all individuals in the workplace, such as fellow employees, supervisors, outside customers, vendors, independent contractors, or other non-employees who conduct business with our agency.

What Is Sexual Harassment?

Sexual harassment may include unwelcome sexual advances, requests for sexual favors, or other verbal or physical contact of a sexual nature. When this conduct creates an offensive, hostile and intimidating working environment, it may prevent an individual from effectively performing the duties of their position. It also encompasses such conduct when it is made a term or condition of employment or compensation, either implied or stated and when an employment decision is based on an individual's acceptance or rejection of such conduct.

It is important to note that harassment crosses age and gender boundaries and cannot be stereotyped. Among other perceived unconventional situations, sexual harassment may involve two women or two men. Harassment

may exist on a continuum of behavior. For instance, one example of harassment may be that of an employee showing offensive pictures to another employee.

Generally, two categories of harassment exist. The first, "quid pro quo," may be defined as the demand for sexual favors in exchange for improvement or continuance in your working conditions and/or compensation. The second category, "hostile, intimidating, offensive working environment," can be described as a situation in which unwelcome sexual advances, requests for sexual favors, or verbal or other conduct creates an intimidating or offensive environment. Examples of a hostile, intimidating, and offensive working environment include, but are not limited to, pictures, cartoons, symbols, or items found to be offensive. An employee may have a claim of harassment even if he or she has not lost a job or other economic benefit.

Responsibility

All VCE employees, and particularly supervisors, have a responsibility for keeping our work environment free of harassment. Any employee who becomes aware of an incident of harassment, whether by witnessing the incident or being told of it, must report it to their immediate supervisor, the CEO or a management representative with whom they feel comfortable. When supervisors become aware of the existence of conduct that could violate this policy, they are obligated to take prompt and appropriate action, whether or not the recipient of the harassment wants VCE to do so.

Reporting

If you believe you have been harassed by any agency employee, customer, contractor, or other business contact, you are required to report it to your supervisor or any other member of management. While we encourage you to communicate directly with the alleged harasser, and make it clear that the harasser's behavior is unacceptable, it is not required that you do so. It is essential, however, to notify a member of management immediately even if you are not sure the offending behavior is considered harassment. Any incidents of harassment must be immediately reported. At any time if you feel that you are in immediate harm and do not have time to contact either the CEO or your supervisor, seek assistance from any management representative.

Appropriate investigation and disciplinary action will be taken. All reports will be promptly investigated. However, confidentiality cannot be guaranteed. Any employee found to have harassed any employee will be subject to severe disciplinary action up to and including termination. VCE will also take any additional action necessary to appropriately remedy the situation. Retaliation of any sort will not be permitted. No adverse employment action will be taken for any employee making a good faith report of alleged harassment.

All employees must report any incidents immediately so that complaints can be quickly and fairly resolved. The California Department of Fair Employment and Housing ("DFEH") investigates and may prosecute complaints of harassment. Whenever an employee thinks he or she has been harassed or that he or she has been retaliated against for resisting or complaining, that employee may file a complaint with the DFEH. The nearest DFEH office is listed in the telephone book or on-line.

Harassment and Retaliation Prohibited

VCE prohibits any form of harassment on a protected basis that impairs an employee's working ability or emotional well-being at work. VCE also prohibits any employee from retaliating in any way against anyone who has raised any concern about harassment or discrimination against another individual. We will investigate any

complaint of harassment, discrimination, and retaliation and will take immediate and appropriate disciplinary action if any such conduct has been found within the workplace.

Employment Policies and Practices

Classification of Employees

A new hire will be classified as either “exempt” or “non-exempt.”

Non-exempt employees are entitled to overtime pay for hours worked in excess of forty (40) hours per workweek.

Exempt employees are those employees whose duties and responsibilities allow them to be “exempt” from provisions as provided by the Federal Fair Labor Standards Act (FLSA) and any applicable state laws. If you are an exempt employee, you will be advised that you are in this classification at the time you are hired, transferred, or promoted. Participation in VCE’s benefits programs may be affected by your employment status or classification.

All employees of VCE whether exempt, non-exempt, full-time, part-time, or temporary are employed at-will.

1. The EXEMPT status applies to certain administrative, professional, and executive staff. Exempt employees qualify for exemption from overtime regulations under state and federal law and their salaries already take into account that they may work long hours.
2. The NON-EXEMPT status applies to all other regular employees. Non-exempt employees receive extra pay for overtime work (as described in the overtime section of this employee handbook). Employees working in non-exempt positions are compensated for the actual amount of time spent on their job and are entitled to receive time and one-half (1 ½) their regular rate of pay for each hour worked in excess of forty (40) hours in a work week.
3. FULL-TIME employees work on a regular basis for at least 40 hours per week. Full-time employees may or may not be EXEMPT. They are eligible for all benefits available through work at VCE, so long as they meet the applicable requirements, such as length of service.
4. PART-TIME employees are regularly scheduled to work fewer than 40.0 hours per week. Part-time employees who are regularly scheduled to work a minimum of 30 hours per week are entitled to all benefits as explained later in this employee handbook according to a prorated formula based on their average hours worked compared to a standard 40.0 hour workweek. Part-time employees who are regularly scheduled to work less than 30 hours per week are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the CEO.
5. TEMPORARY EMPLOYEES are hired with the understanding that their employment will not continue beyond a stated date or beyond completion of a specified project or projects. Temporary employees will generally not be employed for more than 6 months. Temporary employees are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the CEO.
6. INTERNS are employees who are gaining supervised practical experience in a professional field. Interns may be paid, but are not eligible for any benefits listed in this employee handbook except as required by law.

Recruitment

VCE will conduct an appropriate recruitment, depending on the needs of the organization and the position involved. Open positions may or may not be posted to solicit outside candidates. If you are aware of a vacancy and are interested in being considered for the position, you should discuss the matter with your current supervisor.

Rehired/Converted Employees

If you meet eligibility requirements for rehire at the time of your separation from VCE, you may apply for any open position for which you are qualified. Former employees will be considered along with all other applicants, and have no greater chance of being selected for employment than all other applicants.

If you are rehired by VCE or convert from part-time to full-time status, your length of service with VCE for all purposes will be calculated from the rehire date or the date of conversion to full-time status.

Employees who are involuntarily terminated for performance reasons or for violation of agency policy are ineligible for rehire. In addition, employees who voluntarily resign may still be ineligible for re-hire if VCE learns of circumstances that would have justified termination for performance-based reasons regardless of when that information is acquired.

Job Duties

Your supervisor will explain your job responsibilities and the performance standards expected of you. Your job responsibilities may change at any time during your employment; for example you may be asked to work on special projects or to assist with other work necessary or important to the operation of VCE. It is expected that VCE will have your cooperation and assistance in performing such additional work.

VCE also may, at any time, with or without notice, alter or change your job responsibilities, reassign or transfer your position, or assign you additional job responsibilities depending on business needs.

Work Schedules

VCE's normal business hours are 8:00 a.m. through 5:00 p.m., Monday through Friday. Your supervisor will assign your individual work schedule, and you are expected to be ready to perform your work at the start of your scheduled shift. Flexible work schedules and telecommuting may be accommodated with the approval of your supervisor. Alternative work arrangements are not an entitlement or employee benefit. A supervisor may end the arrangement at any time for any reason or without cause. All changes to normal working hours, flexible work schedules, and telecommuting arrangements should be documented with your supervisor and HR representative.

On occasion, work schedules may fluctuate with customer demand and business needs. If a change in your work schedule is required, your supervisor will notify you at the earliest opportunity. You may be required to work overtime or hours other than those normally scheduled. Exempt employees are required to work as many hours as are necessary to complete the responsibilities of their positions.

Personnel Records

A personnel file will be confidentially maintained for each VCE employee. You may review your personnel file during regular business hours upon making a request to the CEO. An appointment will be made for the purpose of allowing the review.

VCE will treat your personnel records as confidential and private. However, there are certain times when information may be given to a person outside VCE. These include:

1. In response to a subpoena, court order, or order of an administrative agency;
2. To a governmental agency as part of an investigation by that agency of VCE's compliance with applicable law;
3. In a lawsuit, administrative proceeding, grievance, or arbitration in which you and VCE are parties;
4. In a workers' compensation proceeding;
5. To administer employee health benefit plans;
6. To a health care provider, when necessary;
7. To a first aid or safety personnel, when necessary; and
8. Information will be disclosed to prospective employers in accordance with the section on Employment Verification and References.

Please promptly notify the CEO of any changes in your personal data. Keeping your file up-to-date can be important with regard to pay, deductions, benefits and other matters. Coverage or benefits that you and your family may receive under VCE's benefits package could be negatively affected if the information in your personnel file is incorrect.

Inspection of Payroll Records

Employees and former employees have the right to inspect and obtain copies of their own payroll records as required by applicable law. All requests must be submitted in writing to VCE's CEO. Responses will be provided as required by law. Individuals who make a request may be asked to provide identification and may be required to pay for the cost of making the copies.

Layoffs and Work Reductions

VCE may implement layoffs. Employees will be selected for layoff at VCE's discretion based on a combination of factors, including, but not necessarily limited to: business needs, employee performance and productivity, qualifications, attendance, attitude, ability and willingness to work the required days and hours, and the ability to work cooperatively with others in the affected work unit.

The weight given to the above factors may vary depending upon the particular needs of the affected work unit and VCE as a whole at the time of the layoff.

Employment Termination

VCE strives to ensure a smooth transition for employees leaving VCE.

VCE and its employees have an employment relationship that is known as "employment at will." This means that employees are not required to work for VCE for any set period of time nor is VCE required to employ individuals

for any specific length of time. **The statements made in this policy do not alter, modify or limit the employment at will relationship.** An “at-will” employee is subject to termination of employment at any time VCE concludes it appropriate to do so.

Involuntary separation from service means that the termination action is being initiated by VCE, rather than by the employee. In general, employees who are discharged by VCE are not eligible for rehire. However, employees who are terminated due to layoff or restructuring may be eligible for rehire or recall at VCE’s discretion.

VCE will consider you to have voluntarily terminated your employment if you do any of the following:

1. Resign from VCE;
2. Fail to return from an approved leave of absence on the date specified by VCE, or;
3. Fail to report to work or call in for 3 consecutive work days

In the event that you resign voluntarily, we ask – but do not require – that you provide two weeks’ notice to allow for a smooth transition and training of any replacement personnel.

All agency property such as office equipment, credit cards, keys, manuals, computer equipment, and cell phones must be returned on or prior to the last day of employment. You should return these items to your immediate supervisor.

Final wages for time worked, plus any pay for unused but accrued PTO, will normally be paid on your last day of employment, but no later than the next regularly scheduled payday.

Employment Verification and References

When VCE receives a request for references or employment verification, VCE will disclose only the dates of employment and the title of the last position held. VCE will provide a prospective employer with your last earned wage or salary only at your written request. VCE will release additional information only with a signed authorization and waiver of liability in a form acceptable to VCE.

Only the CEO is authorized to respond to requests for employee references and verification of employment. No other supervisor or employee is authorized to provide references for current or former employees.

As an employee of VCE, all requests for information regarding another employee must be forwarded to the CEO.

Timekeeping and Attendance

Punctuality and Attendance

Regular attendance and punctuality are “essential functions” of your job. You are expected to maintain regular attendance during all scheduled work hours, report to work on a timely basis, and work through the end of your regularly scheduled workday. Chronic absenteeism or lateness will not be tolerated and will result in discipline, up to and including termination. In the event of an unscheduled absence, please abide by the following:

- You must personally call your supervisor prior to the start of your shift if you are unable to report to work, or will be late to work, on any particular day.

- You are expected to advise another management representative of your absence if you are not able to reach your supervisor and leave a telephone number where you can be reached.
- You may not have a relative or friend call in to report your absence, unless you are unable to call yourself due to a medical or other emergency.
- If you call after the start of your shift you will be considered tardy for that day.
- You are expected to provide your supervisor with explanation of your absence or tardiness and inform your supervisor of the expected duration of the absence. If you are absent for medical reasons, you do not need to disclose the underlying medical condition.
- With the exception of certain extenuating circumstances, you must call in each day you are scheduled to work and will not report to work.

Repeated absenteeism or tardiness (whether excused or not) is not tolerated. Continuing patterns of absences, early departures, or tardiness - regardless of the exact number of days—may warrant disciplinary action, up to and including termination of employment. Emergency or extraordinary circumstances concerning an absence or tardiness will be considered, and we reserve the right to make an exception to this policy if, at our discretion, an exception is warranted. Repeated car failures, missing the bus, consistently failing to arrange back-up childcare or oversleeping do not constitute emergency or extraordinary circumstances. We reserve the right to determine what is considered excessive absenteeism. In all cases, we will make accommodations for qualified employees with disabilities where required by law.

If you fail to report for work for three (3) consecutive days without any notification to your supervisor, we will consider that you have abandoned your employment, and have resigned your position.

Timekeeping Requirements for Non-Exempt Staff

Applicable law requires VCE to keep an accurate record of time worked. Employee time records are official VCE records and must be accurately maintained. You must input your own time at the start and at the end of each workday, and at the start and end of each lunch hour. Completing another employee's time record or intentionally falsifying a time record is a serious violation and may result in immediate termination of employment. If a time record needs to be corrected, both you and your supervisor must initial the change in the time record to verify its accuracy.

Meal and Rest Periods for Non-Exempt Staff

Employees will generally be provided with at least a 30-minute lunch break per day, which can be scheduled by your supervisor to best accommodate the workday.

Overtime Time Provisions for Non-Exempt Staff

As necessary, you may be asked to work overtime. Only actual hours worked in a given workday or workweek will be counted in determining which hours constitute overtime. We will attempt to distribute overtime evenly and accommodate individual schedules. A supervisor must previously authorize all overtime work. Any overtime worked without prior authorization may be grounds for discipline. We provide compensation for all overtime hours worked by non-exempt employees as follows: All hours worked in excess of forty (40) hours in one workweek will be treated as overtime.

Hours worked for purposes of overtime do not include an unpaid meal period, or hours away from work due to PTO, sickness, holiday, jury duty, or other absences from work. No overtime compensation will be paid to exempt employees. Exempt employees may have to work hours beyond their normal schedules, as work demands require.

Make-Up Time for Non-Exempt Staff

Make-Up time is defined as when a non-exempt employee asks his or her supervisor for additional time off to attend to personal matters. If the request is granted, this time off will be without pay. If you wish to make up this missed time, you may submit a "Make-Up Time Request Form" to your supervisor before the make-up time is worked. It is within the supervisor's discretion to grant the request. Make-Up time must be worked in the same workweek as the missed time (including prior to the missed time) in order not to incur overtime. You may not work over forty (40) hours total in the week including make-up time.

Exempt Employee Time Off

Exempt employees of VCE are paid a salary, which compensates them for working as many hours as required to complete their job duties. Exempt employees do not receive overtime pay. We realize, however, that in instances of extraordinary additional pressure or increased work hours, it may be appropriate for supervisors to recognize the exempt employee's efforts by granting the employee extra time-off separate from and in addition to the employee's accrued PTO time. In order to achieve consistency among supervisors and fairness to the exempt employees, supervisors should use the following guidelines when exercising their discretion to grant additional time off:

1. Limit the amount of additional time-off to no more than two days;
2. Require the employee to take the time-off in the week immediately following the increased hours whenever possible and;
3. Do not allow employees to accumulate any granted but unused time-off

Lactation Accommodation

VCE will provide a reasonable amount of break time to accommodate an employee desiring to express breast milk for the employee's infant child. The break time shall, if possible, run concurrently with any break time already provided to the employee. VCE shall provide the employee with the use of a room or other location, other than a toilet stall, in close proximity to the employee's work area, for the employee to express milk in private. If special arrangements are made to provide a non-exempt employee extra time beyond her normal rest period, the time will be unpaid.

Payment of Wages

Paydays are semi-monthly, the 15th and last day of the month. There are 24 pay periods in a year. The workday (a 24-hour, consecutive period) begins at 12:01 a.m. and ends at midnight. The workweek begins on Sunday and ends on Saturday.

If a regular payday falls on a weekend or holiday, you will be paid on the first day of work prior to the regularly scheduled payday. If there is an error on your check, please report it immediately to your supervisor.

For your convenience, we offer a direct deposit option.

Advances

We do not permit advances against paychecks or against unaccrued PTO.

Payroll Deductions, Wage Attachments and Garnishments

VCE makes certain deductions from every employee's paycheck. Among these are applicable federal, state, and local income taxes, social security and Medicare taxes, state disability insurance contributions, and paid family leave contributions. By law, VCE is also required to honor legal attachments and garnishments of an employee's wages or salaries. If your wages are attached, we will withhold the specified amount to satisfy the terms of the attachment.

Reporting Time Pay

Reporting time pay will be paid under the following conditions:

1. Reporting time pay to non-exempt is owed when you report to work at your regularly scheduled time, but you are given less than half the usual or scheduled day's work. In this case, you will be paid for at least half of the hours you were scheduled to work, but never less than two hours pay, and never more than four hours pay.
2. Reporting time pay is also owed if you are required to report to work a second time in any one (1) workday and are given less than two (2) hours work on the second reporting. In this case you will receive at least two (2) hours pay for the second appearance.

These provisions do not apply if you are on a paid "standby" or "on call" status. In some instances, you may not receive reporting time pay. Reporting time pay does not apply if public utilities fail, such as water, gas, electricity, or sewer and/or when work is interrupted by an "act of God" or other causes not within VCE's control.

Payment for Hours Worked During Business Travel for Non-Exempt Staff

Whenever possible, non-exempt employees traveling on agency business are expected to do so during normal working hours. In the very rare instance where your travel time constitutes overtime, you will be paid overtime as required by law. Non-exempt employees will be paid for all hours worked, including out of town travel time, at regular and overtime pay rates according to the law. Pay for travel time may be at a rate of pay that is less than the employee's normal rate of pay.

If you are non-exempt and traveling on business, you will not be paid for time between work assignments; e.g., if you stay the night in a hotel, pay begins when you begin to work, or are in transit. Travel is to be scheduled in advance, in writing by your supervisor, with the knowledge of the CEO.

Non-exempt travel may be approved on an as-needed basis, but only with prior authorization from your supervisor.

Pay for Mandatory Meetings for Non-Exempt Staff

VCE will pay you for your attendance at meetings, lectures and training programs if all of the following conditions are met:

1. Attendance is mandatory (i.e. required by VCE).

2. The meeting, course, or lecture is directly related to your job.
3. You are notified of the necessity for such meetings, lectures, or training programs by your supervisor (i.e. pre-approval by management is required)

If you meet the above conditions, you will be compensated at your regular rate of pay. If you are required to travel, then travel pay will be provided. You will not receive compensation for voluntary attendance in courses that are conducted outside of normal business hours and/or that are not directly related to your current job.

Standards of Conduct

Professional Business Conduct and Ethics

By accepting employment with VCE, you have a responsibility to VCE and to your fellow employees to adhere to certain codes of behavior and conduct. The purpose of these rules is to ensure that you understand what conduct is expected and necessary. When each person is aware that he or she can fully depend upon fellow workers to follow the rules of conduct, then our agency will be a better place for everyone to work.

Generally speaking, we expect you to act in a mature and responsible way at all times. VCE values honesty in communication and personal responsibility. To avoid any possible confusion, some of the more obvious unacceptable activities are noted below. If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed, please ask for an explanation.

Occurrences of any of the following violations, because of their seriousness, may result in disciplinary action up to and including immediate suspension or termination:

Unacceptable Activities:

1. Generally, conduct which is disloyal, disruptive, or damaging to VCE.
2. Falsification of timekeeping records.
3. Dishonesty; falsification or misrepresentation on your application for employment or other work records; lying about sick or personal leave; falsifying reason for a leave of absence or other data requested by VCE; alteration of agency records or other agency documents.
4. Working under the influence of alcohol or illegal drugs, including marijuana.
5. Theft or inappropriate removal or possession of agency property or the property of fellow employees; unauthorized use of agency equipment and/or property for personal reasons.
6. Possession, distribution, solicitation, sale, transfer, or use of alcohol or illegal drugs, including marijuana, in the workplace, while on duty, or while operating agency-owned vehicles or equipment.
7. Fighting, threatening, or coercing fellow employees on agency property or during working hours, for any purpose.
8. Boisterous or disruptive activity in the workplace.
9. Negligence or any careless action leading to damage of agency-owned or customer-owned property or which endangers the life or safety of another person.
10. Obscene or abusive language toward any supervisor, employee or customer; indifference or rudeness towards a customer or fellow employee; any disorderly/antagonistic conduct on agency premises.

11. Insubordination or other disrespectful conduct; refusing to obey instructions properly issued by your supervisor pertaining to your work; refusal to help out on a special assignment.
12. Violation of security or safety rules or failure to observe safety rules and/or practices; failure to wear required safety equipment; tampering with VCE equipment or safety equipment.
13. Creating or contributing to unsanitary conditions in the workplace.
14. Smoking in prohibited areas.
15. Any act of harassment, sexual, racial or other; telling sexist or racist jokes; making racial or ethnic slurs.
16. Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace.
17. Excessive absenteeism; failure to report an absence or late arrival.
18. Unauthorized absence from work station during the workday; sleeping or loitering during working hours.
19. Unauthorized use of telephones, mail system, or other agency-owned equipment.
20. Originating, spreading, or taking part in malicious gossip or rumors about employees of VCE.
21. Unauthorized disclosure of business "secrets" or confidential information; giving confidential or proprietary information to competitors or other organizations or to unauthorized VCE employees; breach of confidentiality of personnel or agency information.
22. Violation of agency rules or policies; any action that is detrimental to VCE's efforts to operate profitably.
23. Unsatisfactory or careless work; failure to meet production or quality standards as explained to you by your supervisor.
24. Soliciting during working hours and/or in working areas; selling merchandise or collecting funds of any kind for charities or others without authorization during business hours, or at a time or place that interferes with the work of another employee on agency premises.
25. Gambling on agency property.
26. Failure to immediately report any damage or accident involving agency equipment or vehicles.
27. Failure or refusal to comply with the work schedule, including mandatory overtime.
28. Using, removing, or borrowing agency equipment or property without prior authorization.
29. The use of abusive or threatening language or actions toward anyone.

This list is not exhaustive. Rather, we ask that you keep in mind at all times the need to conduct yourself with reasonable and proper regard for the welfare and rights of all our employees and for the best interests of the agency. This statement of prohibited conduct does not alter VCE's policy of at-will employment. Either you or VCE remains free to terminate the employment relationship at any time, with or without reason or advance notice.

Performance Evaluations

VCE encourages an open dialogue between an employee and his or her supervisor on an informal, regular basis. We believe this type of interaction increases job satisfaction for both the employee and VCE.

Formal performance evaluations will be conducted annually or with frequency dependent on length of service, job position, past performance, changes in job duties, or recurring performance problems. After the review, you will be asked to sign the evaluation report to acknowledge that it has been presented to you and discussed with you by your supervisor, and that you are aware of its contents.

Positive performance evaluations do not guarantee increases in salary, bonuses, or promotions. Salary increases, bonuses, and promotions are solely within the discretion of VCE, and depend upon many factors in addition to performance. Having your compensation reviewed does not necessarily mean that you will be given an increase.

VCE uses a discretionary pay-for-performance compensation model to support the highest levels of organizational performance. The intent is to reward individual employee effort and results commensurate with their contributions and impact toward achieving the goals and objectives of the agency. The primary form of a performance reward is a merit increase. These base pay increases move an employee through their salary range and support the agency's retention goals by ensuring employee pay remains competitive with similar roles in the market. Employees who meet or exceed their goals and objectives, as evidenced by the employee receiving an overall rating of 2.0 (Effective) or higher on their year-end Performance Check-in, may be eligible to receive a merit increase (an adjustment in base salary) based on that performance. In limited cases, and with written justification from the supervisor, manager, and Director, an employee with an overall performance rating of less than 2.0 (Effective), may be considered for a reduced base salary.

Performance bonuses also may be used to reward employees when superior performance, as defined below, has been demonstrated in achieving goals and objectives. In most cases, performance bonuses are used to supplement merit increases, or instead of merit increases, when an employee is at or close to the top of their salary range. "Superior performance" is evidenced by an employee receiving a rating of 3.0 (Highly Effective) on one or more goals that, in total, represent at least 25% of the employee's assigned work during the year. "Superior performance" also may be evidenced by an employee receiving an overall rating of 2.5 or higher on their year-end Performance Check-in. Recommendations for performance bonuses must be justified in writing by the supervisor and/or manager and fully describe the efforts put forth by the employee that demonstrates superior performance.

The written justification, and approval of the bonus, are retained. Funding for performance bonuses is included in the annual budget or a budget amendment and approved by the Board of Directors. Performance bonuses are not guaranteed and may not be available due to budget constraints or other business reasons.

Compensation Equity

A pay equity increase may be granted to an employee under certain circumstances, such as the following: a significant lag in salary exists relative to market conditions or between employees with comparable job functions who have similar levels of experience, skills and knowledge, and demonstrated performance; an employee's assigned functions or work tasks increase the scope of the position but do not warrant reclassification; salary compression exists between supervisors and their employees; in order to address retention of employees with highly specialized skills or due to competitive job markets. In addition, a discretionary agency-wide pay equity adjustment for inflation in accordance with the U.S. Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) may be made at the option of the Board of Directors.

Recommendations for pay equity increases are prepared by the Director of Finance and Internal Operations and must be approved by the CEO. Employees approved for a pay equity increase will be notified, and adjustments may be paid retroactively to the first pay period of the current calendar year. Funding for pay equity increases is

included in the compensation identified in the annual budget and approved by the Board of Directors. Pay equity increases are discretionary and may not be available due to budget constraints or other business reasons

Problem Resolution

At some time, you may have a complaint or question about your job, your working conditions, or the treatment you are receiving. Your good-faith complaints and questions are of concern to us. We ask that you take your concerns first to your supervisor, following these steps:

1. Bring the situation to the attention of your immediate supervisor who will then review your concern and provide a solution or explanation.
2. If the problem remains unresolved, you may present it in writing to the CEO who will work towards a resolution.

This procedure, which we believe is important for both you and us, cannot result in every problem being resolved to your satisfaction. However, we value your input and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

Alcoholic Beverage Consumption

Due to the high risk and liability involved, VCE will not provide alcoholic beverages at social gatherings to VCE employees. This policy applies to the following:

1. Birthday parties;
2. Office parties;
3. Office picnics; and
4. Recreational activities (i.e. organized team sports)

Drug and Alcohol Abuse and Testing

VCE is concerned about the use of alcohol, illegal drugs, or controlled substances as it affects the workplace. We comply with state and federal drug abuse regulations, including the Drug-Free Workplace Act of 1988. Use of these illegal substances (whether illegal under California or federal law) whether on or off the job can adversely affect your work performance, efficiency, and safety and health. The use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees, and exposes VCE to the risks of property loss or damage, or injury to other persons. Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect your job performance and seriously impair your value to us. Any employee who is using prescription or over-the-counter drugs that may impair your ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting or resuming work. All precautions necessary to preserve your privacy will be taken. You must adhere to the rules stated in this policy as a condition of employment. Failure to comply with this policy may result in discipline, including termination. The CEO has been designated to administer this policy, monitor the program and make reports as required by law.

If there is ever a reasonable basis to suspect you of violating the drug and alcohol policy and being under the influence during working hours, you will be requested to immediately submit to a drug and/or alcohol test. Suspicion will be based on objective symptoms, such as factors related to your appearance, behavior and speech. A reasonable basis may also exist if you are found to be in possession of illegal drugs, alcohol or paraphernalia connected with the use of an illegal drug. Possession of illegal drugs or alcohol is prohibited even if you have not used these substances.

The following rules and standards of conduct apply to all employees either on agency property, or during the workday (including meals and rest periods). The following are strictly prohibited by VCE:

1. Possession or use of alcohol or illegal drugs, including marijuana, or being under the influence of alcohol or illegal drugs while on agency premises or at any time on duty.
2. Driving an agency vehicle or driving for agency business in a private vehicle while under the influence of alcohol or illegal drugs, including marijuana.
3. Distribution, sale, or purchase of an illegal or controlled substance while on agency premises or at any time on duty.
4. Possession or use of an illegal or controlled substance, or being under the influence of an illegal or controlled substance while on agency premises or at any time while working.
5. Any drug or alcohol statute conviction. You must notify VCE within 5 days of such conviction.

In order to enforce this policy, we reserve the right to conduct searches of agency property and to implement measures necessary to deter and detect abuse of this policy.

In the event of suspicion of use in connection with an on the job accident, you may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs and alcohol. VCE will test for alcohol, cannabinoids, (THC), Opiates, i.e. codeine and morphine, Cocaine metabolites, Amphetamines, i.e. amphetamine and metamorphines, adulterants low creatine levels and Phencyclidine. VCE assures that any information concerning your drug and/or alcohol use will remain confidential. Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

If the results of your drug and/or alcohol test are positive, VCE will take disciplinary action which may include suspension or immediate termination. The disciplinary action will be based on the seriousness of the offense and your past performance. If you return to work after testing positive for drugs and/or alcohol, you may be required to consent to unannounced tests for drugs and/or alcohol for a specified period as a condition of continued employment. In the event that you test positive, you may request a second test to be performed by a reliable drug testing agency, at your expense.

Any conviction you receive on a charge of illegal sale or possession of any controlled substance will not be tolerated. In addition, we must keep people who use, sell, or possess controlled substances off VCE's premises in order to keep the controlled substances themselves off the premises.

Violation of the above rules and standards of conduct will not be tolerated. VCE may bring the matter to the attention of appropriate law enforcement authorities.

VCE's policy on drug and alcohol in no way limits or alters the at-will employment relationship.

Customer and Public Relations

The success of VCE depends upon the quality of the relationships between VCE, our employees, and our customers, suppliers and the general public. Our customers' impression of VCE and their interest and willingness to do business with us are formed by how you serve them.

The opinions and attitudes that customers have toward our agency can be affected for a long period of time by the actions of just one employee. It is sometimes easy to take a customer for granted, but when we do, we run the risk of not only losing that customer, but their associates, friends or family who also may be customers or prospective customers.

Here are several things you can do to help give customers a good impression of VCE:

1. Customers are to be treated courteously and given proper attention at all times. Never regard a customer's questions or concerns as an interruption or an annoyance. Customer inquiries, whether in person or by telephone, must be addressed promptly and professionally.
2. Never place a telephone caller on hold for an extended period of time. Direct incoming calls to the appropriate person and make sure that the call is answered.
3. Act competently and deal with customers in a courteous and respectful manner. Through your conduct, show your desire to assist the customer in obtaining the help that he or she needs. If you are unable to help a customer, find someone who can.
4. All correspondence and documents, whether to customers or others, must be neatly prepared and error-free. Attention to accuracy and detail in all paperwork demonstrates your commitment to those with whom we do business.
5. Never argue with a customer. If a problem develops or if a customer remains dissatisfied, ask your supervisor to intervene.
6. Communicate pleasantly and respectfully with other employees at all times.

These are the building blocks for your and VCE's continued success.

Confidentiality

It is your responsibility to safeguard confidential information obtained during your employment with us, including financial information obtained from customers and private information about other employees.

You may in no way reveal or divulge any such information unless it is necessary for you to do so in the performance of your duties. Access to confidential information should be on a "need-to-know" basis and must be authorized by your supervisor.

If you are questioned by someone outside VCE or your department and you are concerned about the appropriateness of giving them certain information, you are not required to answer. Instead, as politely as possible, refer the request to your supervisor or the CEO.

It is also important to remember that you may not disclose or use proprietary or confidential information except as your job requires. You may not keep or retain any originals or copies of reports, notes, proposals, customer

lists or other confidential and proprietary documents, equipment, supplies, or property belonging to VCE. Any and all copies or originals of reports, and notes belong to VCE and must be turned over to VCE within twenty-four (24) hours of termination of employment.

You are not permitted to remove or make copies of any VCE records, reports or documents without prior management approval. Do not post confidential information about VCE, customers, employees, or affiliates on any social media. Disclosure of confidential information could lead to termination, as well as other possible legal action.

Conflict of Interest

As an employee of VCE, you must avoid actual or potential conflicts of interest with VCE. If you are found to have a conflict of interest, you may be subject to discipline, including termination. You should contact your supervisor with any questions about this policy. Prohibited activities include, but are not limited to:

1. Having a direct or indirect financial relationship with a VCE customer, vendor, or supplier; however, no conflict will exist in the case of ownership of less than 1 percent of a publicly traded corporation.
2. Engaging in any other employment or personal activity during work hours, or using VCE's name, logo, equipment or property, including stationery, office supplies, computers, telephones, fax machines, postage, and office machines, for personal purposes.
3. Soliciting agency employees, suppliers, or customers to purchase goods or services of any kind for non-agency purposes, or to make contributions to any organizations or in support of any causes.
4. Soliciting or entering into any business or financial transaction with another employee whom the soliciting employee supervises, either directly or indirectly, such as hiring the employee to perform personal services or soliciting the employee to enter into an investment.

Solicitation

You are not permitted to solicit or distribute literature during working time. Working time includes both your working time and the working time of the employee to whom the solicitation or distribution is directed. Similarly, distribution of written solicitation material in working areas is prohibited at all times. If you wish to distribute fundraising items such as cookies, candy, and coupon books for sale, you may place them without solicitation in your workstation or VCE break rooms.

Media Contact

If you are contacted by a news organization regarding VCE business, please direct all media inquiries to your supervisor, the CEO, or the Director of Marketing.

Employment of Friends or Relatives

The employment of friends and relatives in the same area of an organization may cause conflicts of interest and appearances of impropriety. In addition, personal conflicts may impact the working relationship of the parties. Although VCE does not prohibit the hiring of friends and relatives of existing employees, VCE is committed to monitoring situations in which friends or relatives work in the same area. In the event of an actual or potential problem, VCE's response may include reassignment or termination of one or both of the individuals involved. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose

relationship with an employee is similar to that of persons who are related by blood or marriage, or one who is a domestic partner.

Personal Relationships in the Workplace

VCE desires to avoid misunderstandings, complaints of favoritism, claims of sexual harassment, and employee dissension that may result from personal or social relationships amongst employees. Therefore, VCE asks that if you become romantically involved with another employee that you disclose your relationship to a supervisor with whom you feel comfortable. This information will be kept as confidential as possible. For purposes of this provision, “romantically involved” will be interpreted broadly. VCE reserves the right to take necessary and appropriate action to resolve any potential conflict of interest arising out of romantic involvement among employees. Depending on the facts of the situation, such action may include reassignment or termination of one or both of the employees involved.

VCE is committed to maintaining a professional work environment where supervisors treat all employees fairly and impartially. Accordingly, supervisors are not allowed to date, or become romantically or intimately involved with, employees who report to them directly or indirectly. Also, spouses and immediate family members are prohibited from working in positions where they directly report to, or are reported to, by their spouses or family members. Personal relationships very often cause problems in the workplace, such as a lack of objectivity towards the subordinate’s job performance, the perception of favoritism by other employees (whether justified or not), and potential sexual harassment complaints.

For purposes of this policy, “immediate family” includes significant others (such as unmarried couples who live together), domestic partners, step-parent and step-child relationships, in-law relationships, grandparents and cousins (including analogous relationships with the parents and children of an employee’s significant other). This policy covers all family-like relationships, regardless of blood or legal relationships.

Employees who are currently dating one another, or employees who are married or related and report to or supervise each other, may request to be transferred in order to comply with this policy. When possible, VCE will attempt to accommodate such requests. Please understand, however, that VCE reserves the right not to transfer employees based on conflicting business considerations.

Unprofessional behavior in the workplace, such as sexually related conversations, inappropriate touching (i.e., kissing, hugging, massaging, sitting on laps) another employee, and any other behavior of a sexual nature, is prohibited.

If two employees marry or become related, causing actual or potential problems such as those described, only one of the employees will be retained with VCE unless reasonable accommodations can be made to eliminate the actual or potential conflict. The employees will have 30 days to decide which relative will stay with VCE. If this decision is not made in the time allowed the CEO will make the decision, taking the employment history and job performance of both employees as well as the business needs of VCE into account. Supervisors who have any questions about the application of this policy to an employee or applicant should contact the CEO.

Dress Policy

You are expected to dress and groom yourself in accordance with accepted social and business standards, particularly if your job involves dealing with customers or visitors in person. A neat, tasteful appearance contributes to the positive impression you make on our customers.

Business casual dress is generally expected which should include nice shoes, slacks, pantsuits, dresses, skirts, and shirts (and possibly suits and ties when appropriate). Violating dress code standards may subject you to appropriate disciplinary action.

Day-to-Day Operations

Employer and Employee Property

Routine inspections of agency property might result in the discovery of an employee's personal possessions. You are encouraged not to bring into the workplace any item of personal property which you do not want to reveal to VCE.

All desks, lockers, offices, work spaces, credenzas, cabinets, electronic mail (e-mail), telephone systems, office systems, computer systems, any and all electronically issued technology, agency vehicles and other areas or items belonging to VCE are open to VCE and its employees. **YOU SHOULD HAVE NO EXPECTATION OF PRIVACY IN ANY OF THESE AREAS.** Personal items and messages or information that you consider private should not be placed or kept in any of these places or areas belonging to VCE.

Storage areas, work areas, file cabinets, credenzas, computer systems and software, office telephones, cellular telephones, any and all electronically issued technology, modems, facsimile machines, copy and scanner machines, tools, equipment, desks, voice mail, and electronic mail are the property of VCE, and need to be maintained according to agency rules and regulations.

Desks and work areas must be kept clean, and are to be used for work-related purposes. VCE's property is subject to inspection at any time, with or without prior notice. Prior authorization must be obtained before any of VCE's property may be removed from the premises.

For security reasons, you should not leave personal belongings of value in the workplace. Personal items, lockers and desks are subject to inspection and search, with or without notice, and with or without your prior consent.

Terminated employees should remove any personal items at the time of separation. Personal items left in the workplace by previous employees are subject to disposal if not claimed at the time of your termination.

Electronic Systems and Privacy

Access to VCE's electronic systems is provided for work-related purposes. There should be NO expectation of privacy in connection with the use of electronic systems, including stored e-mail/voice mail/text messages or any messages sent electronically. All messages created, sent, received or stored in these systems are and remain the property of VCE. VCE reserves the right to retrieve and review any message composed, sent or received via the system. Please note that even when a message is deleted or erased, it is still possible to recreate the message; therefore, the ultimate privacy of messages cannot be ensured to anyone.

To safeguard and protect the proprietary, confidential and business-sensitive information of VCE, and to ensure that the use of all electronic systems and equipment is consistent with VCE's legitimate business interests, authorized representatives of VCE may monitor the use of such systems from time to time without notice, which may include printing and reading materials, files on the system, list servers, and equipment.

You should be aware that e-mail messages, like VCE correspondence, and any and all messages sent electronically may be read by other VCE employees and outsiders under certain circumstances. While it is impossible to list all of the circumstances, some examples are the following: (1) during system maintenance of the e-mail system, (2) when VCE has business needs to access the employee's mailbox, (3) when VCE receives a legal request that requires disclosure of e-mail messages, or (4) when VCE has reason to believe the employee is using e-mail in violation of VCE policies.

Social Media Guidelines

VCE understands that various forms of communication occur through social media, such as Facebook, Twitter, LinkedIn, blogs, and multimedia host sites such as YouTube. Such communications occur in social networking, blogs, and video sharing and similar media. It should be remembered that social media sites do not provide a private setting. Employees who communicate information through social media therefore should not expect that such information is private

Employees must remember that all existing policies apply to information disseminated through social media. These guidelines are intended to help employees understand some of the unintended outcomes of sharing information through social media.

Application of Policies

The employer's policies and standards apply to conduct that occurs in the workplace and while employees are on duty, wherever they happen to be. They also apply to activities that occur during an employee's own time, outside of work, if the activities have an actual or potential impact on the employee's performance, the performance of coworkers, or the employer. Employees should therefore understand that they are responsible for certain activities that occur off the employer's premises or on their own time both to the employer and third parties. Nothing in this policy prevents employees from exercising their broad rights to discuss the terms and conditions of employment with others, to take action with others to improve your working conditions, or to otherwise exercise their rights to engage in protected concerted activity.

General Policies

VCE's policies regarding workplace conduct and interpersonal interactions are embodied in a number of policies, including policies that protect VCE's legal interests and confidential information.

The policies also prohibit unlawful harassment and discrimination and require employees to use work time in an appropriate manner.

The principles set forth in VCE's policies apply equally to social media, even when the policies do not refer specifically to social media. Violations of any policy through social media or networking will be appropriately addressed when brought to management's attention.

Illustrations of some of the relevant policies and how they may apply to social media are provided below. The following guidelines apply to all employees when they are at work and away from work.

General expectations

- Employees may not post or transmit any material or information that includes confidential, proprietary or trade secret information, or information that is untrue, defamatory, obscene, profane, threatening, harassing, abusive, hateful or humiliating to another person or entity. This includes, but is not limited to, comments regarding VCE or its employees or customers. Employees should ask their supervisors and refer to agency policies if they have any questions about what is appropriate to include in communications involving social media.

Harassment

- VCE will not tolerate intimidation, bullying or threats of violence among co-workers and such acts, even if occurring outside of work, will result in serious consequences, including termination.
- VCE maintains a strict policy prohibiting harassment of any kind. Harassment is inappropriate and contrary to VCE policy if it is based upon any legally protected characteristic. It includes unwelcome verbal, physical, or visual conduct that creates an intimidating, offensive, or hostile work environment or unreasonably interferes with work performance.

Reputation

- Employees should act responsibly and remember that untrue or defamatory postings can have serious consequences. Do not create fake blogs or false reviews of VCE or its customers.

Acceptable Use Guidelines

- E-mail and Internet access is provided to support VCE's business operations. Incidental use of e-mail and internet for personal reasons is permissible during non-working periods during the workday, provided it is not excessive and provided it does not interfere with VCE business. Any use that includes tapping into electronic social media should be consistent with VCE's values, policies and applicable laws.
- Participation in social media sites should be limited during work time; incidental use during break time is not prohibited by this policy. Under no circumstances may employees access social media sites while performing safety-sensitive functions such as driving.

Opinions

- Employees should not speak on behalf of VCE without proper authorization to do so. Employees should at all times make it clear that their opinions do not represent those of VCE. They should include disclaimers in online communications advising that they are not speaking officially or unofficially on behalf of the organization.
- Employees may not use VCE's logo or proprietary graphics to imply that you are speaking on behalf of VCE.

Questions

- Employees who have concerns regarding workplace conduct or inappropriate behavior or comments are encouraged to contact the CEO for further guidance.

Additional Guidance and Information

While VCE's policies offer very clear direction on some issues, there are other areas where common sense must prevail. When in doubt about posting, employees should consider the following:

- There is no expectation of privacy when engaging in social media networking activities. You may know everyone in the room when you have a conversation in person. This will not apply with social networking applications. You may not have full control over how your comments are perceived or shared.
- These are public forums. As a practical matter, it may be impossible to delete information that is shared. Comments may be publicly available for years.
- Even when you do not identify your employer by name in the communication or posting, some readers are likely to know where you work. Keep this in mind when you consider posting or transmitting comments that may be work-related. This should also be considered when creating your profile.
- Do not state or imply that the opinions you express are those of VCE, its management, or other employees. Include a disclaimer to this effect.

Telephone Usage

You may use agency telephones for local or personal calls within reason. You are not to charge long distance personal telephone calls to VCE. You are expected to limit personal calls so they do not become excessive or disruptive to your work or work area.

Cell Phone Usage

VCE realizes that in our fast-paced business environment, meeting our goals and staying in touch with our customers and co-workers is a necessary process in working efficiently. But, first and foremost, we want to preserve the safety of our employees and those in the community. California law limits the use of cell phones while driving to those having hands-free operation.

This law provides that, it is illegal to drive a motor vehicle while using a wireless telephone, unless that telephone is designed and configured to allow hands-free listening and talking operation, and is used in that manner while driving.

Additionally, writing, sending, or reading text-based communications on your cell phone while driving is also prohibited under California law. This includes text messaging, instant messaging, and e-mail. You will be responsible for any tickets you receive if you violate this law.

Use of a hands-free cell phone is required while driving for agency business. An option is that you pull over while driving to place or receive calls on your cellular phones. There is a great potential for harm to you and to others if this policy is violated.

Personal cell phone use is not needed or required for work purposes and should not be used for work.

Workplace Monitoring

Workplace monitoring, both human and electronic, may be conducted by VCE to ensure quality control, employee safety, compliance with VCE policies, security, and customer satisfaction.

Customer sites may also utilize video surveillance of non-private workplace areas. Video monitoring is used to identify safety concerns, maintain quality control, detect theft and misconduct, and discourage or prevent acts of harassment and workplace violence.

Because VCE is sensitive to your legitimate privacy rights, every effort will be made to see that workplace monitoring is done in an ethical and respectful manner.

Travel Expense Policy

VCE will reimburse you for work-related travel expenses such as transportation, overnight accommodations and meals. You should have your supervisor's approval before incurring travel expenses. All requests for reimbursement must be submitted to the CEO for approval along with supporting documents or original invoices.

Non-exempt employees will be paid for time spent traveling and in conference sessions. If you are required to use your personal automobile on work-related business, VCE will reimburse you for mileage at the current IRS reimbursement rate and for parking expenses. You should submit the appropriate expense form to the CEO for approval and then forward it to accounting for payment once per month. If you use your personal vehicle for work-related travel you are expected to maintain at least the minimum insurance required by law.

Education and Professional Development Assistance

VCE will support the professional development, educational advancement, and career growth of employees. As a result, the VCE will benefit from improved employee performance, higher levels of workforce engagement, and increased numbers of qualified internal candidates for promotional opportunities. The availability of funding for the assistance is subject to the annual budget process. All regular full-time employees who have served a minimum of six months with the agency must pay for any expense upfront and will receive reimbursement of approved and eligible expenses upon successful completion of coursework. The employee must repay the entire amount of the reimbursement benefit paid to them if they voluntarily separate from the agency within 12 months of receiving the benefit. Employees may be reimbursed for up to \$5,000 per year to offset the cost of coursework.

Agency Property and Equipment

Equipment essential to accomplishing job duties is often expensive and may be difficult to replace. When using agency property, you are expected to exercise care, arrange for required maintenance, and follow all operating instructions, safety standards, and guidelines.

VCE requires that all equipment be in proper working order and safe to work with at all times. If any equipment appears to be damaged, defective, or in need of repair, do not use it until a qualified technician certifies that it is repaired and safe. Never try to fix broken equipment yourself. Please notify your supervisor of any equipment breakdown as soon as it happens. If the breakdown requires emergency repairs, your supervisor will help you

deal with the emergency situation as soon as possible. Prompt reporting of damages, defects, and the need for repairs could prevent possible personal injury and deterioration of equipment. Please ask your supervisor if you have any questions about your responsibility for maintenance and care of equipment used on the job.

If you are authorized to operate an agency vehicle in the course of your assigned work, or if you operate your own vehicle in performing your job, you must adhere to the following rules:

1. You must be a licensed California driver and must maintain at least the minimum insurance required by law.
2. You must maintain weekly mileage reports.
3. You are responsible for following all the manufacturer's recommended maintenance schedules so as to maintain valid warranties, and for following the manufacturer's recommended oil change schedule.
4. VCE provides insurance on agency vehicles. However, you will be considered completely responsible for any accidents, fines, moving or parking violations.
5. If involved in an accident do not admit fault, only provide required insurance and personal DMV information.
6. You must keep VCE vehicle clean at all times.
7. Persons not authorized or employed by VCE cannot operate or ride in an agency vehicle.
8. Prior to operation of any agency vehicle, your supervisor will train you on the appropriate steps to take if you are involved in an accident, such as filling out the accident report, getting names and phone numbers of witnesses and so on.

If you are required to drive an agency vehicle or your own vehicle for agency business, you will also be required to show proof of a current, valid driver's license and current effective auto insurance coverage prior to the first day of employment.

If you drive your own vehicles on agency business you will be reimbursed at the current IRS reimbursement rate.

You are responsible for all agency property, materials, or written information issued to you or in your possession. You may be asked to sign an acknowledgment of receipt of agency property issued to you. All agency property must be returned on or before your last day of work. You may be responsible for the replacement cost of agency property not returned.

Agency cars are for agency business only, and only authorized employees may drive agency cars. Employee spouses, children, friends or anyone other than the employee may not operate these vehicles, unless an emergency arises. A violation of these rules, or excessive or avoidable traffic and parking violations may result in disciplinary action, up to and including termination.

Personal Use of Agency Property

You are not allowed to use agency owned property for personal use. The definition of "agency owned" assets includes, but is not limited to, facilities, computers, and their related equipment, labelers, copy machines, postage meter, any type of supplies including office supplies, tools, vehicles, credit cards, etc. These assets are provided to you for agency related business only.

Please also remember that all desks, lockers, cabinets, computers and vehicles that belong to VCE will be open to all agency employees. Personal items, messages or information that you consider private should not be placed or kept in telephone systems, office systems, agency computer systems, office work spaces, desks, and credenzas or file cabinets.

If you are issued an agency credit card you are responsible for the use of that card. Under no circumstances will VCE allow you to sign an agency credit card unless the card being signed is issued in your name. Signing another employee's credit card will result in liability for the expense and may subject you to immediate termination. If you hold an agency credit card you may only give permission to another employee to make an authorized business purchase or reservation using your card with prior approval from the CEO of VCE. Any holders of agency credit cards or authorized users who transact a non-business related charge may be subject to immediate termination. Receipts for all credit card transactions must be given to the Finance Director along with an explanation of the purchase.

Driving Record and Insurance

As a condition of employment, we require you to maintain an acceptable driving record if you drive for agency business. Any accidents or traffic violations must be reported to a supervisor immediately if they occur during the course of your duties. You will be responsible for any tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle. Failure to report an on-the-job motor vehicle accident, no matter how minor, will lead to disciplinary action, up to and including termination. Additionally, you are required to maintain the level of insurance required by the state of California. A copy of your insurance card must be on file before you will be allowed to drive for agency business.

Health and Safety

Safety is everybody's business. Safety is to be given primary importance in every aspect of planning and performing all VCE activities. We want to protect you against injury and illness, as well as minimize the potential loss of production. To achieve our goal of maintaining a safe workplace, everyone must be safety conscious at all times. In compliance with California law, and to promote the concept of a safe workplace, we maintain an Injury and Illness Prevention Plan (IIPP). The IIPP is available for your review from the Director of Finance & Internal Operations. The Director of Finance & Internal Operations has responsibility for implementing, administering, monitoring, and evaluating the safety program. Its success depends on the alertness and personal commitment of all.

You will receive a copy of VCE's general safety rules and will receive health and safety training as part of this program. A complete copy of the Safety Program is kept by the CEO and is available for your review.

Smoking Policies

Smoking, use of e-cigarettes or vapor products is not allowed in any enclosed area of the building, or within 25 feet of any entrance of the building or in any agency vehicle. In fairness to those who do not smoke, smoking is allowed only during breaks and lunch and only outside of the office or building.

Security

To provide for the safety and security of you, our customers and our facilities, only authorized visitors are allowed in the work areas. To ensure the safety of our guests, we encourage family and friends to check in when visiting you at the workplace.

The following security procedures should always be followed to ensure your safety and the safety of your fellow employees, and to ensure the confidentiality of VCE's information. At no time should unauthorized persons be allowed to roam unescorted through VCE's office. It is a matter of courtesy to accompany customers and guests to and from the exits and other office to which they may be destined. If strangers are encountered in our office who do not satisfactorily identify themselves or the person with whom they will be meeting, escort them to the front of the office. If they resist, contact your supervisor immediately.

Be aware of persons loitering for no apparent reason in other non-office areas (e.g., in parking areas, walkways, entrances/exits and service areas). Report any suspicious persons or activities to your supervisor. Secure your desk at the end of the day or when called away from your work area for an extended length of time and do not leave valuable and/or personal articles in or around your workstation that may be accessible. Please report any lost facility keys to your supervisor immediately.

Workplace Violence

VCE recognizes that violence in the workplace is a growing nationwide problem necessitating a firm, careful response by all employers. The costs of workplace violence are great, both in human and financial terms.

VCE has adopted the following policies to ensure the safety of its employees and to provide guidance on dealing with violence in the workplace. If qualified, you may provide first aid to injured persons. You are required to:

1. Immediately report all indirect and direct threats of violence to a supervisor.
2. Immediately report all suspicious individuals or activities to a supervisor.
3. Never put yourself or others in peril.
4. Immediately call 911 and seek shelter if you hear a violent commotion near your workstation.
5. Cooperate fully with security, law enforcement, and medical personnel who respond to a call for help.
6. Direct all inquiries from the media about violence on VCE premises to your supervisor or the CEO.

The CEO of VCE will make the sole determination of whether, and to what extent, threats or acts of violence will be acted upon by the agency. In making this determination, we may undertake a case-by-case analysis in order to ascertain whether there is a reasonable basis to believe that workplace violence has occurred. No provision of this policy shall alter the at-will nature of employment at VCE.

Off-Duty Use of Facilities

You are prohibited from being on agency premises, or making use of agency facilities, while not on duty. You are expressly prohibited from using agency facilities, agency property or agency equipment for personal use.

Parking

You are encouraged to use the parking areas designated for our employees. Remember to lock your car every day and park within the specified areas.

Courtesy and common sense in parking will help eliminate accidents, personal injuries, and damage to your vehicle and to the vehicles of other employees. If you should damage another car while parking or leaving, immediately report the incident, along with the license numbers of both vehicles and any other pertinent information you may have, to your supervisor. VCE cannot be and is not responsible for any loss, theft or damage to your vehicle or any of its contents. You will be responsible for any parking tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle.

Employee Suggestion Program

We encourage you to bring forward your suggestions and good ideas about how our agency can be made a better place to work and our service to customers enhanced. When you see an opportunity for improvement, please talk it over with your supervisors. All suggestions are valued and listened to.

Employee Benefits

Benefits

VCE has developed and invested in an employee benefit program to supplement your regular wages. VCE will continue these benefits as agency resources allow; however, we reserve the right to change or eliminate any benefit program at any time (including increasing the employee's share of the cost).

Our benefit program consists of programs which may include health, dental, and vision coverage, life insurance, paid time off (PTO) and holiday pay. In addition, there are a number of programs available to employees through other sources such as State Disability, Paid Family Leave, Unemployment Insurance, Social Security and Workers' Compensation. Eligibility to participate in some of these programs is determined by your employee classification and length of continued service with VCE.

Official Health Plan Documents

The employee handbook contains a number of brief summaries of the benefit programs that the employer provides for eligible employees. The purpose of these summaries is simply to acquaint you with the general provisions of the applicable plans; they do not contain full statements of all of the terms, conditions, and limitations of the plans. If there are any real or apparent conflicts between the brief information in the handbook and the terms, conditions and limitations of the official plan documents, the provisions of the official plan documents will be considered accurate. You are encouraged to review all plan documents carefully to familiarize yourself with all of the provisions of the plans.

Paid Time Off (PTO)

Eligibility

Paid Time Off (PTO) is an all purpose time-off policy for eligible employees to use for the following: vacation; the

diagnosis, care, treatment of an existing health condition; preventative care of an employee or family member; for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance; illness or injury; and personal business. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status). Personal business also includes time spent for jury duty, bereavement, and time off to vote. Regular full-time employees are eligible to earn and use PTO as described in this policy.

PTO begins accruing upon your date of hire. Employees may begin using PTO upon your 90th day of employment. At that time, you can request the use of earned PTO including that accrued during the waiting period.

Accrual

Regular, full-time employees accrue 6.67 hours of PTO per pay period (24 pay periods per year) in your first year of eligibility – 160 hours. After your first anniversary, and thereafter, you will receive an additional eight (8) hours per year, which will accrue at an additional rate of .34 hours per pay period. Once you have worked for the agency for ten (10) years, you will not accrue any additional PTO.

The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when you start to earn PTO. You will not earn PTO while you are out on an unpaid leave of absence. Therefore, your benefit year may be extended if you go out on a leave of absence other than a military leave of absence. Military leave has no effect on this calculation. (See individual leave of absence policies for more information.)

Scheduling PTO

PTO can be used in minimum increments of one (1) hour for non-exempt employees. Exempt employees may use PTO in ½ day or 1 full day increments. If you have an unexpected need to be absent from work you should notify your direct supervisor before the scheduled start of your workday, if possible. Your direct supervisor must also be contacted on each additional day of unexpected absence.

To schedule planned PTO, you need to request advance approval from your supervisor. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

PTO is paid at your base pay rate at the time of absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

PTO will be used to supplement any payments that you are eligible to receive from state disability insurance, or workers' compensation. The combination of any such disability payments and PTO cannot exceed your normal weekly earnings.

PTO Payout

The CEO may, in his or her sole discretion, authorize a cash payout of up to 60 hours of PTO annually to an employee who meets the following criteria: (a) the employee used an equal or greater amount of hours in the preceding 12 months; and (b) the employee will maintain a minimum PTO balance of 120 hours after the

payout. Such requests will be granted at the sole discretion of the CEO in the interest of work program effectiveness and subject to VCE's fiscal capability.

PTO Caps

Employee can accumulate PTO up to a balance of twice the annual PTO for which they are entitled. Once that limit is reached, employee will no longer accrue PTO until time is taken, and the employee's accrual falls below the cap.

Upon termination of employment, you will be paid for unused PTO that has been earned through your last day of work.

Sick Leave

Employees will earn sick leave in accordance with this policy.

Sick leave is a form of insurance that is accumulated in order to provide a cushion for incapacitation due to illness. It is to be used only for the diagnosis, care, treatment of an existing health condition or preventative care of an employee, family member or for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status).

On the employee's hire date, all employees will receive 24 hours of paid sick leave. Regular, full-time employees accrue 3.34 hours (10 days annually) of PTO per pay period (24 pay periods per year) and these employees can use their PTO for paid sick leave. Regular, full-time employees can accumulate PTO up to a balance of 160 (20 days). Employees who are not eligible for the PTO policy as outlined above will be credited with 24 hours of paid sick leave at the commencement of each employment year up to 40 hours. Employees will also accrue 1 hour of paid sick leave per every 30 hours worked until the employee has accrued the equivalent of 5 days or 40 hours of paid sick leave, whichever is greater. Any unused sick leave is not paid out on separation of employment.

Employees may begin using sick leave upon their 90th day of employment.

When wishing to use sick leave, you should personally call your supervisor prior to the start of your shift on the day you are scheduled to work. Sick leave is not to be taken in less than two (2) hour increments and does not accrue when you are out on sick leave.

A paid absence is not counted as a basis for computing overtime.

If you are receiving State Disability Insurance (SDI) or Workers' Compensation payments, then you can integrate sick pay (meaning that you can supplement your wage replacement benefits with a portion of your sick leave to equal your full wage). Under no circumstances can you receive more than your customary wage.

Sick leave is not granted for the purpose of accompanying or taking pets to procure medical attention.

Unused sick leave has no cash value and will not be paid at termination.

Holidays

We observe the following paid holidays for full-time employees:

- New Year's Day
- Martin Luther King Jr.'s Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving
- Day after Thanksgiving
- Christmas Day
- Floating Holiday (2)

Eligibility for holiday pay begins upon date of hire. You must also be regularly scheduled to work on the day on which the holiday is observed, and must work your regularly scheduled working days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor.

When a holiday falls on a Saturday or Sunday, it is usually observed on the preceding Friday or the following Monday. Holiday observance will be announced in advance.

If you are on a paid absence due to PTO when a holiday occurs, you will receive holiday pay. Non-exempt employees who work on holidays, due to customer job requirements, will receive regular earned wages. Part-time employees and interns are not eligible for holiday pay.

Insurance Benefits

Medical, Dental and Vision Insurance: We provide access to medical, dental & vision insurance plans for eligible employees and their dependents. You may be required to provide adequate proof of the dependent relationship in order to add the dependents to VCE's insurance policies. Typically, proof of the relationship may be established through a copy of a birth certificate, adoption documents, marriage license, or certificate of registered domestic partnership. We cannot guarantee your domestic partner relationship will be kept confidential.

Full-time employees and part-time employees who are regularly scheduled to work a minimum of 30 hours per week are eligible for VCE's medical, dental, and vision insurance coverage. Each employee becomes eligible on the first of the month after the employee has started employment with VCE. VCE will contribute up to \$2,479 per month per employee towards VCE's medical, dental and vision insurance for a full-time employee and dependents coverage. VCE will contribute a prorated amount for part-time employees based on the average hours worked (for example, if the part-time employee is regularly scheduled to work 30 hours per week, VCE's contribution toward the cost of VCE's medical, dental and vision insurance coverage for the part time employee

and his/her eligible dependents would be prorated to 75% of the full-time equivalent, i.e., \$1,859). The employee is responsible for any premiums due for VCE coverage(s) that are in excess of the VCE contribution amount. Deductions from the employee's paycheck will be made to cover this cost. Information describing medical, dental and vision insurance benefits will be given to you when you become eligible to participate in the program. Eligible employees who elect not to receive medical insurance coverage from VCE must provide proof of adequate medical coverage from an alternate source within 30 days of becoming eligible through VCE for the benefit. Such election will be effective as of the employee's eligibility date and will remain in effect until the start of the next open enrollment period. Employees who have declined VCE medical insurance coverage and want to continue to decline coverage must provide proof of adequate medical coverage once per year, no later than 30 days prior to VCE's open enrollment period. Full time employees who decline to accept VCE medical, dental, and vision insurance benefits shall receive a payment of \$550 per month in lieu of coverage; part -time employees who are eligible for VCE medical, dental and vision insurance and decline to accept VCE medical, dental, and vision insurance shall receive a prorated payout based on the employee's regularly scheduled hours (i.e., an employee who is regularly scheduled to work 30 hours per week will receive 75% of the full-time equivalent, or \$412.5.)

During any leave of absence such as personal leave, Workers' Compensation leave or other disability leave, VCE-provided health benefits will continue through the end of the month during which leave commenced. At that point, the employee will be provided with the option to continue coverage at the employee's own expense pursuant to Cal-COBRA. For the duration of any pregnancy disability leave of absence, health and life insurance benefits will be continued for the duration of your approved pregnancy disability leave as required by applicable law.

Please direct any questions you have regarding your medical, dental and/or vision insurance to the CEO.

Retirement Plan: We provide a 401(A) and 457B defined contribution retirement plans for eligible employees in order to assist in planning for your retirement. Eligible employees may enroll following 6 months of employment. Retirement plan participants can participate in loan programs permitted under the plan guidelines. For more information regarding eligibility, contributions, benefits and tax status, contact the CEO. All eligible participants will receive a summary plan description.

Disability Insurance: VCE furnishes private long-term disability policies. For more information, contact the CEO.

Life and Accidental Death and Dismemberment Insurance: If you are a regular full-time employee of VCE, you will be provided our group life insurance coverage paid for by the organization. This insurance is payable in the event of your death, in accordance with the policy, while you are insured. You may change your beneficiary whenever you wish by submitting the appropriate documents to the Human Resources Consultant. Refer to the literature provided by our insurance agency for details on your life insurance coverage.

Paid Family Leave (PFL) Insurance: All employees who take time off to care for a seriously ill family member (child, parent, grandparent, grandchildren, in-laws, spouse or registered domestic partner) or bond with a new child may be eligible to receive replacement wages for up to six weeks during any 12-month period, under California's Paid Family Leave program. This program is funded with employee contributions through the State

Disability Insurance (SDI) Program. Such contributions are deducted from each employee's paycheck. Even though employees may be eligible to receive Paid Family Leave insurance benefits, a leave of absence must still be requested and approved as defined in our leave policies. Please understand that this leave does not mandate any guarantee that your job will be available when you are ready to return.

State Disability Insurance: If you are unable to work due to a non-work related medical condition or injury you may be entitled to State Disability Insurance (SDI). SDI benefits are paid by the state and are financed from mandatory payroll tax deductions from all employees' wages. Questions regarding SDI benefits should be directed to the CEO or the state's Employment Development Department.

Unemployment Compensation: We contribute each year to the California Unemployment Insurance Fund on behalf of our employees.

Social Security: Social Security is an important part of every employee's retirement benefit. We pay a matching contribution to each employee's Social Security taxes.

Workers' Compensation: VCE purchases a workers' compensation insurance policy to protect you while you are employed by us. The policy covers you in case of occupational injury or illness. It is your responsibility to notify a member of management immediately if injured. Please refer to the Workers' Compensation policy for additional information.

We provide workers' compensation insurance for our employees as required by state law. The insurance provides important protection for employees who suffer a work-related injury. We encourage you to report all workplace injuries immediately and to take advantage of the benefits provided by our workers' compensation insurance if you are injured on the job.

Workers' compensation insurance provides important protection for employees who suffer an injury at work. Unfortunately, we understand that some employees are encouraged to file fraudulent workers' compensation claims. For your own protection, you should know that the California Insurance Frauds Protection Act provides that it is unlawful for any person to:

"Make or cause to be made any knowingly false or fraudulent material statement or material representation for the purpose of obtaining . . . compensation . . . and shall be punished by imprisonment in county jail for one year, or in the state prison for two, three or five years, or by a fine not exceeding Fifty Thousand Dollars (\$50,000.00) . . . or by both imprisonment and fine."

Our policy is to investigate all questionable workers' compensation claims. If they appear to be fraudulent, they are referred to the Bureau of Fraudulent Claims and the District Attorney's office.

Section 125 (Cafeteria Plan): Through the flexible spending account or the health savings account, you may designate an annual dollar amount of your before-tax income to pay for certain eligible expenses. Particular care should be taken to assure that the funds required in the flexible spending account are not over estimated as unused funds cannot be returned to the participant at the end of the plan year. Please refer to the booklets for information about the program. If you need additional information or change forms, please speak with the CEO.

Domestic Partners

VCE believes that basic medical/dental/vision coverage should be available to employees and their dependents. To recognize non-traditional family arrangements and to demonstrate our commitment to our community of employees and their families, VCE has instituted a Domestic Partners Policy. This policy gives you the opportunity to cover a long-term, significant same sex partner under our benefits plans, as well as opposite sex partners for employees over 62 years of age. VCE wishes to make it clear that it cannot guarantee confidentiality of the relationship once a domestic partner is covered under our policy. See the CEO for more information.

Cal-COBRA

The California Continuation Benefits Replacement Act (Cal-COBRA) gives qualified employees and their dependents the opportunity to continue health insurance coverage under VCE's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements. Under Cal-COBRA, you or the beneficiary pays the full cost of coverage at VCE's group rates. In addition, you or the beneficiary may be required to pay an administration fee. Our plan administrator will provide you with a written notice describing rights granted under Cal-COBRA when you become eligible for coverage under our plan. The notice contains important information about your rights and obligations.

Recreational Activities and Programs

VCE or its insurer will not be liable for payment of workers' compensation benefits for any injury that arises out of your voluntary participation in any off-duty recreational, social, or athletic activity that is not part of your work-related duties.

Leaves of Absence

Occasionally, for medical, personal, or other reasons, you may need to be temporarily released from the duties of your job with VCE. It is the policy of VCE to allow its eligible employees to apply for and be considered for certain specific leaves of absence.

All requests for leaves of absence shall be submitted in writing to your supervisor. Each request shall provide sufficient detail such as the reason for the leave, the expected duration of the leave, and the relationship of family members, if applicable. When you become aware of your need for leave, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCE's customary notice and procedural requirements for requesting leave. Failure to return to work as scheduled from an approved leave of absence or to inform your supervisor of an acceptable reason for not returning as scheduled will be considered a voluntary resignation of employment. While on a leave of absence you may not obtain other employment or apply for unemployment insurance. If either of these instances occurs, you may be viewed as having voluntarily resigned from VCE.

You will not accrue PTO while you are on an unpaid leave of absence. There are several types of leaves for which you may be eligible.

Medical Leaves of Absence

A medical leave of absence may be granted for non-work related temporary medical disabilities (other than pregnancy, childbirth and related medical conditions) until the end of the month in which the leave began with a doctor's written certificate of disability (unless leave of a longer duration is required by law). Requests for leave should be made in writing as far in advance as possible, but, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCE's customary notice and procedural requirements for requesting leave. If you are granted a medical leave, you are required to use any accrued sick pay. You also may use any PTO previously accrued.

A medical leave begins on the first day your doctor certifies that you are unable to work and ends when your doctor certifies that you are able to return to work. Your supervisor will supply you with a form for your doctor to complete, showing the date you were disabled and the estimated date you will be able to return to work. Upon your return, you must present a doctor's certificate showing fitness to return to work. If you need a medical-related leave longer than VCE can, consistent with business necessity and reasonable accommodation, approve, you will be advised.

For the duration of any leave of absence, health and life insurance benefits ordinarily provided by VCE, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. For the duration of a pregnancy disability leave, health and life insurance benefits ordinarily provided by VCE, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

If you wish to continue these benefits you may do so by electing to continue the benefit through the CAL-COBRA provisions, and by paying the applicable premiums.

You will not accrue PTO while you are on an unpaid medical leave of absence.

If returning from a non-work related medical leave, you will be offered the same position held at the time of leaving, if available. However, we cannot guarantee that your job or a similar job will be available upon your return. If VCE is unable to provide a job for you at the end of your leave, we will end your employment, but you will be eligible to apply for any opening that may arise for which you are qualified.

Bereavement Leave

VCE provides regular full-time and regular part-time employees up to three (3) days' paid bereavement leave in the event of a death in your immediate family. For purposes of this policy, "immediate family" includes your spouse, parent, child, sibling; your spouse's parent, child, or sibling; your long-time companion or domestic partner; and your grandparents or grandchildren. If you need to take time off due to the death of an immediate family member you should contact your supervisor. Your supervisor may approve additional unpaid time off.

Bone Marrow and Organ Donation Leave

Employees who are donating an organ to another person may take a leave of absence not exceeding 30 business days (and which may be taken in one or more periods) in any one-year. Employees who are donating their bone marrow to another person may take a leave of absence not exceeding 5 business days (and which may be taken in one or more periods) in any one year.

Requests for leave should be made in writing as far in advance as possible. You must provide a written medical certification from your health care provider to VCE that shows that you are a bone marrow or organ donor and that there is a medical necessity for the donation.

Bone Marrow and Organ Donation leave is a paid leave; however, you are required to use up to 5 days of accrued but unused sick or PTO leave for bone marrow donation, and up to 2 weeks of accrued but unused sick or PTO leave for organ donation.

For the duration of a Bone Marrow or Organ Donation leave of absence, health and life insurance benefits ordinarily provided by VCE, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

When you are ready to return to work after a Bone Marrow or Organ Donation leave, you must provide certification from your medical care provider that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. Except as otherwise allowed by law, you are entitled, upon return from leave, to be reinstated in the position you held before the Bone Marrow or Organ Donation leave, or to be placed in a comparable position with comparable benefits, pay, and terms and conditions of employment.

Civil Air Patrol Leave

Employees who volunteer for the California Wing of the Civil Air Patrol are allowed up to ten days of unpaid leave each year. This leave covers employees who are needed to respond to an emergency operational mission who have been employed by VCE for at least 90 days immediately preceding the requested leave. VCE reserves the right to verify the need for the leave with the Air Patrol.

Domestic Violence and Sexual Assault Victim Leave

VCE takes threats and actions of domestic abuse and sexual assault against our employees very seriously, and wants employees to feel free to obtain services to keep themselves and their dependents safe.

If at any time you need to be absent from work because you have been a victim of domestic violence or sexual assault, and you need to take time off to ensure your safety, seek medical treatment, or receive counseling as a result of domestic violence or sexual assault, please let your supervisor or the CEO know immediately. Your privacy will be protected to the greatest extent possible. You may use accrued PTO or sick leave in lieu of unpaid time off for these purposes.

Jury Duty or Witness Leave

You may want to fulfill your civic responsibilities by serving on a jury or as a witness as required by law. Absences from work due to jury or witness services may be taken as PTO, or you may request unpaid leave for the length of absence. VCE will comply with all federal and state requirements for jury and witness pay for exempt employees. You may be requested to provide written verification from the court clerk of having served as a juror or witness.

Prior to taking jury duty or witness leave, you must provide the jury duty or witness summons to your supervisor. You must provide the summons as soon as possible so that arrangements can be made to cover your absence. You are expected to report for work whenever the court schedule permits, including reporting for half- or partial work days. If you are called for jury duty during a particularly busy time, VCE may ask you to request the court postpone your mandatory jury duty to a more convenient time for VCE. You may receive fees and transportation reimbursement from the court for appearing as a juror or witness. You will retain all fees paid for appearing as a juror or witness, plus any transportation reimbursements received.

Military Leave

If you wish to serve in the military and take military leave you should contact the CEO for information about your rights before and after such leave. You are entitled to reinstatement upon completion of military service provided you return or apply for reinstatement within the time allowed by law.

~~Pregnancy-Parental Disability~~ Leave

VCE recognizes the importance of supporting employees in their journey of parenthood and promoting worklife balance. This policy establishes guidelines for parental leave, which encompasses both maternity and paternity leave, to provide employees with the opportunity to bond with their newborn or newly adopted child and to adjust to the demands of parenthood.

Eligibility: This policy applies to all full-time employees and covers both biological and adoptive parents.

Parental Leave:

VCE offers 4 weeks (1 month) of fully paid parental leave at the employee's base salary (less applicable taxes), providing them with dedicated time to care for and nurture their newborn or newly adopted child. Employees must provide reasonable notice and share their expected dates of absence with their manager and Human Resources. During parental leave, employees will retain access to applicable benefits, as outlined in our employee benefit policies. Employees may choose to take parental leave all at once or in increments, subject to discussion and agreement with their managers.

- Maternity Leave: Time off before and after childbirth.
- Paternity Leave: Time off for non-birth parents, enabling them to support their partners and bond with their newborn or newly adopted child.
- Adoption Leave: Time off for employees who adopt a child to provide them with time to integrate the child into their family and establish a nurturing environment.

Parental leave may run concurrently with applicable federal (FMLA) and state (PDL, CFRA) leave requirements and regulations. Contact Human Resources for more details.

Pregnancy Disability (Eligibility and Terms) of Leave

Female employees are entitled to an unpaid Pregnancy Disability Leave (PDL) during the time they are disabled due to pregnancy, childbirth, or related medical conditions. This leave will be for the period of disability, up to four months or 17 1/3 workweeks. You are “disabled by pregnancy” if you are unable because of pregnancy to work at all, are unable to perform the essential functions of your job, or to perform these functions without undue risk to successful completion of your pregnancy, or to other persons.

Leave may be taken intermittently or on a reduced work schedule when medically advisable, as determined by your medical care provider. Medical certification is required, and the length of Pregnancy Disability Leave will depend on the medical necessity for the leave. If you need intermittent leave or leave on a reduced schedule, VCE may require you to transfer, during the period of the intermittent or reduced schedule leave, to an available alternative position for which you are qualified and which better accommodates your recurring periods of leave. Transfer to an alternative position may include altering an existing job to better accommodate your need for intermittent leave or a reduced work schedule.

Applying For Leave

If possible, you should give at least 30 days’ notice requesting a pregnancy-related leave. This notice must provide and include the expected date on which the leave will begin, written certification from your medical care provider stating the anticipated delivery date and the duration of the leave.

Return to Work

Before returning to work, you must provide a release from your medical care provider certifying that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. VCE will reinstate you to your position unless:

1. Your job has ceased to exist for legitimate business reasons;
2. Your job could not be kept open or filled by a temporary employee without substantially undermining VCE’s ability to operate safely and efficiently;
3. You have directly or indirectly indicated your intention not to return;
4. You are no longer able to perform the essential functions of the job with or without reasonable accommodation;
5. You have exceeded the length of the approved leave; or
6. You are no longer qualified for the job.

If VCE cannot reinstate you to the position you held before the pregnancy disability leave began, VCE will offer you a comparable position, provided that a comparable position exists and is available, and provided that filling the available position would not substantially undermine VCE’s ability to operate safely and efficiently.

Integration With Other Benefits

A pregnancy disability leave is unpaid, but you are required to use your accrued sick leave during the leave. In addition, you may elect to use accrued PTO during the leave. Sick leave and PTO will supplement any State Disability Insurance benefits. VCE will maintain group medical benefits during a pregnancy disability leave as required by law. No additional PTO, sick leave or holiday pay will accrue during the leave (except during the time period you are using sick leave or PTO). You may also, however, be eligible for short term disability benefits.

Continuation of Medical Benefits

For the duration of your PDL leave of absence, health and life insurance benefits ordinarily provided by VCE, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected. If you fail to return to work at the conclusion of PDL leave and wish to continue these benefits, you may do so by electing to continue the benefit through the Cal-COBRA provisions, and by paying the applicable premiums.

School Appearance Leave

If you are the parent or guardian of a child who has been suspended from school and you receive a notice from your child's school requesting that you attend a portion of a school day in the child's classroom, you may take unpaid time to appear at the school, unless you use accrued PTO. Before your planned absence, you must give reasonable notice to your supervisor that you have been requested to appear by your child's school.

Time Off for Victims of a Violent or Serious Crime

Under certain circumstances, employees who are victims of serious crimes may take time off work to participate in judicial proceedings. Qualified family members of such crime victims may also be eligible to take time off from work to participate in judicial proceedings. The law defines a serious crime to include violent or serious felonies, such as felonies involving theft or embezzlement, crimes involving vehicular manslaughter while intoxicated, child abuse, physical abuse of an elder or dependent adult, stalking, solicitation for murder, hit-and-run causing death or injury, driving under the influence causing injury, and sexual assault. When possible, you must provide us with advance notice of the need for the time off. Your privacy will be protected to the greatest extent possible. Time away from work for non-exempt employees will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

Time Off To Vote

If you do not have sufficient time outside of working hours to vote in a statewide election, you may, without loss of pay, take off up to two hours of working time to vote. Such time must be at the beginning or end of the regular working shift, whichever allows the most free time for voting and the least time off from working, unless otherwise mutually agreed. You must notify us at least two working days in advance to arrange a voting time.

Volunteer Emergency Duty Leave

VCE will allow unpaid time off to employees who perform emergency duty as a volunteer firefighter, reserve peace officer, emergency rescue personnel, an officer, employee, or member of a disaster medical response entity sponsored or requested by the state. If you are a volunteer firefighter, or perform other emergency

personnel duties, please alert your supervisor so that he or she may be aware of the fact that you may have to take time off for emergency duty. When possible, you must provide us with advance notice of the need for the time off. Time away from work will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

Workers' Compensation

We, in accordance with state law, provide insurance coverage for employees in case of a work related injury. To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:

1. Immediately report any work-related injury to your supervisor.
2. Seek medical treatment and follow-up care if required.
3. Complete a written Employee's Claim Form (DWC Form 1) and return it to your supervisor.

Provide us with certification from your health care provider regarding the need for workers' compensation disability leave and your ability to return to work from the leave.

Return to Work Policy

VCE is committed to returning injured employees to modified or alternative work as soon after a work related injury as possible. Temporarily modifying your job or providing you with an alternative position will do this. Your medical condition along with any limitations or restrictions given by the attending physician will be considered as a priority when identifying the modified/alternative position.

The program is intended to provide our employees with an opportunity to continue as valuable members of our team while recovering from a work related injury. We want to minimize any adverse effects of an ongoing disability on our employees. This program is intended to promote speedy recovery, while keeping the employees' work patterns and income consistent. At the same time, we benefit from having our employees providing a service and contributing to the overall productivity of our business. VCE retains discretion to decide whether to provide modified duty.

Receipt and Acknowledgment of VCE Employee Handbook

I have received my copy of VCE's employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

At-Will Employment

I further understand that my employment is at-will, and neither VCE nor I have entered into a contract regarding the duration of my employment. I am free to terminate my employment with VCE at any time, with or without cause. Likewise, VCE has the right to terminate my employment with or without cause, at the discretion of VCE. No employee of VCE can enter into an employment contract for a specified period of time, or make any agreement contrary to this policy without the written approval from the CEO.

Future Revisions

We reserve the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this employee handbook or in any other document, except for the policy of at-will employment. Any written changes to this employee handbook will be distributed to all employees so that you will be aware of the new policies

or procedures. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

Receipt and Acknowledgement of VCE Handouts

Illness and Injury Prevention Plan

I acknowledge that I have read and understand the VCE's Illness & Injury Prevention Plan and that I agree to abide by these policies.

Drug and Alcohol Abuse Policy

I certify that I have read VCE's Drug and Alcohol Abuse Policy and agree to abide fully by its terms. I understand that as a condition of my employment, I may be subjected to drug testing and that my privacy rights are thereby limited. I also understand that I must notify VCE of any conviction for a drug violation that occurs within five days after such a conviction. I understand that any violation of the policy may result in serious disciplinary action, including immediate termination.

Employee's Printed Name _____ Position _____

Employee's Signature _____ Date _____

Receipt and Acknowledgement of VCE Handouts

Sexual Harassment Prevention Handout

I acknowledge that I have read and understand the enclosed pamphlet on sexual harassment prevention in the workplace and reporting procedures in the event that harassment occurs.

State Disability Insurance, Paid Family Leave and Unemployment Handouts

I acknowledge that I have received the enclosed pamphlets on state disability insurance, paid family leave and unemployment insurance as provided by the Employment Development Department.

Workers' Compensation Handout

I acknowledge that I have received the enclosed pamphlet on workers' compensation benefits as provided by the California Chamber of Commerce.

Employee's Printed Name _____

Position _____

Employee's Signature _____

Date _____



VALLEY
CLEAN ENERGY

Employee Handbook

Updated
February 12, 2026

Table of Contents

Welcome To Valley Clean Energy	5
Introductory Policies	6
Introduction & Future Revisions.....	6
Our Working Relationship	6
Open Communication Policy	6
Equal Employment Opportunity.....	6
Unlawful Harassment	7
Employment Policies and Practices.....	9
Classification of Employees	9
Rehired/Converted Employees	10
Job Duties	10
Work Schedules	10
Personnel Records.....	11
Inspection of Payroll Records	11
Layoffs and Work Reductions.....	11
Employment Termination.....	11
Employment Verification and References.....	12
Timekeeping and Attendance	12
Punctuality and Attendance	12
Timekeeping Requirements for Non-Exempt Staff	13
Meal and Rest Periods for Non-Exempt Staff.....	13
Overtime Time Provisions for Non-Exempt Staff	13
Make Up Time for Non-Exempt Staff	14
Exempt Employee Time Off.....	14
Lactation Accommodation	14
Payment of Wages.....	14
Advances.....	15
Payroll Deductions, Wage Attachments and Garnishments	15
Reporting Time Pay	15

Payment for Hours Worked During Business Travel for Non-Exempt Staff	15
Pay for Mandatory Meetings for Non-Exempt Staff	15
Standards of Conduct	16
Professional Business Conduct and Ethics	16
Performance Evaluations.....	17
Problem Resolution	19
Alcoholic Beverage Consumption.....	19
Drug and Alcohol Abuse	19
Customer and Public Relations.....	21
Confidentiality	21
Conflict of Interest.....	22
Solicitation.....	22
Media Contact	22
Employment of Friends or Relatives.....	22
Personal Relationships in the Workplace.....	23
Dress Policy.....	24
Day to Day Operations	24
Employer and Employee Property.....	24
Electronic Systems and Privacy	24
Social Media Guidelines	25
Telephone Usage	27
Cell Phone Usage	27
Workplace Monitoring	28
Travel Expense Policy	28
Agency Property and Equipment.....	28
Personal Use of Agency Property	29
Driving Record and Insurance.....	30
Health and Safety	30
Smoking Policies	30
Security	31
Workplace Violence.....	31
Off-Duty Use of Facilities	31

Parking	32
Employee Suggestion Program.....	32
Employee Benefits.....	32
Benefits.....	32
Official Health Plan Documents.....	32
Paid Time Off (PTO)	32
Holidays	35
Insurance Benefits	35
Domestic Partners	38
Cal-COBRA	38
Recreational Activities and Programs.....	38
Leaves of Absence	38
Medical Leaves of Absence	39
Bereavement Leave	39
Bone Marrow and Organ Donation Leave.....	40
Civil Air Patrol Leave	40
Domestic Violence and Sexual Assault Victim Leave.....	40
Jury Duty or Witness Leave	41
Military Leave	41
Parental Leave	41
Pregnancy Disability Leave	412
Integration With Other Benefits.....	43
Continuation of Medical Benefits.....	43
School Appearance Leave.....	43
Time Off for Victims of a Violent or Serious Crime	43
Time Off to Vote	43
Volunteer Emergency Duty Leave	43
Workers' Compensation.....	44
Return to Work Policy	44
Receipt and Acknowledgment of VCE Employee Handbook.....	44
Receipt and Acknowledgement of VCE Handouts.....	46

Welcome To Valley Clean Energy Alliance

DATE

Dear VCE Employee:

INSERT COVER LETTER HERE

Sincerely,

Mitch Sears
Chief Executive Officer

Introductory Policies

Introduction & Future Revisions

We hope you will find your employment with Valley Clean Energy Alliance (“VCE” or “Agency”) to be both rewarding and challenging. Our staff are key to VCE’s success and we carefully select our new employees. This handbook is not a contract, express or implied, nor does it guarantee employment for any specific length of time.

The policies included in this handbook are guidelines only and are subject to change as VCE deems appropriate. From time to time you may receive notice of new or modified policies, procedures, benefits, or programs. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

Our Working Relationship

VCE does not offer tenure or any other form of guaranteed employment. Either VCE or the employee can terminate the employment relationship at any time, with or without cause, with or without notice. This is called Employment At Will. This employment at will relationship exists regardless of any other written statements or policies contained in this handbook or any other Agency documents or any verbal statement to the contrary.

No one except VCE’s Chief Executive Officer (CEO) can enter into any kind of employment relationship or agreement that is contrary to the previous statement. To be enforceable, such relationship or agreement must be in writing, signed by the CEO, approved by the VCE Board.

Open Communication Policy

At VCE, courtesy, tact and consideration should guide each employee in relationships with fellow workers and the public. It is mandatory that each employee show maximum respect to every other person in the organization. The purpose of communication should be to help others and to make our business run as effectively as possible, thereby gaining the respect of our colleagues and customers.

Equal Employment Opportunity

VCE is an equal opportunity employer and makes employment decisions on the basis of merit and business need. VCE’s policies prohibit unlawful discrimination based on race, color, religious creed, gender, pregnancy (or related medical condition), genetic information, genetic characteristics, gender identity, gender expression, religion, marital status, military or veteran status, age, national origin or ancestry, physical or mental disability, medical condition, sexual orientation, or any other consideration made unlawful by federal, state or local laws. All such discrimination is contrary to VCE policy.

Reasonable Accommodation.

When necessary under the California Fair Employment and Housing Act and the Americans with Disabilities Act, VCE will reasonably accommodate an employee or applicant with a disability if the employee or applicant is otherwise qualified to safely perform all of the essential functions of the position.

We will make reasonable accommodations when requested to comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability. VCE will engage in a timely, good-faith, interactive process to determine a reasonable accommodation, if any, in response to a request for reasonable accommodation by an employee or applicant with a known physical or mental disability or known medical condition. VCE will consider all requests for accommodation, but retains discretion to determine what, if any, accommodation to provide.

Unlawful Harassment

VCE intends to provide a work environment that is pleasant, professional, and free from intimidation, hostility or other offenses which might interfere with work performance. Harassment of any sort - verbal, physical, or visual - will not be tolerated. This includes both sexual harassment as well as harassment based on an employee's status in a protected class. These classes include, but are not necessarily limited to race, color, religion, age, gender, genetic information, genetic characteristics, gender identity, gender expression, sexual orientation, pregnancy (or related medical condition), national origin or ancestry, disability, medical condition, marital status, veteran status, military status, or any other protected status defined by law. This policy also prohibits unlawful harassment based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. This policy extends to unlawful harassment of VCE employees by any other VCE employees, vendors, independent contractors, customers, or others with whom employees may come into contact with during their work for VCE.

Our workplace is not limited to our facilities, but may also include customer and vendor facilities, as well as anywhere a business-related function, or social function sponsored by VCE, is taking place.

What Is Workplace Harassment?

Workplace harassment can take many forms. It may be, but is not limited to, words, signs, offensive jokes, cartoons, pictures, posters, e-mail jokes, social media communication, messages or statements, pranks, intimidation, physical assaults or contact, or violence. It may also take the form of other vocal activity including derogatory statements not directed to the targeted individual but taking place within their hearing. Other prohibited conduct includes written material such as notes, photographs, cartoons, articles of a harassing or offensive nature, and taking retaliatory action against an employee for discussing or making a harassment complaint. In addition, this policy protects employees against conduct from all individuals in the workplace, such as fellow employees, supervisors, outside customers, vendors, independent contractors, or other non-employees who conduct business with our agency.

What Is Sexual Harassment?

Sexual harassment may include unwelcome sexual advances, requests for sexual favors, or other verbal or physical contact of a sexual nature. When this conduct creates an offensive, hostile and intimidating working environment, it may prevent an individual from effectively performing the duties of their position. It also encompasses such conduct when it is made a term or condition of employment or compensation, either implied or stated and when an employment decision is based on an individual's acceptance or rejection of such conduct.

It is important to note that harassment crosses age and gender boundaries and cannot be stereotyped. Among other perceived unconventional situations, sexual harassment may involve two women or two men. Harassment

may exist on a continuum of behavior. For instance, one example of harassment may be that of an employee showing offensive pictures to another employee.

Generally, two categories of harassment exist. The first, "quid pro quo," may be defined as the demand for sexual favors in exchange for improvement or continuance in your working conditions and/or compensation. The second category, "hostile, intimidating, offensive working environment," can be described as a situation in which unwelcome sexual advances, requests for sexual favors, or verbal or other conduct creates an intimidating or offensive environment. Examples of a hostile, intimidating, and offensive working environment include, but are not limited to, pictures, cartoons, symbols, or items found to be offensive. An employee may have a claim of harassment even if he or she has not lost a job or other economic benefit.

Responsibility

All VCE employees, and particularly supervisors, have a responsibility for keeping our work environment free of harassment. Any employee who becomes aware of an incident of harassment, whether by witnessing the incident or being told of it, must report it to their immediate supervisor, the CEO or a management representative with whom they feel comfortable. When supervisors become aware of the existence of conduct that could violate this policy, they are obligated to take prompt and appropriate action, whether or not the recipient of the harassment wants VCE to do so.

Reporting

If you believe you have been harassed by any agency employee, customer, contractor, or other business contact, you are required to report it to your supervisor or any other member of management. While we encourage you to communicate directly with the alleged harasser, and make it clear that the harasser's behavior is unacceptable, it is not required that you do so. It is essential, however, to notify a member of management immediately even if you are not sure the offending behavior is considered harassment. Any incidents of harassment must be immediately reported. At any time if you feel that you are in immediate harm and do not have time to contact either the CEO or your supervisor, seek assistance from any management representative.

Appropriate investigation and disciplinary action will be taken. All reports will be promptly investigated. However, confidentiality cannot be guaranteed. Any employee found to have harassed any employee will be subject to severe disciplinary action up to and including termination. VCE will also take any additional action necessary to appropriately remedy the situation. Retaliation of any sort will not be permitted. No adverse employment action will be taken for any employee making a good faith report of alleged harassment.

All employees must report any incidents immediately so that complaints can be quickly and fairly resolved. The California Department of Fair Employment and Housing ("DFEH") investigates and may prosecute complaints of harassment. Whenever an employee thinks he or she has been harassed or that he or she has been retaliated against for resisting or complaining, that employee may file a complaint with the DFEH. The nearest DFEH office is listed in the telephone book or on-line.

Harassment and Retaliation Prohibited

VCE prohibits any form of harassment on a protected basis that impairs an employee's working ability or emotional well-being at work. VCE also prohibits any employee from retaliating in any way against anyone who has raised any concern about harassment or discrimination against another individual. We will investigate any

complaint of harassment, discrimination, and retaliation and will take immediate and appropriate disciplinary action if any such conduct has been found within the workplace.

Employment Policies and Practices

Classification of Employees

A new hire will be classified as either “exempt” or “non-exempt.”

Non-exempt employees are entitled to overtime pay for hours worked in excess of forty (40) hours per workweek.

Exempt employees are those employees whose duties and responsibilities allow them to be “exempt” from provisions as provided by the Federal Fair Labor Standards Act (FLSA) and any applicable state laws. If you are an exempt employee, you will be advised that you are in this classification at the time you are hired, transferred, or promoted. Participation in VCE’s benefits programs may be affected by your employment status or classification.

All employees of VCE whether exempt, non-exempt, full-time, part-time, or temporary are employed at-will.

1. The EXEMPT status applies to certain administrative, professional, and executive staff. Exempt employees qualify for exemption from overtime regulations under state and federal law and their salaries already take into account that they may work long hours.
2. The NON-EXEMPT status applies to all other regular employees. Non-exempt employees receive extra pay for overtime work (as described in the overtime section of this employee handbook). Employees working in non-exempt positions are compensated for the actual amount of time spent on their job and are entitled to receive time and one-half (1 ½) their regular rate of pay for each hour worked in excess of forty (40) hours in a work week.
3. FULL-TIME employees work on a regular basis for at least 40 hours per week. Full-time employees may or may not be EXEMPT. They are eligible for all benefits available through work at VCE, so long as they meet the applicable requirements, such as length of service.
4. PART-TIME employees are regularly scheduled to work fewer than 40.0 hours per week. Part-time employees who are regularly scheduled to work a minimum of 30 hours per week are entitled to all benefits as explained later in this employee handbook according to a prorated formula based on their average hours worked compared to a standard 40.0 hour workweek. Part-time employees who are regularly scheduled to work less than 30 hours per week are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the CEO.
5. TEMPORARY EMPLOYEES are hired with the understanding that their employment will not continue beyond a stated date or beyond completion of a specified project or projects. Temporary employees will generally not be employed for more than 6 months. Temporary employees are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the CEO.
6. INTERNS are employees who are gaining supervised practical experience in a professional field. Interns may be paid, but are not eligible for any benefits listed in this employee handbook except as required by law.

Recruitment

VCE will conduct an appropriate recruitment, depending on the needs of the organization and the position involved. Open positions may or may not be posted to solicit outside candidates. If you are aware of a vacancy and are interested in being considered for the position, you should discuss the matter with your current supervisor.

Rehired/Converted Employees

If you meet eligibility requirements for rehire at the time of your separation from VCE, you may apply for any open position for which you are qualified. Former employees will be considered along with all other applicants, and have no greater chance of being selected for employment than all other applicants.

If you are rehired by VCE or convert from part-time to full-time status, your length of service with VCE for all purposes will be calculated from the rehire date or the date of conversion to full-time status.

Employees who are involuntarily terminated for performance reasons or for violation of agency policy are ineligible for rehire. In addition, employees who voluntarily resign may still be ineligible for re-hire if VCE learns of circumstances that would have justified termination for performance-based reasons regardless of when that information is acquired.

Job Duties

Your supervisor will explain your job responsibilities and the performance standards expected of you. Your job responsibilities may change at any time during your employment; for example you may be asked to work on special projects or to assist with other work necessary or important to the operation of VCE. It is expected that VCE will have your cooperation and assistance in performing such additional work.

VCE also may, at any time, with or without notice, alter or change your job responsibilities, reassign or transfer your position, or assign you additional job responsibilities depending on business needs.

Work Schedules

VCE's normal business hours are 8:00 a.m. through 5:00 p.m., Monday through Friday. Your supervisor will assign your individual work schedule, and you are expected to be ready to perform your work at the start of your scheduled shift. Flexible work schedules and telecommuting may be accommodated with the approval of your supervisor. Alternative work arrangements are not an entitlement or employee benefit. A supervisor may end the arrangement at any time for any reason or without cause. All changes to normal working hours, flexible work schedules, and telecommuting arrangements should be documented with your supervisor and HR representative.

On occasion, work schedules may fluctuate with customer demand and business needs. If a change in your work schedule is required, your supervisor will notify you at the earliest opportunity. You may be required to work overtime or hours other than those normally scheduled. Exempt employees are required to work as many hours as are necessary to complete the responsibilities of their positions.

Personnel Records

A personnel file will be confidentially maintained for each VCE employee. You may review your personnel file during regular business hours upon making a request to the CEO. An appointment will be made for the purpose of allowing the review.

VCE will treat your personnel records as confidential and private. However, there are certain times when information may be given to a person outside VCE. These include:

1. In response to a subpoena, court order, or order of an administrative agency;
2. To a governmental agency as part of an investigation by that agency of VCE's compliance with applicable law;
3. In a lawsuit, administrative proceeding, grievance, or arbitration in which you and VCE are parties;
4. In a workers' compensation proceeding;
5. To administer employee health benefit plans;
6. To a health care provider, when necessary;
7. To a first aid or safety personnel, when necessary; and
8. Information will be disclosed to prospective employers in accordance with the section on Employment Verification and References.

Please promptly notify the CEO of any changes in your personal data. Keeping your file up-to-date can be important with regard to pay, deductions, benefits and other matters. Coverage or benefits that you and your family may receive under VCE's benefits package could be negatively affected if the information in your personnel file is incorrect.

Inspection of Payroll Records

Employees and former employees have the right to inspect and obtain copies of their own payroll records as required by applicable law. All requests must be submitted in writing to VCE's CEO. Responses will be provided as required by law. Individuals who make a request may be asked to provide identification and may be required to pay for the cost of making the copies.

Layoffs and Work Reductions

VCE may implement layoffs. Employees will be selected for layoff at VCE's discretion based on a combination of factors, including, but not necessarily limited to: business needs, employee performance and productivity, qualifications, attendance, attitude, ability and willingness to work the required days and hours, and the ability to work cooperatively with others in the affected work unit.

The weight given to the above factors may vary depending upon the particular needs of the affected work unit and VCE as a whole at the time of the layoff.

Employment Termination

VCE strives to ensure a smooth transition for employees leaving VCE.

VCE and its employees have an employment relationship that is known as "employment at will." This means that employees are not required to work for VCE for any set period of time nor is VCE required to employ individuals

for any specific length of time. **The statements made in this policy do not alter, modify or limit the employment at will relationship.** An “at-will” employee is subject to termination of employment at any time VCE concludes it appropriate to do so.

Involuntary separation from service means that the termination action is being initiated by VCE, rather than by the employee. In general, employees who are discharged by VCE are not eligible for rehire. However, employees who are terminated due to layoff or restructuring may be eligible for rehire or recall at VCE’s discretion.

VCE will consider you to have voluntarily terminated your employment if you do any of the following:

1. Resign from VCE;
2. Fail to return from an approved leave of absence on the date specified by VCE, or;
3. Fail to report to work or call in for 3 consecutive work days

In the event that you resign voluntarily, we ask – but do not require – that you provide two weeks’ notice to allow for a smooth transition and training of any replacement personnel.

All agency property such as office equipment, credit cards, keys, manuals, computer equipment, and cell phones must be returned on or prior to the last day of employment. You should return these items to your immediate supervisor.

Final wages for time worked, plus any pay for unused but accrued PTO, will normally be paid on your last day of employment, but no later than the next regularly scheduled payday.

Employment Verification and References

When VCE receives a request for references or employment verification, VCE will disclose only the dates of employment and the title of the last position held. VCE will provide a prospective employer with your last earned wage or salary only at your written request. VCE will release additional information only with a signed authorization and waiver of liability in a form acceptable to VCE.

Only the CEO is authorized to respond to requests for employee references and verification of employment. No other supervisor or employee is authorized to provide references for current or former employees.

As an employee of VCE, all requests for information regarding another employee must be forwarded to the CEO.

Timekeeping and Attendance

Punctuality and Attendance

Regular attendance and punctuality are “essential functions” of your job. You are expected to maintain regular attendance during all scheduled work hours, report to work on a timely basis, and work through the end of your regularly scheduled workday. Chronic absenteeism or lateness will not be tolerated and will result in discipline, up to and including termination. In the event of an unscheduled absence, please abide by the following:

- You must personally call your supervisor prior to the start of your shift if you are unable to report to work, or will be late to work, on any particular day.

- You are expected to advise another management representative of your absence if you are not able to reach your supervisor and leave a telephone number where you can be reached.
- You may not have a relative or friend call in to report your absence, unless you are unable to call yourself due to a medical or other emergency.
- If you call after the start of your shift you will be considered tardy for that day.
- You are expected to provide your supervisor with explanation of your absence or tardiness and inform your supervisor of the expected duration of the absence. If you are absent for medical reasons, you do not need to disclose the underlying medical condition.
- With the exception of certain extenuating circumstances, you must call in each day you are scheduled to work and will not report to work.

Repeated absenteeism or tardiness (whether excused or not) is not tolerated. Continuing patterns of absences, early departures, or tardiness - regardless of the exact number of days—may warrant disciplinary action, up to and including termination of employment. Emergency or extraordinary circumstances concerning an absence or tardiness will be considered, and we reserve the right to make an exception to this policy if, at our discretion, an exception is warranted. Repeated car failures, missing the bus, consistently failing to arrange back-up childcare or oversleeping do not constitute emergency or extraordinary circumstances. We reserve the right to determine what is considered excessive absenteeism. In all cases, we will make accommodations for qualified employees with disabilities where required by law.

If you fail to report for work for three (3) consecutive days without any notification to your supervisor, we will consider that you have abandoned your employment, and have resigned your position.

Timekeeping Requirements for Non-Exempt Staff

Applicable law requires VCE to keep an accurate record of time worked. Employee time records are official VCE records and must be accurately maintained. You must input your own time at the start and at the end of each workday, and at the start and end of each lunch hour. Completing another employee's time record or intentionally falsifying a time record is a serious violation and may result in immediate termination of employment. If a time record needs to be corrected, both you and your supervisor must initial the change in the time record to verify its accuracy.

Meal and Rest Periods for Non-Exempt Staff

Employees will generally be provided with at least a 30-minute lunch break per day, which can be scheduled by your supervisor to best accommodate the workday.

Overtime Time Provisions for Non-Exempt Staff

As necessary, you may be asked to work overtime. Only actual hours worked in a given workday or workweek will be counted in determining which hours constitute overtime. We will attempt to distribute overtime evenly and accommodate individual schedules. A supervisor must previously authorize all overtime work. Any overtime worked without prior authorization may be grounds for discipline. We provide compensation for all overtime hours worked by non-exempt employees as follows: All hours worked in excess of forty (40) hours in one workweek will be treated as overtime.

Hours worked for purposes of overtime do not include an unpaid meal period, or hours away from work due to PTO, sickness, holiday, jury duty, or other absences from work. No overtime compensation will be paid to exempt employees. Exempt employees may have to work hours beyond their normal schedules, as work demands require.

Make-Up Time for Non-Exempt Staff

Make-Up time is defined as when a non-exempt employee asks his or her supervisor for additional time off to attend to personal matters. If the request is granted, this time off will be without pay. If you wish to make up this missed time, you may submit a "Make-Up Time Request Form" to your supervisor before the make-up time is worked. It is within the supervisor's discretion to grant the request. Make-Up time must be worked in the same workweek as the missed time (including prior to the missed time) in order not to incur overtime. You may not work over forty (40) hours total in the week including make-up time.

Exempt Employee Time Off

Exempt employees of VCE are paid a salary, which compensates them for working as many hours as required to complete their job duties. Exempt employees do not receive overtime pay. We realize, however, that in instances of extraordinary additional pressure or increased work hours, it may be appropriate for supervisors to recognize the exempt employee's efforts by granting the employee extra time-off separate from and in addition to the employee's accrued PTO time. In order to achieve consistency among supervisors and fairness to the exempt employees, supervisors should use the following guidelines when exercising their discretion to grant additional time off:

1. Limit the amount of additional time-off to no more than two days;
2. Require the employee to take the time-off in the week immediately following the increased hours whenever possible and;
3. Do not allow employees to accumulate any granted but unused time-off

Lactation Accommodation

VCE will provide a reasonable amount of break time to accommodate an employee desiring to express breast milk for the employee's infant child. The break time shall, if possible, run concurrently with any break time already provided to the employee. VCE shall provide the employee with the use of a room or other location, other than a toilet stall, in close proximity to the employee's work area, for the employee to express milk in private. If special arrangements are made to provide a non-exempt employee extra time beyond her normal rest period, the time will be unpaid.

Payment of Wages

Paydays are semi-monthly, the 15th and last day of the month. There are 24 pay periods in a year. The workday (a 24-hour, consecutive period) begins at 12:01 a.m. and ends at midnight. The workweek begins on Sunday and ends on Saturday.

If a regular payday falls on a weekend or holiday, you will be paid on the first day of work prior to the regularly scheduled payday. If there is an error on your check, please report it immediately to your supervisor.

For your convenience, we offer a direct deposit option.

Advances

We do not permit advances against paychecks or against unaccrued PTO.

Payroll Deductions, Wage Attachments and Garnishments

VCE makes certain deductions from every employee's paycheck. Among these are applicable federal, state, and local income taxes, social security and Medicare taxes, state disability insurance contributions, and paid family leave contributions. By law, VCE is also required to honor legal attachments and garnishments of an employee's wages or salaries. If your wages are attached, we will withhold the specified amount to satisfy the terms of the attachment.

Reporting Time Pay

Reporting time pay will be paid under the following conditions:

1. Reporting time pay to non-exempt is owed when you report to work at your regularly scheduled time, but you are given less than half the usual or scheduled day's work. In this case, you will be paid for at least half of the hours you were scheduled to work, but never less than two hours pay, and never more than four hours pay.
2. Reporting time pay is also owed if you are required to report to work a second time in any one (1) workday and are given less than two (2) hours work on the second reporting. In this case you will receive at least two (2) hours pay for the second appearance.

These provisions do not apply if you are on a paid "standby" or "on call" status. In some instances, you may not receive reporting time pay. Reporting time pay does not apply if public utilities fail, such as water, gas, electricity, or sewer and/or when work is interrupted by an "act of God" or other causes not within VCE's control.

Payment for Hours Worked During Business Travel for Non-Exempt Staff

Whenever possible, non-exempt employees traveling on agency business are expected to do so during normal working hours. In the very rare instance where your travel time constitutes overtime, you will be paid overtime as required by law. Non-exempt employees will be paid for all hours worked, including out of town travel time, at regular and overtime pay rates according to the law. Pay for travel time may be at a rate of pay that is less than the employee's normal rate of pay.

If you are non-exempt and traveling on business, you will not be paid for time between work assignments; e.g., if you stay the night in a hotel, pay begins when you begin to work, or are in transit. Travel is to be scheduled in advance, in writing by your supervisor, with the knowledge of the CEO.

Non-exempt travel may be approved on an as-needed basis, but only with prior authorization from your supervisor.

Pay for Mandatory Meetings for Non-Exempt Staff

VCE will pay you for your attendance at meetings, lectures and training programs if all of the following conditions are met:

1. Attendance is mandatory (i.e. required by VCE).

2. The meeting, course, or lecture is directly related to your job.
3. You are notified of the necessity for such meetings, lectures, or training programs by your supervisor (i.e. pre-approval by management is required)

If you meet the above conditions, you will be compensated at your regular rate of pay. If you are required to travel, then travel pay will be provided. You will not receive compensation for voluntary attendance in courses that are conducted outside of normal business hours and/or that are not directly related to your current job.

Standards of Conduct

Professional Business Conduct and Ethics

By accepting employment with VCE, you have a responsibility to VCE and to your fellow employees to adhere to certain codes of behavior and conduct. The purpose of these rules is to ensure that you understand what conduct is expected and necessary. When each person is aware that he or she can fully depend upon fellow workers to follow the rules of conduct, then our agency will be a better place for everyone to work.

Generally speaking, we expect you to act in a mature and responsible way at all times. VCE values honesty in communication and personal responsibility. To avoid any possible confusion, some of the more obvious unacceptable activities are noted below. If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed, please ask for an explanation.

Occurrences of any of the following violations, because of their seriousness, may result in disciplinary action up to and including immediate suspension or termination:

Unacceptable Activities:

1. Generally, conduct which is disloyal, disruptive, or damaging to VCE.
2. Falsification of timekeeping records.
3. Dishonesty; falsification or misrepresentation on your application for employment or other work records; lying about sick or personal leave; falsifying reason for a leave of absence or other data requested by VCE; alteration of agency records or other agency documents.
4. Working under the influence of alcohol or illegal drugs, including marijuana.
5. Theft or inappropriate removal or possession of agency property or the property of fellow employees; unauthorized use of agency equipment and/or property for personal reasons.
6. Possession, distribution, solicitation, sale, transfer, or use of alcohol or illegal drugs, including marijuana, in the workplace, while on duty, or while operating agency-owned vehicles or equipment.
7. Fighting, threatening, or coercing fellow employees on agency property or during working hours, for any purpose.
8. Boisterous or disruptive activity in the workplace.
9. Negligence or any careless action leading to damage of agency-owned or customer-owned property or which endangers the life or safety of another person.
10. Obscene or abusive language toward any supervisor, employee or customer; indifference or rudeness towards a customer or fellow employee; any disorderly/antagonistic conduct on agency premises.

11. Insubordination or other disrespectful conduct; refusing to obey instructions properly issued by your supervisor pertaining to your work; refusal to help out on a special assignment.
12. Violation of security or safety rules or failure to observe safety rules and/or practices; failure to wear required safety equipment; tampering with VCE equipment or safety equipment.
13. Creating or contributing to unsanitary conditions in the workplace.
14. Smoking in prohibited areas.
15. Any act of harassment, sexual, racial or other; telling sexist or racist jokes; making racial or ethnic slurs.
16. Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace.
17. Excessive absenteeism; failure to report an absence or late arrival.
18. Unauthorized absence from work station during the workday; sleeping or loitering during working hours.
19. Unauthorized use of telephones, mail system, or other agency-owned equipment.
20. Originating, spreading, or taking part in malicious gossip or rumors about employees of VCE.
21. Unauthorized disclosure of business "secrets" or confidential information; giving confidential or proprietary information to competitors or other organizations or to unauthorized VCE employees; breach of confidentiality of personnel or agency information.
22. Violation of agency rules or policies; any action that is detrimental to VCE's efforts to operate profitably.
23. Unsatisfactory or careless work; failure to meet production or quality standards as explained to you by your supervisor.
24. Soliciting during working hours and/or in working areas; selling merchandise or collecting funds of any kind for charities or others without authorization during business hours, or at a time or place that interferes with the work of another employee on agency premises.
25. Gambling on agency property.
26. Failure to immediately report any damage or accident involving agency equipment or vehicles.
27. Failure or refusal to comply with the work schedule, including mandatory overtime.
28. Using, removing, or borrowing agency equipment or property without prior authorization.
29. The use of abusive or threatening language or actions toward anyone.

This list is not exhaustive. Rather, we ask that you keep in mind at all times the need to conduct yourself with reasonable and proper regard for the welfare and rights of all our employees and for the best interests of the agency. This statement of prohibited conduct does not alter VCE's policy of at-will employment. Either you or VCE remains free to terminate the employment relationship at any time, with or without reason or advance notice.

Performance Evaluations

VCE encourages an open dialogue between an employee and his or her supervisor on an informal, regular basis. We believe this type of interaction increases job satisfaction for both the employee and VCE.

Formal performance evaluations will be conducted annually or with frequency dependent on length of service, job position, past performance, changes in job duties, or recurring performance problems. After the review, you will be asked to sign the evaluation report to acknowledge that it has been presented to you and discussed with you by your supervisor, and that you are aware of its contents.

Positive performance evaluations do not guarantee increases in salary, bonuses, or promotions. Salary increases, bonuses, and promotions are solely within the discretion of VCE, and depend upon many factors in addition to performance. Having your compensation reviewed does not necessarily mean that you will be given an increase.

VCE uses a discretionary pay-for-performance compensation model to support the highest levels of organizational performance. The intent is to reward individual employee effort and results commensurate with their contributions and impact toward achieving the goals and objectives of the agency. The primary form of a performance reward is a merit increase. These base pay increases move an employee through their salary range and support the agency's retention goals by ensuring employee pay remains competitive with similar roles in the market. Employees who meet or exceed their goals and objectives, as evidenced by the employee receiving an overall rating of 2.0 (Effective) or higher on their year-end Performance Check-in, may be eligible to receive a merit increase (an adjustment in base salary) based on that performance. In limited cases, and with written justification from the supervisor, manager, and Director, an employee with an overall performance rating of less than 2.0 (Effective), may be considered for a reduced base salary.

Performance bonuses also may be used to reward employees when superior performance, as defined below, has been demonstrated in achieving goals and objectives. In most cases, performance bonuses are used to supplement merit increases, or instead of merit increases, when an employee is at or close to the top of their salary range. "Superior performance" is evidenced by an employee receiving a rating of 3.0 (Highly Effective) on one or more goals that, in total, represent at least 25% of the employee's assigned work during the year. "Superior performance" also may be evidenced by an employee receiving an overall rating of 2.5 or higher on their year-end Performance Check-in. Recommendations for performance bonuses must be justified in writing by the supervisor and/or manager and fully describe the efforts put forth by the employee that demonstrates superior performance.

The written justification, and approval of the bonus, are retained. Funding for performance bonuses is included in the annual budget or a budget amendment and approved by the Board of Directors. Performance bonuses are not guaranteed and may not be available due to budget constraints or other business reasons.

Compensation Equity

A pay equity increase may be granted to an employee under certain circumstances, such as the following: a significant lag in salary exists relative to market conditions or between employees with comparable job functions who have similar levels of experience, skills and knowledge, and demonstrated performance; an employee's assigned functions or work tasks increase the scope of the position but do not warrant reclassification; salary compression exists between supervisors and their employees; in order to address retention of employees with highly specialized skills or due to competitive job markets. In addition, a discretionary agency-wide pay equity adjustment for inflation in accordance with the U.S. Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) may be made at the option of the Board of Directors.

Recommendations for pay equity increases are prepared by the Director of Finance and Internal Operations and must be approved by the CEO. Employees approved for a pay equity increase will be notified, and adjustments may be paid retroactively to the first pay period of the current calendar year. Funding for pay equity increases is

included in the compensation identified in the annual budget and approved by the Board of Directors. Pay equity increases are discretionary and may not be available due to budget constraints or other business reasons

Problem Resolution

At some time, you may have a complaint or question about your job, your working conditions, or the treatment you are receiving. Your good-faith complaints and questions are of concern to us. We ask that you take your concerns first to your supervisor, following these steps:

1. Bring the situation to the attention of your immediate supervisor who will then review your concern and provide a solution or explanation.
2. If the problem remains unresolved, you may present it in writing to the CEO who will work towards a resolution.

This procedure, which we believe is important for both you and us, cannot result in every problem being resolved to your satisfaction. However, we value your input and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

Alcoholic Beverage Consumption

Due to the high risk and liability involved, VCE will not provide alcoholic beverages at social gatherings to VCE employees. This policy applies to the following:

1. Birthday parties;
2. Office parties;
3. Office picnics; and
4. Recreational activities (i.e. organized team sports)

Drug and Alcohol Abuse and Testing

VCE is concerned about the use of alcohol, illegal drugs, or controlled substances as it affects the workplace. We comply with state and federal drug abuse regulations, including the Drug-Free Workplace Act of 1988. Use of these illegal substances (whether illegal under California or federal law) whether on or off the job can adversely affect your work performance, efficiency, and safety and health. The use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees, and exposes VCE to the risks of property loss or damage, or injury to other persons. Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect your job performance and seriously impair your value to us. Any employee who is using prescription or over-the-counter drugs that may impair your ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting or resuming work. All precautions necessary to preserve your privacy will be taken. You must adhere to the rules stated in this policy as a condition of employment. Failure to comply with this policy may result in discipline, including termination. The CEO has been designated to administer this policy, monitor the program and make reports as required by law.

If there is ever a reasonable basis to suspect you of violating the drug and alcohol policy and being under the influence during working hours, you will be requested to immediately submit to a drug and/or alcohol test. Suspicion will be based on objective symptoms, such as factors related to your appearance, behavior and speech. A reasonable basis may also exist if you are found to be in possession of illegal drugs, alcohol or paraphernalia connected with the use of an illegal drug. Possession of illegal drugs or alcohol is prohibited even if you have not used these substances.

The following rules and standards of conduct apply to all employees either on agency property, or during the workday (including meals and rest periods). The following are strictly prohibited by VCE:

1. Possession or use of alcohol or illegal drugs, including marijuana, or being under the influence of alcohol or illegal drugs while on agency premises or at any time on duty.
2. Driving an agency vehicle or driving for agency business in a private vehicle while under the influence of alcohol or illegal drugs, including marijuana.
3. Distribution, sale, or purchase of an illegal or controlled substance while on agency premises or at any time on duty.
4. Possession or use of an illegal or controlled substance, or being under the influence of an illegal or controlled substance while on agency premises or at any time while working.
5. Any drug or alcohol statute conviction. You must notify VCE within 5 days of such conviction.

In order to enforce this policy, we reserve the right to conduct searches of agency property and to implement measures necessary to deter and detect abuse of this policy.

In the event of suspicion of use in connection with an on the job accident, you may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs and alcohol. VCE will test for alcohol, cannabinoids, (THC), Opiates, i.e. codeine and morphine, Cocaine metabolites, Amphetamines, i.e. amphetamine and metamorphines, adulterants low creatine levels and Phencyclidine. VCE assures that any information concerning your drug and/or alcohol use will remain confidential. Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

If the results of your drug and/or alcohol test are positive, VCE will take disciplinary action which may include suspension or immediate termination. The disciplinary action will be based on the seriousness of the offense and your past performance. If you return to work after testing positive for drugs and/or alcohol, you may be required to consent to unannounced tests for drugs and/or alcohol for a specified period as a condition of continued employment. In the event that you test positive, you may request a second test to be performed by a reliable drug testing agency, at your expense.

Any conviction you receive on a charge of illegal sale or possession of any controlled substance will not be tolerated. In addition, we must keep people who use, sell, or possess controlled substances off VCE's premises in order to keep the controlled substances themselves off the premises.

Violation of the above rules and standards of conduct will not be tolerated. VCE may bring the matter to the attention of appropriate law enforcement authorities.

VCE's policy on drug and alcohol in no way limits or alters the at-will employment relationship.

Customer and Public Relations

The success of VCE depends upon the quality of the relationships between VCE, our employees, and our customers, suppliers and the general public. Our customers' impression of VCE and their interest and willingness to do business with us are formed by how you serve them.

The opinions and attitudes that customers have toward our agency can be affected for a long period of time by the actions of just one employee. It is sometimes easy to take a customer for granted, but when we do, we run the risk of not only losing that customer, but their associates, friends or family who also may be customers or prospective customers.

Here are several things you can do to help give customers a good impression of VCE:

1. Customers are to be treated courteously and given proper attention at all times. Never regard a customer's questions or concerns as an interruption or an annoyance. Customer inquiries, whether in person or by telephone, must be addressed promptly and professionally.
2. Never place a telephone caller on hold for an extended period of time. Direct incoming calls to the appropriate person and make sure that the call is answered.
3. Act competently and deal with customers in a courteous and respectful manner. Through your conduct, show your desire to assist the customer in obtaining the help that he or she needs. If you are unable to help a customer, find someone who can.
4. All correspondence and documents, whether to customers or others, must be neatly prepared and error-free. Attention to accuracy and detail in all paperwork demonstrates your commitment to those with whom we do business.
5. Never argue with a customer. If a problem develops or if a customer remains dissatisfied, ask your supervisor to intervene.
6. Communicate pleasantly and respectfully with other employees at all times.

These are the building blocks for your and VCE's continued success.

Confidentiality

It is your responsibility to safeguard confidential information obtained during your employment with us, including financial information obtained from customers and private information about other employees.

You may in no way reveal or divulge any such information unless it is necessary for you to do so in the performance of your duties. Access to confidential information should be on a "need-to-know" basis and must be authorized by your supervisor.

If you are questioned by someone outside VCE or your department and you are concerned about the appropriateness of giving them certain information, you are not required to answer. Instead, as politely as possible, refer the request to your supervisor or the CEO.

It is also important to remember that you may not disclose or use proprietary or confidential information except as your job requires. You may not keep or retain any originals or copies of reports, notes, proposals, customer

lists or other confidential and proprietary documents, equipment, supplies, or property belonging to VCE. Any and all copies or originals of reports, and notes belong to VCE and must be turned over to VCE within twenty-four (24) hours of termination of employment.

You are not permitted to remove or make copies of any VCE records, reports or documents without prior management approval. Do not post confidential information about VCE, customers, employees, or affiliates on any social media. Disclosure of confidential information could lead to termination, as well as other possible legal action.

Conflict of Interest

As an employee of VCE, you must avoid actual or potential conflicts of interest with VCE. If you are found to have a conflict of interest, you may be subject to discipline, including termination. You should contact your supervisor with any questions about this policy. Prohibited activities include, but are not limited to:

1. Having a direct or indirect financial relationship with a VCE customer, vendor, or supplier; however, no conflict will exist in the case of ownership of less than 1 percent of a publicly traded corporation.
2. Engaging in any other employment or personal activity during work hours, or using VCE's name, logo, equipment or property, including stationery, office supplies, computers, telephones, fax machines, postage, and office machines, for personal purposes.
3. Soliciting agency employees, suppliers, or customers to purchase goods or services of any kind for non-agency purposes, or to make contributions to any organizations or in support of any causes.
4. Soliciting or entering into any business or financial transaction with another employee whom the soliciting employee supervises, either directly or indirectly, such as hiring the employee to perform personal services or soliciting the employee to enter into an investment.

Solicitation

You are not permitted to solicit or distribute literature during working time. Working time includes both your working time and the working time of the employee to whom the solicitation or distribution is directed. Similarly, distribution of written solicitation material in working areas is prohibited at all times. If you wish to distribute fundraising items such as cookies, candy, and coupon books for sale, you may place them without solicitation in your workstation or VCE break rooms.

Media Contact

If you are contacted by a news organization regarding VCE business, please direct all media inquiries to your supervisor, the CEO, or the Director of Marketing.

Employment of Friends or Relatives

The employment of friends and relatives in the same area of an organization may cause conflicts of interest and appearances of impropriety. In addition, personal conflicts may impact the working relationship of the parties. Although VCE does not prohibit the hiring of friends and relatives of existing employees, VCE is committed to monitoring situations in which friends or relatives work in the same area. In the event of an actual or potential problem, VCE's response may include reassignment or termination of one or both of the individuals involved. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose

relationship with an employee is similar to that of persons who are related by blood or marriage, or one who is a domestic partner.

Personal Relationships in the Workplace

VCE desires to avoid misunderstandings, complaints of favoritism, claims of sexual harassment, and employee dissension that may result from personal or social relationships amongst employees. Therefore, VCE asks that if you become romantically involved with another employee that you disclose your relationship to a supervisor with whom you feel comfortable. This information will be kept as confidential as possible. For purposes of this provision, “romantically involved” will be interpreted broadly. VCE reserves the right to take necessary and appropriate action to resolve any potential conflict of interest arising out of romantic involvement among employees. Depending on the facts of the situation, such action may include reassignment or termination of one or both of the employees involved.

VCE is committed to maintaining a professional work environment where supervisors treat all employees fairly and impartially. Accordingly, supervisors are not allowed to date, or become romantically or intimately involved with, employees who report to them directly or indirectly. Also, spouses and immediate family members are prohibited from working in positions where they directly report to, or are reported to, by their spouses or family members. Personal relationships very often cause problems in the workplace, such as a lack of objectivity towards the subordinate’s job performance, the perception of favoritism by other employees (whether justified or not), and potential sexual harassment complaints.

For purposes of this policy, “immediate family” includes significant others (such as unmarried couples who live together), domestic partners, step-parent and step-child relationships, in-law relationships, grandparents and cousins (including analogous relationships with the parents and children of an employee’s significant other). This policy covers all family-like relationships, regardless of blood or legal relationships.

Employees who are currently dating one another, or employees who are married or related and report to or supervise each other, may request to be transferred in order to comply with this policy. When possible, VCE will attempt to accommodate such requests. Please understand, however, that VCE reserves the right not to transfer employees based on conflicting business considerations.

Unprofessional behavior in the workplace, such as sexually related conversations, inappropriate touching (i.e., kissing, hugging, massaging, sitting on laps) another employee, and any other behavior of a sexual nature, is prohibited.

If two employees marry or become related, causing actual or potential problems such as those described, only one of the employees will be retained with VCE unless reasonable accommodations can be made to eliminate the actual or potential conflict. The employees will have 30 days to decide which relative will stay with VCE. If this decision is not made in the time allowed the CEO will make the decision, taking the employment history and job performance of both employees as well as the business needs of VCE into account. Supervisors who have any questions about the application of this policy to an employee or applicant should contact the CEO.

Dress Policy

You are expected to dress and groom yourself in accordance with accepted social and business standards, particularly if your job involves dealing with customers or visitors in person. A neat, tasteful appearance contributes to the positive impression you make on our customers.

Business casual dress is generally expected which should include nice shoes, slacks, pantsuits, dresses, skirts, and shirts (and possibly suits and ties when appropriate). Violating dress code standards may subject you to appropriate disciplinary action.

Day-to-Day Operations

Employer and Employee Property

Routine inspections of agency property might result in the discovery of an employee's personal possessions. You are encouraged not to bring into the workplace any item of personal property which you do not want to reveal to VCE.

All desks, lockers, offices, work spaces, credenzas, cabinets, electronic mail (e-mail), telephone systems, office systems, computer systems, any and all electronically issued technology, agency vehicles and other areas or items belonging to VCE are open to VCE and its employees. **YOU SHOULD HAVE NO EXPECTATION OF PRIVACY IN ANY OF THESE AREAS.** Personal items and messages or information that you consider private should not be placed or kept in any of these places or areas belonging to VCE.

Storage areas, work areas, file cabinets, credenzas, computer systems and software, office telephones, cellular telephones, any and all electronically issued technology, modems, facsimile machines, copy and scanner machines, tools, equipment, desks, voice mail, and electronic mail are the property of VCE, and need to be maintained according to agency rules and regulations.

Desks and work areas must be kept clean, and are to be used for work-related purposes. VCE's property is subject to inspection at any time, with or without prior notice. Prior authorization must be obtained before any of VCE's property may be removed from the premises.

For security reasons, you should not leave personal belongings of value in the workplace. Personal items, lockers and desks are subject to inspection and search, with or without notice, and with or without your prior consent.

Terminated employees should remove any personal items at the time of separation. Personal items left in the workplace by previous employees are subject to disposal if not claimed at the time of your termination.

Electronic Systems and Privacy

Access to VCE's electronic systems is provided for work-related purposes. There should be NO expectation of privacy in connection with the use of electronic systems, including stored e-mail/voice mail/text messages or any messages sent electronically. All messages created, sent, received or stored in these systems are and remain the property of VCE. VCE reserves the right to retrieve and review any message composed, sent or received via the system. Please note that even when a message is deleted or erased, it is still possible to recreate the message; therefore, the ultimate privacy of messages cannot be ensured to anyone.

To safeguard and protect the proprietary, confidential and business-sensitive information of VCE, and to ensure that the use of all electronic systems and equipment is consistent with VCE's legitimate business interests, authorized representatives of VCE may monitor the use of such systems from time to time without notice, which may include printing and reading materials, files on the system, list servers, and equipment.

You should be aware that e-mail messages, like VCE correspondence, and any and all messages sent electronically may be read by other VCE employees and outsiders under certain circumstances. While it is impossible to list all of the circumstances, some examples are the following: (1) during system maintenance of the e-mail system, (2) when VCE has business needs to access the employee's mailbox, (3) when VCE receives a legal request that requires disclosure of e-mail messages, or (4) when VCE has reason to believe the employee is using e-mail in violation of VCE policies.

Social Media Guidelines

VCE understands that various forms of communication occur through social media, such as Facebook, Twitter, LinkedIn, blogs, and multimedia host sites such as YouTube. Such communications occur in social networking, blogs, and video sharing and similar media. It should be remembered that social media sites do not provide a private setting. Employees who communicate information through social media therefore should not expect that such information is private

Employees must remember that all existing policies apply to information disseminated through social media. These guidelines are intended to help employees understand some of the unintended outcomes of sharing information through social media.

Application of Policies

The employer's policies and standards apply to conduct that occurs in the workplace and while employees are on duty, wherever they happen to be. They also apply to activities that occur during an employee's own time, outside of work, if the activities have an actual or potential impact on the employee's performance, the performance of coworkers, or the employer. Employees should therefore understand that they are responsible for certain activities that occur off the employer's premises or on their own time both to the employer and third parties. Nothing in this policy prevents employees from exercising their broad rights to discuss the terms and conditions of employment with others, to take action with others to improve your working conditions, or to otherwise exercise their rights to engage in protected concerted activity.

General Policies

VCE's policies regarding workplace conduct and interpersonal interactions are embodied in a number of policies, including policies that protect VCE's legal interests and confidential information.

The policies also prohibit unlawful harassment and discrimination and require employees to use work time in an appropriate manner.

The principles set forth in VCE's policies apply equally to social media, even when the policies do not refer specifically to social media. Violations of any policy through social media or networking will be appropriately addressed when brought to management's attention.

Illustrations of some of the relevant policies and how they may apply to social media are provided below. The following guidelines apply to all employees when they are at work and away from work.

General expectations

- Employees may not post or transmit any material or information that includes confidential, proprietary or trade secret information, or information that is untrue, defamatory, obscene, profane, threatening, harassing, abusive, hateful or humiliating to another person or entity. This includes, but is not limited to, comments regarding VCE or its employees or customers. Employees should ask their supervisors and refer to agency policies if they have any questions about what is appropriate to include in communications involving social media.

Harassment

- VCE will not tolerate intimidation, bullying or threats of violence among co-workers and such acts, even if occurring outside of work, will result in serious consequences, including termination.
- VCE maintains a strict policy prohibiting harassment of any kind. Harassment is inappropriate and contrary to VCE policy if it is based upon any legally protected characteristic. It includes unwelcome verbal, physical, or visual conduct that creates an intimidating, offensive, or hostile work environment or unreasonably interferes with work performance.

Reputation

- Employees should act responsibly and remember that untrue or defamatory postings can have serious consequences. Do not create fake blogs or false reviews of VCE or its customers.

Acceptable Use Guidelines

- E-mail and Internet access is provided to support VCE's business operations. Incidental use of e-mail and internet for personal reasons is permissible during non-working periods during the workday, provided it is not excessive and provided it does not interfere with VCE business. Any use that includes tapping into electronic social media should be consistent with VCE's values, policies and applicable laws.
- Participation in social media sites should be limited during work time; incidental use during break time is not prohibited by this policy. Under no circumstances may employees access social media sites while performing safety-sensitive functions such as driving.

Opinions

- Employees should not speak on behalf of VCE without proper authorization to do so. Employees should at all times make it clear that their opinions do not represent those of VCE. They should include disclaimers in online communications advising that they are not speaking officially or unofficially on behalf of the organization.
- Employees may not use VCE's logo or proprietary graphics to imply that you are speaking on behalf of VCE.

Questions

- Employees who have concerns regarding workplace conduct or inappropriate behavior or comments are encouraged to contact the CEO for further guidance.

Additional Guidance and Information

While VCE's policies offer very clear direction on some issues, there are other areas where common sense must prevail. When in doubt about posting, employees should consider the following:

- There is no expectation of privacy when engaging in social media networking activities. You may know everyone in the room when you have a conversation in person. This will not apply with social networking applications. You may not have full control over how your comments are perceived or shared.
- These are public forums. As a practical matter, it may be impossible to delete information that is shared. Comments may be publicly available for years.
- Even when you do not identify your employer by name in the communication or posting, some readers are likely to know where you work. Keep this in mind when you consider posting or transmitting comments that may be work-related. This should also be considered when creating your profile.
- Do not state or imply that the opinions you express are those of VCE, its management, or other employees. Include a disclaimer to this effect.

Telephone Usage

You may use agency telephones for local or personal calls within reason. You are not to charge long distance personal telephone calls to VCE. You are expected to limit personal calls so they do not become excessive or disruptive to your work or work area.

Cell Phone Usage

VCE realizes that in our fast-paced business environment, meeting our goals and staying in touch with our customers and co-workers is a necessary process in working efficiently. But, first and foremost, we want to preserve the safety of our employees and those in the community. California law limits the use of cell phones while driving to those having hands-free operation.

This law provides that, it is illegal to drive a motor vehicle while using a wireless telephone, unless that telephone is designed and configured to allow hands-free listening and talking operation, and is used in that manner while driving.

Additionally, writing, sending, or reading text-based communications on your cell phone while driving is also prohibited under California law. This includes text messaging, instant messaging, and e-mail. You will be responsible for any tickets you receive if you violate this law.

Use of a hands-free cell phone is required while driving for agency business. An option is that you pull over while driving to place or receive calls on your cellular phones. There is a great potential for harm to you and to others if this policy is violated.

Personal cell phone use is not needed or required for work purposes and should not be used for work.

Workplace Monitoring

Workplace monitoring, both human and electronic, may be conducted by VCE to ensure quality control, employee safety, compliance with VCE policies, security, and customer satisfaction.

Customer sites may also utilize video surveillance of non-private workplace areas. Video monitoring is used to identify safety concerns, maintain quality control, detect theft and misconduct, and discourage or prevent acts of harassment and workplace violence.

Because VCE is sensitive to your legitimate privacy rights, every effort will be made to see that workplace monitoring is done in an ethical and respectful manner.

Travel Expense Policy

VCE will reimburse you for work-related travel expenses such as transportation, overnight accommodations and meals. You should have your supervisor's approval before incurring travel expenses. All requests for reimbursement must be submitted to the CEO for approval along with supporting documents or original invoices.

Non-exempt employees will be paid for time spent traveling and in conference sessions. If you are required to use your personal automobile on work-related business, VCE will reimburse you for mileage at the current IRS reimbursement rate and for parking expenses. You should submit the appropriate expense form to the CEO for approval and then forward it to accounting for payment once per month. If you use your personal vehicle for work-related travel you are expected to maintain at least the minimum insurance required by law.

Education and Professional Development Assistance

VCE will support the professional development, educational advancement, and career growth of employees. As a result, the VCE will benefit from improved employee performance, higher levels of workforce engagement, and increased numbers of qualified internal candidates for promotional opportunities. The availability of funding for the assistance is subject to the annual budget process. All regular full-time employees who have served a minimum of six months with the agency must pay for any expense upfront and will receive reimbursement of approved and eligible expenses upon successful completion of coursework. The employee must repay the entire amount of the reimbursement benefit paid to them if they voluntarily separate from the agency within 12 months of receiving the benefit. Employees may be reimbursed for up to \$5,000 per year to offset the cost of coursework.

Agency Property and Equipment

Equipment essential to accomplishing job duties is often expensive and may be difficult to replace. When using agency property, you are expected to exercise care, arrange for required maintenance, and follow all operating instructions, safety standards, and guidelines.

VCE requires that all equipment be in proper working order and safe to work with at all times. If any equipment appears to be damaged, defective, or in need of repair, do not use it until a qualified technician certifies that it is repaired and safe. Never try to fix broken equipment yourself. Please notify your supervisor of any equipment breakdown as soon as it happens. If the breakdown requires emergency repairs, your supervisor will help you

deal with the emergency situation as soon as possible. Prompt reporting of damages, defects, and the need for repairs could prevent possible personal injury and deterioration of equipment. Please ask your supervisor if you have any questions about your responsibility for maintenance and care of equipment used on the job.

If you are authorized to operate an agency vehicle in the course of your assigned work, or if you operate your own vehicle in performing your job, you must adhere to the following rules:

1. You must be a licensed California driver and must maintain at least the minimum insurance required by law.
2. You must maintain weekly mileage reports.
3. You are responsible for following all the manufacturer's recommended maintenance schedules so as to maintain valid warranties, and for following the manufacturer's recommended oil change schedule.
4. VCE provides insurance on agency vehicles. However, you will be considered completely responsible for any accidents, fines, moving or parking violations.
5. If involved in an accident do not admit fault, only provide required insurance and personal DMV information.
6. You must keep VCE vehicle clean at all times.
7. Persons not authorized or employed by VCE cannot operate or ride in an agency vehicle.
8. Prior to operation of any agency vehicle, your supervisor will train you on the appropriate steps to take if you are involved in an accident, such as filling out the accident report, getting names and phone numbers of witnesses and so on.

If you are required to drive an agency vehicle or your own vehicle for agency business, you will also be required to show proof of a current, valid driver's license and current effective auto insurance coverage prior to the first day of employment.

If you drive your own vehicles on agency business you will be reimbursed at the current IRS reimbursement rate.

You are responsible for all agency property, materials, or written information issued to you or in your possession. You may be asked to sign an acknowledgment of receipt of agency property issued to you. All agency property must be returned on or before your last day of work. You may be responsible for the replacement cost of agency property not returned.

Agency cars are for agency business only, and only authorized employees may drive agency cars. Employee spouses, children, friends or anyone other than the employee may not operate these vehicles, unless an emergency arises. A violation of these rules, or excessive or avoidable traffic and parking violations may result in disciplinary action, up to and including termination.

Personal Use of Agency Property

You are not allowed to use agency owned property for personal use. The definition of "agency owned" assets includes, but is not limited to, facilities, computers, and their related equipment, labelers, copy machines, postage meter, any type of supplies including office supplies, tools, vehicles, credit cards, etc. These assets are provided to you for agency related business only.

Please also remember that all desks, lockers, cabinets, computers and vehicles that belong to VCE will be open to all agency employees. Personal items, messages or information that you consider private should not be placed or kept in telephone systems, office systems, agency computer systems, office work spaces, desks, and credenzas or file cabinets.

If you are issued an agency credit card you are responsible for the use of that card. Under no circumstances will VCE allow you to sign an agency credit card unless the card being signed is issued in your name. Signing another employee's credit card will result in liability for the expense and may subject you to immediate termination. If you hold an agency credit card you may only give permission to another employee to make an authorized business purchase or reservation using your card with prior approval from the CEO of VCE. Any holders of agency credit cards or authorized users who transact a non-business related charge may be subject to immediate termination. Receipts for all credit card transactions must be given to the Finance Director along with an explanation of the purchase.

Driving Record and Insurance

As a condition of employment, we require you to maintain an acceptable driving record if you drive for agency business. Any accidents or traffic violations must be reported to a supervisor immediately if they occur during the course of your duties. You will be responsible for any tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle. Failure to report an on-the-job motor vehicle accident, no matter how minor, will lead to disciplinary action, up to and including termination. Additionally, you are required to maintain the level of insurance required by the state of California. A copy of your insurance card must be on file before you will be allowed to drive for agency business.

Health and Safety

Safety is everybody's business. Safety is to be given primary importance in every aspect of planning and performing all VCE activities. We want to protect you against injury and illness, as well as minimize the potential loss of production. To achieve our goal of maintaining a safe workplace, everyone must be safety conscious at all times. In compliance with California law, and to promote the concept of a safe workplace, we maintain an Injury and Illness Prevention Plan (IIPP). The IIPP is available for your review from the Director of Finance & Internal Operations. The Director of Finance & Internal Operations has responsibility for implementing, administering, monitoring, and evaluating the safety program. Its success depends on the alertness and personal commitment of all.

You will receive a copy of VCE's general safety rules and will receive health and safety training as part of this program. A complete copy of the Safety Program is kept by the CEO and is available for your review.

Smoking Policies

Smoking, use of e-cigarettes or vapor products is not allowed in any enclosed area of the building, or within 25 feet of any entrance of the building or in any agency vehicle. In fairness to those who do not smoke, smoking is allowed only during breaks and lunch and only outside of the office or building.

Security

To provide for the safety and security of you, our customers and our facilities, only authorized visitors are allowed in the work areas. To ensure the safety of our guests, we encourage family and friends to check in when visiting you at the workplace.

The following security procedures should always be followed to ensure your safety and the safety of your fellow employees, and to ensure the confidentiality of VCE's information. At no time should unauthorized persons be allowed to roam unescorted through VCE's office. It is a matter of courtesy to accompany customers and guests to and from the exits and other office to which they may be destined. If strangers are encountered in our office who do not satisfactorily identify themselves or the person with whom they will be meeting, escort them to the front of the office. If they resist, contact your supervisor immediately.

Be aware of persons loitering for no apparent reason in other non-office areas (e.g., in parking areas, walkways, entrances/exits and service areas). Report any suspicious persons or activities to your supervisor. Secure your desk at the end of the day or when called away from your work area for an extended length of time and do not leave valuable and/or personal articles in or around your workstation that may be accessible. Please report any lost facility keys to your supervisor immediately.

Workplace Violence

VCE recognizes that violence in the workplace is a growing nationwide problem necessitating a firm, careful response by all employers. The costs of workplace violence are great, both in human and financial terms.

VCE has adopted the following policies to ensure the safety of its employees and to provide guidance on dealing with violence in the workplace. If qualified, you may provide first aid to injured persons. You are required to:

1. Immediately report all indirect and direct threats of violence to a supervisor.
2. Immediately report all suspicious individuals or activities to a supervisor.
3. Never put yourself or others in peril.
4. Immediately call 911 and seek shelter if you hear a violent commotion near your workstation.
5. Cooperate fully with security, law enforcement, and medical personnel who respond to a call for help.
6. Direct all inquiries from the media about violence on VCE premises to your supervisor or the CEO.

The CEO of VCE will make the sole determination of whether, and to what extent, threats or acts of violence will be acted upon by the agency. In making this determination, we may undertake a case-by-case analysis in order to ascertain whether there is a reasonable basis to believe that workplace violence has occurred. No provision of this policy shall alter the at-will nature of employment at VCE.

Off-Duty Use of Facilities

You are prohibited from being on agency premises, or making use of agency facilities, while not on duty. You are expressly prohibited from using agency facilities, agency property or agency equipment for personal use.

Parking

You are encouraged to use the parking areas designated for our employees. Remember to lock your car every day and park within the specified areas.

Courtesy and common sense in parking will help eliminate accidents, personal injuries, and damage to your vehicle and to the vehicles of other employees. If you should damage another car while parking or leaving, immediately report the incident, along with the license numbers of both vehicles and any other pertinent information you may have, to your supervisor. VCE cannot be and is not responsible for any loss, theft or damage to your vehicle or any of its contents. You will be responsible for any parking tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle.

Employee Suggestion Program

We encourage you to bring forward your suggestions and good ideas about how our agency can be made a better place to work and our service to customers enhanced. When you see an opportunity for improvement, please talk it over with your supervisors. All suggestions are valued and listened to.

Employee Benefits

Benefits

VCE has developed and invested in an employee benefit program to supplement your regular wages. VCE will continue these benefits as agency resources allow; however, we reserve the right to change or eliminate any benefit program at any time (including increasing the employee's share of the cost).

Our benefit program consists of programs which may include health, dental, and vision coverage, life insurance, paid time off (PTO) and holiday pay. In addition, there are a number of programs available to employees through other sources such as State Disability, Paid Family Leave, Unemployment Insurance, Social Security and Workers' Compensation. Eligibility to participate in some of these programs is determined by your employee classification and length of continued service with VCE.

Official Health Plan Documents

The employee handbook contains a number of brief summaries of the benefit programs that the employer provides for eligible employees. The purpose of these summaries is simply to acquaint you with the general provisions of the applicable plans; they do not contain full statements of all of the terms, conditions, and limitations of the plans. If there are any real or apparent conflicts between the brief information in the handbook and the terms, conditions and limitations of the official plan documents, the provisions of the official plan documents will be considered accurate. You are encouraged to review all plan documents carefully to familiarize yourself with all of the provisions of the plans.

Paid Time Off (PTO)

Eligibility

Paid Time Off (PTO) is an all purpose time-off policy for eligible employees to use for the following: vacation; the

diagnosis, care, treatment of an existing health condition; preventative care of an employee or family member; for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance; illness or injury; and personal business. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status). Personal business also includes time spent for jury duty, bereavement, and time off to vote. Regular full-time employees are eligible to earn and use PTO as described in this policy.

PTO begins accruing upon your date of hire. Employees may begin using PTO upon your 90th day of employment. At that time, you can request the use of earned PTO including that accrued during the waiting period.

Accrual

Regular, full-time employees accrue 6.67 hours of PTO per pay period (24 pay periods per year) in your first year of eligibility – 160 hours. After your first anniversary, and thereafter, you will receive an additional eight (8) hours per year, which will accrue at an additional rate of .34 hours per pay period. Once you have worked for the agency for ten (10) years, you will not accrue any additional PTO.

The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when you start to earn PTO. You will not earn PTO while you are out on an unpaid leave of absence. Therefore, your benefit year may be extended if you go out on a leave of absence other than a military leave of absence. Military leave has no effect on this calculation. (See individual leave of absence policies for more information.)

Scheduling PTO

PTO can be used in minimum increments of one (1) hour for non-exempt employees. Exempt employees may use PTO in ½ day or 1 full day increments. If you have an unexpected need to be absent from work you should notify your direct supervisor before the scheduled start of your workday, if possible. Your direct supervisor must also be contacted on each additional day of unexpected absence.

To schedule planned PTO, you need to request advance approval from your supervisor. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

PTO is paid at your base pay rate at the time of absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

PTO will be used to supplement any payments that you are eligible to receive from state disability insurance, or workers' compensation. The combination of any such disability payments and PTO cannot exceed your normal weekly earnings.

PTO Payout

The CEO may, in his or her sole discretion, authorize a cash payout of up to 60 hours of PTO annually to an employee who meets the following criteria: (a) the employee used an equal or greater amount of hours in the preceding 12 months; and (b) the employee will maintain a minimum PTO balance of 120 hours after the

payout. Such requests will be granted at the sole discretion of the CEO in the interest of work program effectiveness and subject to VCE's fiscal capability.

PTO Caps

Employee can accumulate PTO up to a balance of twice the annual PTO for which they are entitled. Once that limit is reached, employee will no longer accrue PTO until time is taken, and the employee's accrual falls below the cap.

Upon termination of employment, you will be paid for unused PTO that has been earned through your last day of work.

Sick Leave

Employees will earn sick leave in accordance with this policy.

Sick leave is a form of insurance that is accumulated in order to provide a cushion for incapacitation due to illness. It is to be used only for the diagnosis, care, treatment of an existing health condition or preventative care of an employee, family member or for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status).

On the employee's hire date, all employees will receive 24 hours of paid sick leave. Regular, full-time employees accrue 3.34 hours (10 days annually) of PTO per pay period (24 pay periods per year) and these employees can use their PTO for paid sick leave. Regular, full-time employees can accumulate PTO up to a balance of 160 (20 days). Employees who are not eligible for the PTO policy as outlined above will be credited with 24 hours of paid sick leave at the commencement of each employment year up to 40 hours. Employees will also accrue 1 hour of paid sick leave per every 30 hours worked until the employee has accrued the equivalent of 5 days or 40 hours of paid sick leave, whichever is greater. Any unused sick leave is not paid out on separation of employment.

Employees may begin using sick leave upon their 90th day of employment.

When wishing to use sick leave, you should personally call your supervisor prior to the start of your shift on the day you are scheduled to work. Sick leave is not to be taken in less than two (2) hour increments and does not accrue when you are out on sick leave.

A paid absence is not counted as a basis for computing overtime.

If you are receiving State Disability Insurance (SDI) or Workers' Compensation payments, then you can integrate sick pay (meaning that you can supplement your wage replacement benefits with a portion of your sick leave to equal your full wage). Under no circumstances can you receive more than your customary wage.

Sick leave is not granted for the purpose of accompanying or taking pets to procure medical attention.

Unused sick leave has no cash value and will not be paid at termination.

Holidays

We observe the following paid holidays for full-time employees:

- New Year's Day
- Martin Luther King Jr.'s Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving
- Day after Thanksgiving
- Christmas Day
- Floating Holiday (2)

Eligibility for holiday pay begins upon date of hire. You must also be regularly scheduled to work on the day on which the holiday is observed, and must work your regularly scheduled working days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor.

When a holiday falls on a Saturday or Sunday, it is usually observed on the preceding Friday or the following Monday. Holiday observance will be announced in advance.

If you are on a paid absence due to PTO when a holiday occurs, you will receive holiday pay. Non-exempt employees who work on holidays, due to customer job requirements, will receive regular earned wages. Part-time employees and interns are not eligible for holiday pay.

Insurance Benefits

Medical, Dental and Vision Insurance: We provide access to medical, dental & vision insurance plans for eligible employees and their dependents. You may be required to provide adequate proof of the dependent relationship in order to add the dependents to VCE's insurance policies. Typically, proof of the relationship may be established through a copy of a birth certificate, adoption documents, marriage license, or certificate of registered domestic partnership. We cannot guarantee your domestic partner relationship will be kept confidential.

Full-time employees and part-time employees who are regularly scheduled to work a minimum of 30 hours per week are eligible for VCE's medical, dental, and vision insurance coverage. Each employee becomes eligible on the first of the month after the employee has started employment with VCE. VCE will contribute up to \$2,479 per month per employee towards VCE's medical, dental and vision insurance for a full-time employee and dependents coverage. VCE will contribute a prorated amount for part-time employees based on the average hours worked (for example, if the part-time employee is regularly scheduled to work 30 hours per week, VCE's contribution toward the cost of VCE's medical, dental and vision insurance coverage for the part time employee

and his/her eligible dependents would be prorated to 75% of the full-time equivalent, i.e., \$1,859). The employee is responsible for any premiums due for VCE coverage(s) that are in excess of the VCE contribution amount. Deductions from the employee's paycheck will be made to cover this cost. Information describing medical, dental and vision insurance benefits will be given to you when you become eligible to participate in the program. Eligible employees who elect not to receive medical insurance coverage from VCE must provide proof of adequate medical coverage from an alternate source within 30 days of becoming eligible through VCE for the benefit. Such election will be effective as of the employee's eligibility date and will remain in effect until the start of the next open enrollment period. Employees who have declined VCE medical insurance coverage and want to continue to decline coverage must provide proof of adequate medical coverage once per year, no later than 30 days prior to VCE's open enrollment period. Full time employees who decline to accept VCE medical, dental, and vision insurance benefits shall receive a payment of \$550 per month in lieu of coverage; part -time employees who are eligible for VCE medical, dental and vision insurance and decline to accept VCE medical, dental, and vision insurance shall receive a prorated payout based on the employee's regularly scheduled hours (i.e., an employee who is regularly scheduled to work 30 hours per week will receive 75% of the full-time equivalent, or \$412.5.)

During any leave of absence such as personal leave, Workers' Compensation leave or other disability leave, VCE-provided health benefits will continue through the end of the month during which leave commenced. At that point, the employee will be provided with the option to continue coverage at the employee's own expense pursuant to Cal-COBRA. For the duration of any pregnancy disability leave of absence, health and life insurance benefits will be continued for the duration of your approved pregnancy disability leave as required by applicable law.

Please direct any questions you have regarding your medical, dental and/or vision insurance to the CEO.

Retirement Plan: We provide a 401(A) and 457B defined contribution retirement plans for eligible employees in order to assist in planning for your retirement. Eligible employees may enroll following 6 months of employment. Retirement plan participants can participate in loan programs permitted under the plan guidelines. For more information regarding eligibility, contributions, benefits and tax status, contact the CEO. All eligible participants will receive a summary plan description.

Disability Insurance: VCE furnishes private long-term disability policies. For more information, contact the CEO.

Life and Accidental Death and Dismemberment Insurance: If you are a regular full-time employee of VCE, you will be provided our group life insurance coverage paid for by the organization. This insurance is payable in the event of your death, in accordance with the policy, while you are insured. You may change your beneficiary whenever you wish by submitting the appropriate documents to the Human Resources Consultant. Refer to the literature provided by our insurance agency for details on your life insurance coverage.

Paid Family Leave (PFL) Insurance: All employees who take time off to care for a seriously ill family member (child, parent, grandparent, grandchildren, in-laws, spouse or registered domestic partner) or bond with a new child may be eligible to receive replacement wages for up to six weeks during any 12-month period, under California's Paid Family Leave program. This program is funded with employee contributions through the State

Disability Insurance (SDI) Program. Such contributions are deducted from each employee's paycheck. Even though employees may be eligible to receive Paid Family Leave insurance benefits, a leave of absence must still be requested and approved as defined in our leave policies. Please understand that this leave does not mandate any guarantee that your job will be available when you are ready to return.

State Disability Insurance: If you are unable to work due to a non-work related medical condition or injury you may be entitled to State Disability Insurance (SDI). SDI benefits are paid by the state and are financed from mandatory payroll tax deductions from all employees' wages. Questions regarding SDI benefits should be directed to the CEO or the state's Employment Development Department.

Unemployment Compensation: We contribute each year to the California Unemployment Insurance Fund on behalf of our employees.

Social Security: Social Security is an important part of every employee's retirement benefit. We pay a matching contribution to each employee's Social Security taxes.

Workers' Compensation: VCE purchases a workers' compensation insurance policy to protect you while you are employed by us. The policy covers you in case of occupational injury or illness. It is your responsibility to notify a member of management immediately if injured. Please refer to the Workers' Compensation policy for additional information.

We provide workers' compensation insurance for our employees as required by state law. The insurance provides important protection for employees who suffer a work-related injury. We encourage you to report all workplace injuries immediately and to take advantage of the benefits provided by our workers' compensation insurance if you are injured on the job.

Workers' compensation insurance provides important protection for employees who suffer an injury at work. Unfortunately, we understand that some employees are encouraged to file fraudulent workers' compensation claims. For your own protection, you should know that the California Insurance Frauds Protection Act provides that it is unlawful for any person to:

"Make or cause to be made any knowingly false or fraudulent material statement or material representation for the purpose of obtaining . . . compensation . . . and shall be punished by imprisonment in county jail for one year, or in the state prison for two, three or five years, or by a fine not exceeding Fifty Thousand Dollars (\$50,000.00) . . . or by both imprisonment and fine."

Our policy is to investigate all questionable workers' compensation claims. If they appear to be fraudulent, they are referred to the Bureau of Fraudulent Claims and the District Attorney's office.

Section 125 (Cafeteria Plan): Through the flexible spending account or the health savings account, you may designate an annual dollar amount of your before-tax income to pay for certain eligible expenses. Particular care should be taken to assure that the funds required in the flexible spending account are not over estimated as unused funds cannot be returned to the participant at the end of the plan year. Please refer to the booklets for information about the program. If you need additional information or change forms, please speak with the CEO.

Domestic Partners

VCE believes that basic medical/dental/vision coverage should be available to employees and their dependents. To recognize non-traditional family arrangements and to demonstrate our commitment to our community of employees and their families, VCE has instituted a Domestic Partners Policy. This policy gives you the opportunity to cover a long-term, significant same sex partner under our benefits plans, as well as opposite sex partners for employees over 62 years of age. VCE wishes to make it clear that it cannot guarantee confidentiality of the relationship once a domestic partner is covered under our policy. See the CEO for more information.

Cal-COBRA

The California Continuation Benefits Replacement Act (Cal-COBRA) gives qualified employees and their dependents the opportunity to continue health insurance coverage under VCE's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements. Under Cal-COBRA, you or the beneficiary pays the full cost of coverage at VCE's group rates. In addition, you or the beneficiary may be required to pay an administration fee. Our plan administrator will provide you with a written notice describing rights granted under Cal-COBRA when you become eligible for coverage under our plan. The notice contains important information about your rights and obligations.

Recreational Activities and Programs

VCE or its insurer will not be liable for payment of workers' compensation benefits for any injury that arises out of your voluntary participation in any off-duty recreational, social, or athletic activity that is not part of your work-related duties.

Leaves of Absence

Occasionally, for medical, personal, or other reasons, you may need to be temporarily released from the duties of your job with VCE. It is the policy of VCE to allow its eligible employees to apply for and be considered for certain specific leaves of absence.

All requests for leaves of absence shall be submitted in writing to your supervisor. Each request shall provide sufficient detail such as the reason for the leave, the expected duration of the leave, and the relationship of family members, if applicable. When you become aware of your need for leave, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCE's customary notice and procedural requirements for requesting leave. Failure to return to work as scheduled from an approved leave of absence or to inform your supervisor of an acceptable reason for not returning as scheduled will be considered a voluntary resignation of employment. While on a leave of absence you may not obtain other employment or apply for unemployment insurance. If either of these instances occurs, you may be viewed as having voluntarily resigned from VCE.

You will not accrue PTO while you are on an unpaid leave of absence. There are several types of leaves for which you may be eligible.

Medical Leaves of Absence

A medical leave of absence may be granted for non-work related temporary medical disabilities (other than pregnancy, childbirth and related medical conditions) until the end of the month in which the leave began with a doctor's written certificate of disability (unless leave of a longer duration is required by law). Requests for leave should be made in writing as far in advance as possible, but, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCE's customary notice and procedural requirements for requesting leave. If you are granted a medical leave, you are required to use any accrued sick pay. You also may use any PTO previously accrued.

A medical leave begins on the first day your doctor certifies that you are unable to work and ends when your doctor certifies that you are able to return to work. Your supervisor will supply you with a form for your doctor to complete, showing the date you were disabled and the estimated date you will be able to return to work. Upon your return, you must present a doctor's certificate showing fitness to return to work. If you need a medical-related leave longer than VCE can, consistent with business necessity and reasonable accommodation, approve, you will be advised.

For the duration of any leave of absence, health and life insurance benefits ordinarily provided by VCE, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. For the duration of a pregnancy disability leave, health and life insurance benefits ordinarily provided by VCE, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

If you wish to continue these benefits you may do so by electing to continue the benefit through the CAL-COBRA provisions, and by paying the applicable premiums.

You will not accrue PTO while you are on an unpaid medical leave of absence.

If returning from a non-work related medical leave, you will be offered the same position held at the time of leaving, if available. However, we cannot guarantee that your job or a similar job will be available upon your return. If VCE is unable to provide a job for you at the end of your leave, we will end your employment, but you will be eligible to apply for any opening that may arise for which you are qualified.

Bereavement Leave

VCE provides regular full-time and regular part-time employees up to three (3) days' paid bereavement leave in the event of a death in your immediate family. For purposes of this policy, "immediate family" includes your spouse, parent, child, sibling; your spouse's parent, child, or sibling; your long-time companion or domestic partner; and your grandparents or grandchildren. If you need to take time off due to the death of an immediate family member you should contact your supervisor. Your supervisor may approve additional unpaid time off.

Bone Marrow and Organ Donation Leave

Employees who are donating an organ to another person may take a leave of absence not exceeding 30 business days (and which may be taken in one or more periods) in any one-year. Employees who are donating their bone marrow to another person may take a leave of absence not exceeding 5 business days (and which may be taken in one or more periods) in any one year.

Requests for leave should be made in writing as far in advance as possible. You must provide a written medical certification from your health care provider to VCE that shows that you are a bone marrow or organ donor and that there is a medical necessity for the donation.

Bone Marrow and Organ Donation leave is a paid leave; however, you are required to use up to 5 days of accrued but unused sick or PTO leave for bone marrow donation, and up to 2 weeks of accrued but unused sick or PTO leave for organ donation.

For the duration of a Bone Marrow or Organ Donation leave of absence, health and life insurance benefits ordinarily provided by VCE, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

When you are ready to return to work after a Bone Marrow or Organ Donation leave, you must provide certification from your medical care provider that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. Except as otherwise allowed by law, you are entitled, upon return from leave, to be reinstated in the position you held before the Bone Marrow or Organ Donation leave, or to be placed in a comparable position with comparable benefits, pay, and terms and conditions of employment.

Civil Air Patrol Leave

Employees who volunteer for the California Wing of the Civil Air Patrol are allowed up to ten days of unpaid leave each year. This leave covers employees who are needed to respond to an emergency operational mission who have been employed by VCE for at least 90 days immediately preceding the requested leave. VCE reserves the right to verify the need for the leave with the Air Patrol.

Domestic Violence and Sexual Assault Victim Leave

VCE takes threats and actions of domestic abuse and sexual assault against our employees very seriously, and wants employees to feel free to obtain services to keep themselves and their dependents safe.

If at any time you need to be absent from work because you have been a victim of domestic violence or sexual assault, and you need to take time off to ensure your safety, seek medical treatment, or receive counseling as a result of domestic violence or sexual assault, please let your supervisor or the CEO know immediately. Your privacy will be protected to the greatest extent possible. You may use accrued PTO or sick leave in lieu of unpaid time off for these purposes.

Jury Duty or Witness Leave

You may want to fulfill your civic responsibilities by serving on a jury or as a witness as required by law. Absences from work due to jury or witness services may be taken as PTO, or you may request unpaid leave for the length of absence. VCE will comply with all federal and state requirements for jury and witness pay for exempt employees. You may be requested to provide written verification from the court clerk of having served as a juror or witness.

Prior to taking jury duty or witness leave, you must provide the jury duty or witness summons to your supervisor. You must provide the summons as soon as possible so that arrangements can be made to cover your absence. You are expected to report for work whenever the court schedule permits, including reporting for half- or partial work days. If you are called for jury duty during a particularly busy time, VCE may ask you to request the court postpone your mandatory jury duty to a more convenient time for VCE. You may receive fees and transportation reimbursement from the court for appearing as a juror or witness. You will retain all fees paid for appearing as a juror or witness, plus any transportation reimbursements received.

Military Leave

If you wish to serve in the military and take military leave you should contact the CEO for information about your rights before and after such leave. You are entitled to reinstatement upon completion of military service provided you return or apply for reinstatement within the time allowed by law.

Parental Leave

VCE recognizes the importance of supporting employees in their journey of parenthood and promoting worklife balance. This policy establishes guidelines for parental leave, which encompasses both maternity and paternity leave, to provide employees with the opportunity to bond with their newborn or newly adopted child and to adjust to the demands of parenthood.

Eligibility: This policy applies to all full-time employees and covers both biological and adoptive parents.

Parental Leave:

VCE offers 4 weeks (1 month) of fully paid parental leave at the employee's base salary (less applicable taxes), providing them with dedicated time to care for and nurture their newborn or newly adopted child. Employees must provide reasonable notice and share their expected dates of absence with their manager and Human Resources. During parental leave, employees will retain access to applicable benefits, as outlined in our employee benefit policies. Employees may choose to take parental leave all at once or in increments, subject to discussion and agreement with their managers.

- **Maternity Leave:** Time off before and after childbirth.
- **Paternity Leave:** Time off for non-birth parents, enabling them to support their partners and bond with their newborn or newly adopted child.
- **Adoption Leave:** Time off for employees who adopt a child to provide them with time to integrate the child into their family and establish a nurturing environment.

Parental leave may run concurrently with applicable federal (FMLA) and state (PDL, CFRA) leave requirements and regulations. Contact Human Resources for more details.

Pregnancy Disability (Eligibility and Terms) Leave

Female employees are entitled to an unpaid Pregnancy Disability Leave (PDL) during the time they are disabled due to pregnancy, childbirth, or related medical conditions. This leave will be for the period of disability, up to four months or 17 1/3 workweeks. You are “disabled by pregnancy” if you are unable because of pregnancy to work at all, are unable to perform the essential functions of your job, or to perform these functions without undue risk to successful completion of your pregnancy, or to other persons.

Leave may be taken intermittently or on a reduced work schedule when medically advisable, as determined by your medical care provider. Medical certification is required, and the length of Pregnancy Disability Leave will depend on the medical necessity for the leave. If you need intermittent leave or leave on a reduced schedule, VCE may require you to transfer, during the period of the intermittent or reduced schedule leave, to an available alternative position for which you are qualified and which better accommodates your recurring periods of leave. Transfer to an alternative position may include altering an existing job to better accommodate your need for intermittent leave or a reduced work schedule.

Applying For Leave

If possible, you should give at least 30 days’ notice requesting a pregnancy-related leave. This notice must provide and include the expected date on which the leave will begin, written certification from your medical care provider stating the anticipated delivery date and the duration of the leave.

Return to Work

Before returning to work, you must provide a release from your medical care provider certifying that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. VCE will reinstate you to your position unless:

1. Your job has ceased to exist for legitimate business reasons;
2. Your job could not be kept open or filled by a temporary employee without substantially undermining VCE’s ability to operate safely and efficiently;
3. You have directly or indirectly indicated your intention not to return;
4. You are no longer able to perform the essential functions of the job with or without reasonable accommodation;
5. You have exceeded the length of the approved leave; or
6. You are no longer qualified for the job.

If VCE cannot reinstate you to the position you held before the pregnancy disability leave began, VCE will offer you a comparable position, provided that a comparable position exists and is available, and provided that filling the available position would not substantially undermine VCE’s ability to operate safely and efficiently.

Integration With Other Benefits

A pregnancy disability leave is unpaid, but you are required to use your accrued sick leave during the leave. In addition, you may elect to use accrued PTO during the leave. Sick leave and PTO will supplement any State Disability Insurance benefits. VCE will maintain group medical benefits during a pregnancy disability leave as required by law. No additional PTO, sick leave or holiday pay will accrue during the leave (except during the time period you are using sick leave or PTO). You may also, however, be eligible for short term disability benefits.

Continuation of Medical Benefits

For the duration of your PDL leave of absence, health and life insurance benefits ordinarily provided by VCE, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected. If you fail to return to work at the conclusion of PDL leave and wish to continue these benefits, you may do so by electing to continue the benefit through the Cal-COBRA provisions, and by paying the applicable premiums.

School Appearance Leave

If you are the parent or guardian of a child who has been suspended from school and you receive a notice from your child's school requesting that you attend a portion of a school day in the child's classroom, you may take unpaid time to appear at the school, unless you use accrued PTO. Before your planned absence, you must give reasonable notice to your supervisor that you have been requested to appear by your child's school.

Time Off for Victims of a Violent or Serious Crime

Under certain circumstances, employees who are victims of serious crimes may take time off work to participate in judicial proceedings. Qualified family members of such crime victims may also be eligible to take time off from work to participate in judicial proceedings. The law defines a serious crime to include violent or serious felonies, such as felonies involving theft or embezzlement, crimes involving vehicular manslaughter while intoxicated, child abuse, physical abuse of an elder or dependent adult, stalking, solicitation for murder, hit-and-run causing death or injury, driving under the influence causing injury, and sexual assault. When possible, you must provide us with advance notice of the need for the time off. Your privacy will be protected to the greatest extent possible. Time away from work for non-exempt employees will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

Time Off To Vote

If you do not have sufficient time outside of working hours to vote in a statewide election, you may, without loss of pay, take off up to two hours of working time to vote. Such time must be at the beginning or end of the regular working shift, whichever allows the most free time for voting and the least time off from working, unless otherwise mutually agreed. You must notify us at least two working days in advance to arrange a voting time.

Volunteer Emergency Duty Leave

VCE will allow unpaid time off to employees who perform emergency duty as a volunteer firefighter, reserve peace officer, emergency rescue personnel, an officer, employee, or member of a disaster medical response entity sponsored or requested by the state. If you are a volunteer firefighter, or perform other emergency

personnel duties, please alert your supervisor so that he or she may be aware of the fact that you may have to take time off for emergency duty. When possible, you must provide us with advance notice of the need for the time off. Time away from work will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

Workers' Compensation

We, in accordance with state law, provide insurance coverage for employees in case of a work related injury. To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:

1. Immediately report any work-related injury to your supervisor.
2. Seek medical treatment and follow-up care if required.
3. Complete a written Employee's Claim Form (DWC Form 1) and return it to your supervisor.

Provide us with certification from your health care provider regarding the need for workers' compensation disability leave and your ability to return to work from the leave.

Return to Work Policy

VCE is committed to returning injured employees to modified or alternative work as soon after a work related injury as possible. Temporarily modifying your job or providing you with an alternative position will do this. Your medical condition along with any limitations or restrictions given by the attending physician will be considered as a priority when identifying the modified/alternative position.

The program is intended to provide our employees with an opportunity to continue as valuable members of our team while recovering from a work related injury. We want to minimize any adverse effects of an ongoing disability on our employees. This program is intended to promote speedy recovery, while keeping the employees' work patterns and income consistent. At the same time, we benefit from having our employees providing a service and contributing to the overall productivity of our business. VCE retains discretion to decide whether to provide modified duty.

Receipt and Acknowledgment of VCE Employee Handbook

I have received my copy of VCE's employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

At-Will Employment

I further understand that my employment is at-will, and neither VCE nor I have entered into a contract regarding the duration of my employment. I am free to terminate my employment with VCE at any time, with or without cause. Likewise, VCE has the right to terminate my employment with or without cause, at the discretion of VCE. No employee of VCE can enter into an employment contract for a specified period of time, or make any agreement contrary to this policy without the written approval from the CEO.

Future Revisions

We reserve the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this employee handbook or in any other document, except for the policy of at-will employment. Any written changes to this employee handbook will be distributed to all employees so that you will be aware of the new policies

or procedures. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

Receipt and Acknowledgement of VCE Handouts

Illness and Injury Prevention Plan

I acknowledge that I have read and understand the VCE’s Illness & Injury Prevention Plan and that I agree to abide by these policies.

Drug and Alcohol Abuse Policy

I certify that I have read VCE’s Drug and Alcohol Abuse Policy and agree to abide fully by its terms. I understand that as a condition of my employment, I may be subjected to drug testing and that my privacy rights are thereby limited. I also understand that I must notify VCE of any conviction for a drug violation that occurs within five days after such a conviction. I understand that any violation of the policy may result in serious disciplinary action, including immediate termination.

Employee’s Printed Name _____ Position _____

Employee’s Signature _____ Date _____

Receipt and Acknowledgement of VCE Handouts

Sexual Harassment Prevention Handout

I acknowledge that I have read and understand the enclosed pamphlet on sexual harassment prevention in the workplace and reporting procedures in the event that harassment occurs.

State Disability Insurance, Paid Family Leave and Unemployment Handouts

I acknowledge that I have received the enclosed pamphlets on state disability insurance, paid family leave and unemployment insurance as provided by the Employment Development Department.

Workers' Compensation Handout

I acknowledge that I have received the enclosed pamphlet on workers' compensation benefits as provided by the California Chamber of Commerce.

Employee's Printed Name _____

Position _____

Employee's Signature _____

Date _____

VALLEY CLEAN ENERGY ALLIANCE**RESOLUTION NO. 2026-___****RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE APPROVING
2026 UPDATES TO THE EMPLOYEE HANDBOOK**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019;

WHEREAS, on January 18, 2018, the Valley Clean Energy Employee Handbook was adopted;

WHEREAS, on January 23, 2019, the Board approved updates to the employment regulations and edits to payroll operational procedures to the Employee Handbook;

WHEREAS, on July 11, 2019, the Board approved updates to the Employee Handbook incorporating new laws and personnel requirements;

WHEREAS, on February 13, 2020 the Board approved updates to the Employee Handbook to reflect benefits eligibility date; and,

WHEREAS, on February 11, 2021, the Board approved updates to the Employee Handbook to adjust medical contributions amounts.

WHEREAS, on April 14, 2022, the Board approved updates to the Employee Handbook to update the General Manager to Executive Officer, working schedules, discretionary pay for performance, compensation equity adjustments, paid time off payout, retirement loan programs, and annual adjustment to medical contributions to maintain parity to costs.

WHEREAS, on February 9, 2023, the Board approved updates to the Employee Handbook to adjust medical contributions amounts.

WHEREAS, on January 11, 2024, the Board approved updates to the employee handbook to grant employees Sick Leave, additional (2) floating annual holidays for a total of 12 holidays days annually, and the annual adjustment to medical contributions to maintain parity to costs.

WHEREAS, on February 13, 2025, the Board Approved updates to the Employee Handbook to include a jury duty or witness leave section to grant regular employees the ability to fulfill their

civic responsibilities, grant education and professional development assistance up to \$5,000 per year, and the annual adjustment to medical contributions.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. Adopt changes to the Employee Handbook to add parental leave to provide regular employees with additional paid parental leave for dedicated time to care for and nurture their newborn or newly adopted child, and the annual adjustment to medical contributions to maintain parity in costs, as detailed in the attached February 2026 redline employee handbook.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Board of Directors

FROM: Mitch Sears, CEO
Edward Burnham, CFO

SUBJECT: VCE Strategic Plan Annual Report

DATE: February 12, 2026

RECOMMENDATION

Receive 2025 annual progress update on implementation of the Strategic Plan.

OVERVIEW

The purpose of this report is to provide the annual progress update to the Board on the implementation of the Strategic Plan.

BACKGROUND

The Board ratified the VCE Three-Year Strategic Plan (Plan) for 2021-2023 at its November 12, 2020 meeting ([VCE-Strategic-Plan-Final.pdf \(valleycleanenergy.org\)](#)). At the July 13, 2023 Board meeting, the Board approved [Item 12](#) including a resolution for adopting Strategic Plan Guidelines. The Guidelines included a proposed timeline for extending the 2021-23 plan through 2025 with a minor update as part of that process. The Board approved [Item 13](#) at the October 14, 2025 meeting including a Major update for 2026-2029.

The Strategic Plan update schedule is:

Extension of 2021-2023 Plan			Strategic Plan				Strategic Plan			
2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Minor Update		Major Update		Minor Update		Major Update		Minor Update		Major Update
	IRP WORK		IRP WORK		IRP WORK		IRP WORK		IRP WORK	

The strategic plan is aligned with VCE’s mission and vision and guides the organization’s actions over a multi-year time horizon. The Plan is the basis for developing annual organization and individual goals, annual budgets, key decisions, and priorities. The Plan also informs the development of VCE’s compliance documents, including the Integrated Resource Plan (IRP), a document that sets out a 10-year roadmap for energy procurement that is updated on a 2-year rolling basis.

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The Plan categories and key goals include:

FINANCIAL STRENGTH	<ul style="list-style-type: none"> • Goal: Maintain and grow a strong financial foundation and manage costs to achieve long-term organizational health.
PROCUREMENT AND POWER SUPPLY	<ul style="list-style-type: none"> • Goal: Manage power supply resources to consistently exceed California's Renewable Portfolio Standard (RPS) while working toward a resource portfolio that is 100% carbon neutral by 2030.
CUSTOMERS AND COMMUNITY	<ul style="list-style-type: none"> • Goal: Prioritize VCE's community benefits and increase customer satisfaction and retention.
DECARBONIZATION AND GRID INNOVATION	<ul style="list-style-type: none"> • Goal: Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.
STATEWIDE ISSUES: REGULATORY AND LEGISLATIVE AFFAIRS	<ul style="list-style-type: none"> • Goal: Strongly advocate for public policies that support VCE's Vision/Mission.
ORGANIZATION, WORKPLACE, AND TECHNOLOGY	<ul style="list-style-type: none"> • Goal: Analyze and implement an optimal long-term organizational, management, and information technology structure at VCE.

The Strategic Plan incorporates the following schedule for status reporting:

- Quarterly Report to VCE Management
Staff will report quarterly to the Executive Officer on the status of goals, objectives and metrics for which they are responsible.
- Annual Report to Board and CAC
Staff will report annually to the Board and CAC on the status of goals, objectives and metrics, and will recommend any mitigations or amendments as may be necessary for Board approval.

Staff has provided progress updates to the Executive Officer, Community Advisory Committee (CAC), and Board as described above. Generally, Staff observes that progress has been made in each goal area and that the plan serves to align organizational activities with policy priorities.

This report provides key strategic plan accomplishments during 2025, as in the companion Item 2 year in review. Examples of key accomplishments in 2025 include:

Goal 1 – Financial Strength

- 5% discount for all and 10% CARE/FERA discount
- Established Rate Stabilization Fund with +60 Days Operating Cash
- Increased Operating Reserve Policy +120 Days Operating Cash
- Established "A-" Initial Investment Grade Credit Rating with S&P
- Issued Pre-pay Bonds for 14.4% (\$3M Annually for 10 years) savings on PPA Power Costs
- Clean Financial Audit
- Compliance with all debt and power purchase agreement covenants

Goal 2 & 4 – Procurement, Power Supply, Decarbonization, Grid Innovation

- Established a new VCE target of 90% renewable and 100% carbon free energy by 2030. With current power portfolio, VCE is forecast to achieve its carbon free target by 2026 and its renewable target by 2028.

- Initiated Community Advisory Committee local energy task force to explore options to promote and procure energy from local sources.
- Worked with CC Power and other member CCAs to leverage group purchasing power to promote innovative technologies to meet members' procurement compliance requirements, such as the Willow Rock long-duration storage project.
- Applied for PG&E microgrid grant funding for portions of Esparto and nearby communities, to be served by the Gibson solar and BESS project.
- Willy 9 Chap 2 (72MW PV + 36MW BESS). After the PV portion came online in 2024, the BESS portion achieved commercial operation in March 2025.

Goal 3 – Customers and Community

- VCE savings to customers (including rate discounts, programs, community investment): \$8M by 1/1/26; estimated \$12M by the end of 2026.
- Community Engagement – Participated in 10 in-person community events; 50,000+ people reached (including media, in-person) Media: 4 press releases, 4 press placements, 200 media contacts.
- Successful engagement on Strategic Plan Update, with 2 in-person workshops and survey to all customers with 200+ responses
- New social media platform (BlueSky) and increased engagement on LinkedIn following new, differentiated strategy
- Average time spent on VCE website: 1:23 (industry avg: 0:53)
- Electric Advisor: 80+ closed cases, high customer satisfaction rating
- Retained customers (called in and would have opted out, but changed their minds): 1,300+
- VCE invited to join Yolo Energy Partnership and invited to join Northern Rural Energy Network (to be confirmed in 2027)
- VCE/UC Davis/Panasonic residential dynamic rates pilot launched

Goal 5 – Legislative and Regulatory

- Revised and adopted 2026 Legislative and Regulatory Platform.
- Participated in CalCCA lobby efforts related to affordability including Resource Adequacy Transactability (ultimately not included in adopted affordability package but CalCCA priority for 2026 legislative session).
- Analyzed regionalization legislation (Pathways Initiative) which was ultimately adopted.
- Engaged in legislative discussions related to dynamic/flexible pricing, no action by legislature.
- Engaged in and supported CalCCA regulatory activities, including addressing PCIA rates/calculation through reconsideration of PCIA methodology/Court of Appeals filing, resource adequacy transactability, access to IOU information related to large load/data center planning (Rule 30), and transparency for energization delays (Rule 21).
- Reduction in Power Charge Indifference Adjustment (PCIA) through joint CCA participation and testimony in Energy Resource Recovery Account (ERRA) Proceeding.

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Goal 6 – Organization, Workplace, and Technology

- 86% Employee Retention – COO position turnover
- Enterprise Financial Model Development
- Strategic Plan Major Update – 2026-2029

CONCLUSION

Generally, Staff observes that progress has been made in each goal area and that the plan serves the overall intended purpose of aligning organizational activities with policy priorities.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Resolution amending Resolution 2021-008 to modify time and location of regular Board meetings

DATE: February 12, 2026

RECOMMENDATION

Approve a resolution amending Resolution 2021-008 to modify time and location for regular Board meetings.

BACKGROUND

On September 20, 2017 the Board adopted Resolution 2017-004 establishing a regular meeting day and time and to alternate the monthly meeting location between Davis City Council and Yolo County Board of Supervisors Chambers. Since then, the cities of Woodland and Winters have joined VCE.

In March 2020, due to the COVID-19 pandemic, the Governor executed two orders (N-25-20 and N-29-20) suspending certain provisions of the Brown Act and allowing Boards of Directors to attend meetings telephonically or by videoconference to provide for physical distancing. For numerous months in early 2020, the Board had been holding *special* meetings at 4 p.m. via videoconferencing. On August 13, 2020 via Resolution 2020-022, the place and time of its regular Board meetings was modified to hold regular meetings via video/teleconference at 4 p.m. during the COVID-19 emergency.

In April 2021 the Board of Directors adopted Resolution 2021-008 to change the time of regular monthly meetings from 4 p.m. to 5 p.m. as long as the Executive Orders related to the COVID-19 emergency are in place, and once those Executive Orders expire to change the time of meetings to be at 5:30 p.m. and to require that the location of in person meetings rotate amount the member agencies at City of Davis Community Chambers, City of Woodland Council Chambers, and City of Winters Police/Fire Station, or Yolo County Board of Supervisors Chambers (Woodland).

ANALYSIS

Since the Executive Orders expired, the VCE Board has been holding their regular meetings in person at 5:30 p.m. and the Board has been holding their meetings at either the City of Davis Council (Community) Chambers or at the City of Woodland Council Chambers. Due to facility size and technology incapacibilities, the Board has not been holding meetings at the City of Winters Police/Fire Station or Yolo County Board of Supervisors Chambers.

Staff would like, via modifying Resolution 2020-022, to reconfirm the regular meeting “default” time of 5:30 p.m. on the second Thursday of the month and change the location of the meetings alternating between City of Davis Council (Community) Chambers, City of Woodland Council Chambers, or any other location as approved by the Board. No other changes to the Resolution are being proposed.

Designating a “default” time of 5:30 p.m. does not prohibit the Board from meeting at a different time by either adjourning a prior meeting to an earlier time or scheduling a special meeting. As a reminder, VCE cannot adjust the Chief Executive Officer salary or incur debt at a special meeting.

CONCLUSION

Staff recommend that the Board approve a resolution amending Resolution 2021-008 to amend time and location for regular Board meetings.

Attachments

1. Resolution 2026-XXX
2. Resolution 2021-008

VALLEY CLEAN ENERGY ALLIANCE**RESOLUTION NO. 2026 - ____****A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE AMENDING
RESOLUTION 2021-008 TO MODIFY THE TIME AND LOCATION FOR REGULAR
BOARD OF DIRECTORS MEETINGS**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019;

WHEREAS, to encourage and maximize participation of the public in the proceedings and discussions of the Board of Directors, and as required by Section 3.8 of the JPA Agreement, the Board adopted Resolution 2017-004 on September 20, 2017 establishing a regular meeting day to be the second Thursday of the month, a regular meeting time of 5:30 p.m., and to alternate the monthly meeting location between Davis City Council Chambers, 23 Russell Boulevard, Davis and Yolo County Board of Supervisors Chambers at 625 Court Street, Woodland;

WHEREAS, pursuant to the provisions of the Governor's Executive Orders N-25-20 (March 12, 2020) and N-29-20 (March 17, 2020), which suspended certain provisions of the Brown Act and the Orders of the Public Health Officers with jurisdiction over Yolo County, to Shelter in Place and to provide for physical distancing due to the COVID-19 pandemic, all members of the Board of Directors and all staff attended meetings telephonically or by videoconference during the COVID-19 emergency and the public was provided access to observe and participate in the meetings on a written, telephonic or videoconference basis;

WHEREAS, on August 13, 2020 via Resolution 2020-022, the Board, in summary: 1) reconfirmed the regular meeting day for the Board to be the second Thursday of the month; 2) set the regular meeting time of the Board to be 4:00 p.m. held via teleconference or videoconference so long as the COVID-19 Executive Orders were in place; 3) confirmed that when the Board resumes meetings with a physical location, the place will be held within the jurisdiction of one of its agencies; and, 4) reconfirmed that the Clerk shall post the times and places of the Board meetings website to provide advance notice of the times and locations of the meetings;

WHEREAS, the Board of Directors adopted Resolution 2021-008 on April 8, 2021 to change the time of regular monthly meetings from 4:00 p.m. to 5:00 p.m. as long as the Executive Orders related to the COVID-19 emergency are in place, and once those Executive Orders expire to

change the time of meetings to be at 5:30 p.m., and to require that the location of in person meetings to rotate among the member agencies at the following locations in the following order: Davis City Council Chambers (Davis), City of Woodland Council Chambers (Woodland), and City of Winters Police/Fire Station (Winters), or Yolo County Board of Supervisors Chambers (Woodland); and

WHEREAS, the Board of Directors wishes to reconfirm the regular meeting time as 5:30 p.m., now that the COVID-19 Executive Orders have expired, and to change the location of the meetings to alternate between City of Davis Council (Community) Chambers (Davis) and City of Woodland Council Chambers (Woodland), or other locations as approved by the Board of Directors.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolve as follows:

Section 1. The Board reconfirms the regular meeting time for the Board of Directors of the Valley Clean Energy Alliance shall be at 5:30 p.m. on the second Thursday of the month, provided that if a regular meeting date is an official holiday, the Board may reschedule the regular meeting by formal motion or by adjourning to a different day.

Section 2. The physical location for the regular meetings of the Board of Directors of the Valley Clean Energy Alliance shall be held within the jurisdiction of one of its member agencies at the following locations: City of Davis Council (Community) Chambers (Davis), City of Woodland Council Chambers (Woodland), and any other location as approved by the Board of Directors.

Section 3. The Clerk shall post the times and places of the Board meetings on the Valley Clean Energy Alliance website to provide advance notice of the times and locations of the meetings.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2026, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2021 - 008

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE AMENDING RESOLUTION 2020-022 TO MODIFY THE TIME FOR REGULAR BOARD OF DIRECTORS MEETINGS

WHEREAS, to encourage and maximize participation of the public in the proceedings and discussions of the Board of Directors, and as required by Section 3.8 of the JPA Agreement, the Board adopted Resolution 2017-004 on September 20, 2017 establishing a regular meeting day to be the second Thursday of the month, a regular meeting time of 5:30 p.m., and to alternate the monthly meeting location between Davis City Council Chambers, 23 Russell Boulevard, Davis and Yolo County Board of Supervisors Chambers at 625 Court Street, Woodland;

WHEREAS, on June 13, 2017 the City of Woodland became a member of the VCE Joint Powers Agency and on December 12, 2019 the City of Winters became a member of the VCE Joint Powers Agency;

WHEREAS, with the addition of the City of Woodland and the City of Winters, the location of in person meetings will rotate among the member agencies;

WHEREAS, pursuant to the provisions of the Governor's Executive Orders N-25-20 (March 12, 2020) and N-29-20 (March 17, 2020), which suspends certain provisions of the Brown Act and the Orders of the Public Health Officers with jurisdiction over Yolo County, to Shelter in Place and to provide for physical distancing due to the COVID-19 pandemic, all members of the Board of Directors and all staff attend meetings telephonically or by videoconference during the COVID-19 emergency and the public is provided access to observe and participate in the meetings on a written, telephonic or videoconference basis;

WHEREAS, the Board of Directors had been holding monthly Special Board meetings in the early months of 2020 via teleconference/videoconference at 4 p.m. while the Governor's Executive Orders are in effect;

WHEREAS, on August 13, 2020 via Resolution 2020-022, the Board, in summary: 1) reconfirmed the regular meeting day for the Board to be the second Thursday of the month; 2) set the regular meeting time of the Board to be 4:00 p.m. held via teleconference or videoconference so long as the Executive Orders set forth above are in place; 3) confirmed that when the Board resumes meetings with a physical location, the place will be held within the jurisdiction of one of its agencies; and, 4) reconfirmed that the Clerk shall post the times and places of the Board meetings website to provide advance notice of the times and locations of the meetings; and,

WHEREAS, the Board of Directors wish to hold their regular monthly meetings at 5 p.m. instead of 4 p.m. so long as the Executive Orders set forth above are in place.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. The Board reconfirms the regular meeting day for the Board of Directors of the Valley Clean Energy Alliance shall be the second Thursday of the month, provided that if a regular meeting date is an official holiday, the meeting will be held on the following day.

2. The regular meeting time of the Board of Directors of the Valley Clean Energy Alliance shall be 5:00 p.m. so long as the Executive Orders set forth above are in place and, the meetings of the Board of Directors, during this time shall be held via teleconference or videoconference. At the termination of the Executive Orders related to the COVID-19 emergency, the regular meeting time of the Board of Directors' meeting shall be 5:30 p.m.

3. When the Board resumes meetings with a physical location, the regular meeting place(s) of the Board of Directors of the Valley Clean Energy Alliance shall be held within the jurisdiction of one of its member agencies at the following locations: Davis City Council Chambers (Davis), City of Woodland Council Chambers (Woodland), and City of Winters Police/Fire Station (Winters), or Yolo County Board of Supervisors Chambers (Woodland) and the meetings shall rotate from member to member in the order set forth in this paragraph.

4. The Clerk shall post the times and places of the Board meetings on the Valley Clean Energy Alliance website to provide advance notice of the times and locations of the meetings.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the 8th day of April 2021, by the following vote:

AYES: Carson, Loren, Saylor, Frerichs, Cowan, Sandy, Vega

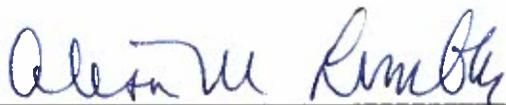
NOES: None

ABSENT: Stallard

ABSTAIN: None



Dan Carson, VCE Chair



Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 15**

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Designation of VCE Officers for regulatory filings

DATE: February 12, 2026

RECOMMENDATION

Adopt a resolution designating VCE Officers for purposes of executing or verifying regulatory (CPUC) filings.

BACKGROUND & ANALYSIS

VCE's Consultant Keyes & Fox provides legal services related to regulatory compliance and advocacy, including determining and reviewing regulatory compliance obligations, supporting VCE staff as its expert regulatory resource, and reviewing contracts between VCE and third parties.

Keyes & Fox prepares and files regulatory compliance documents for VCE after review by VCE staff. California Code of Regulations, Title 20, requires an officer, agent or authorized employee of VCE to sign and verify certain documents filed with the California Public Utilities Commission ("CPUC").

CONCLUSION

To address ambiguity regarding which VCE positions qualify as "officers" under these regulations, the proposed resolution formally designates the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and Director of Power Services as officers of VCE for purposes of executing or verifying CPUC filings on behalf of VCE.

Attachment: Resolution 2026-XXX

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2026 - ____

A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE DESIGNATING THE CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, CHIEF OPERATING OFFICER, AND THE DIRECTOR OF POWER SERVICES AS OFFICERS OF VALLEY CLEAN ENERGY ALLIANCE

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019;

WHEREAS, California Code of Regulations, Title 20, Section 1.8 requires an officer, agent or authorized employee of a government entity to sign certain documents filed with the California Public Utilities Commission (“CPUC”);

WHEREAS, California Code of Regulations, Title 20, Section 1.11 requires an officer, agent or authorized employee of a government entity to verify certain documents filed with the CPUC;

WHEREAS, several compliance requirements of the CPUC applicable to VCE require verification and signature by an “officer” of the subject entity; and

WHEREAS, the Board of Directors wishes to expressly designate the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and Director of Power Services as officers of VCE that are authorized to sign and verify CPUC filings to provide clarity regarding which positions may sign and verify documents filed with the CPUC.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolve as follows:

Section 1. The Board hereby designates the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and Director of Power Services as officers of VCE for purposes of executing or verifying California Public Utility Commission filings under the California Code of Regulations Title 20 and other California Public Utility Commission requirements on behalf of VCE.

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PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____ 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 16

TO: Board of Directors

FROM: Chad Curran, Director of Power Services

SUBJECT: Ratify services agreement with First Principles Advisory, LLC for Integrated Resource Planning Portfolio Modeling

DATE: February 12, 2026

Recommendation

Ratify signed Consultant Agreement with First Principles Advisory, LLC (First Principles) for Integrated Resource Planning (IRP) portfolio modeling services for an amount not to exceed \$60,000 for a term beginning January 30, 2026 and, expiring May 31, 2026.

Background

Historically, electric utilities focused long-term planning on the construction of large-scale supply-side infrastructure, following the idea that increased consumption could only be met with new generation. However, starting in the 1970s, the importance of energy efficiency improvements, localized renewable generation, environmental impacts, and the overall cost of meeting demand led to a new approach in planning. Utility planning moved from simply supplying more energy to focusing on how demand could be met at the lowest cost. In the mid-1970s, California was the first state to adopt the IRP process, aiming to balance economic impact with environmental protection.

Since 2018, VCE has been required by the California Public Utilities Commission (CPUC) to prepare an IRP on a biannual basis. VCE last filed an IRP on November 1, 2022. After significant delays in the IRP process, on January 16, 2026, the CPUC issued a ruling setting a due date for the next IRP of June 1, 2026. Our objective for the upcoming IRP is to provide guidance to VCEA's Board, executive management, and the public on the expected power supply cost and the resources needed to meet the electric demand in the 2026 -2045 period, while meeting CPUC's requirements for portfolio planning and VCE's strategic plan goals at the lowest cost.

Up until the 2022 IRP cycle, SMUD assisted VCE by performing portfolio modeling with the assistance of VCE's regulatory legal counsel Keyes & Fox. In 2022, SMUD was no longer performing wholesale energy services for VCE and VCE's new wholesale energy service provider, The Energy Authority (TEA), didn't offer IRP portfolio planning services. In May of 2022, VCE made a Request for Proposals for modeling services for the IRP. After staff consideration, First Principles was chosen as the top applicant to fulfill the services needed for the 2022 IRP. The Board ratified VCE's service agreement with First Principles on July 14, 2022 (6-0-0).

Considering the fast-approaching due date and our success in working with First Principles during the last IRP, VCE staff again recommends engaging First Principles to prepare the current IRP. Staff negotiated the attached agreement for portfolio modeling services with First Principles. After review by VCE's general legal counsel Richards, Watson, & Gershon, Executive Officer Mitch Sears signed the agreement on February 3, 2026.

Next Steps

The scope of work is to take place over the next four months. The CPUC still needs to issue final materials before modeling work can begin. Also, several parties have requested an extension of the June 1, 2026, deadline to allow parties a full 6 months from when the final materials are issued to prepare the IRP. This could result in a delay of the June 1 filing deadline. Barring an extension, VCE's final report to the Board on its IRP is anticipated to be available and presented at the May 2026 Board Meeting.

Conclusion

Staff is recommending that the Board ratify via resolution VCE's agreement with First Principles Advisory for Integrated Resource Planning (IRP) portfolio modeling services for an amount not to exceed \$60,000 for a term January 30, 2026, expiring May 31, 2026.

Attachments

1. Consultant Agreement between VCE and First Principles Advisory, LLC
2. Resolution 2026-XXX

**AGREEMENT BETWEEN THE VALLEY CLEAN ENERGY ALLIANCE AND
FIRST PRINCIPLES ADVISORY, LLC
FOR
PORTFOLIO MODELING**

THIS AGREEMENT, is entered into this February 2, 2026 by and between the VALLEY CLEAN ENERGY ALLIANCE, a Joint Powers Authority organized and operating under the laws of the State of California, with its principal place of business at 604 Second Street, Davis, California, 95616 ("VCE"), and **First Principles Advisory**, a LLC whose address is 1116 Sills Court #2, Capitola CA 95010 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties" and individually as a "Party").

RECITALS:

A. VCE is an independent public agency duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*) ("Act") with the power to conduct its business and enter into agreements.

B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. VCE and Consultant desire to enter into an agreement for Portfolio Modeling upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on January 30, 2026 and shall terminate on May 31, 2026 unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed Sixty Thousand and no/100 Dollars (\$60,000.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

4. **TIME IS OF THE ESSENCE**

Consultant and VCE agree that time is of the essence regarding the performance of this Agreement.

5. **STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of specially trained professionals in the San Francisco Bay Area under similar circumstances and in a manner reasonably satisfactory to VCE and agrees that all services shall be performed by qualified and experienced personnel. Consultant shall be responsible to VCE for any errors or omissions in the performance of work pursuant to this Agreement. Should any errors caused by Consultant be found in such services or products, Consultant shall correct the errors at no additional charge to VCE by redoing the professional work and/or revising the work product(s) called for in the Scope of Services to eliminate the errors. Should Consultant fail to make such correction in a reasonably timely manner, such correction may be made by VCE, and the cost thereof shall be charged to Consultant. In addition to all other available remedies, VCE may deduct the cost of such correction from any retention amount held by VCE or may withhold payment otherwise owed Consultant under this Agreement up to the amount of the cost of correction.

6. **INDEPENDENT PARTIES**

VCE and Consultant intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by VCE to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from VCE to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant. Consultant shall indemnify and hold harmless VCE and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of VCE officials, from any and all liability, damages, claims, costs and expenses of any nature to the extent arising from Consultant's personnel practices. VCE shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to VCE from Consultant as a result of Consultant's failure to promptly pay to VCE any reimbursement or indemnification arising under this section.

7. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF VCE**

VCE is organized as a Joint Powers VCE in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. VCE shall solely be responsible for all debts, obligations and liabilities accruing and arising out of

this Agreement. Consultant shall have no rights and shall not make any claims, take any actions or assert any remedies against any of VCE's constituent members in connection with this Agreement.

8. **NON-DISCRIMINATION**

In the performance of this Agreement, Consultant, and any subconsultant under the Consultant, shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation, military or veteran status, or other basis prohibited by law, except as provided in Government Code section 12940. Consultant shall have responsibility for compliance with this Section.

9. **HOLD HARMLESS AND INDEMNIFICATION**

A. Intellectual Property Indemnification. Consultant hereby certifies that it owns, controls, or licenses and retains all right, title, and interest in and to any intellectual property it uses in relation to this Agreement, including the design, look, feel, features, source code, content, and other technology relating to any part of the services and including all related patents, inventions, trademarks, and copyrights, all applications therefor, and all trade names, service marks, know how, and trade secrets (collectively referred to as "IP Rights"), except as otherwise expressly provided by this Agreement. Consultant warrants that the services to be provided pursuant to this Agreement do not infringe, violate, trespass, or constitute the unauthorized use or misappropriation of any IP Rights of any third party. Consultant shall indemnify, defend, and hold Indemnitees, harmless from and against any Liabilities by a third party that the services to be provided pursuant to this Agreement infringe or violate any third-party's IP Rights, provided any such right is enforceable in the United States. Such costs and expenses shall include reasonable attorneys' fees of counsel of VCE's choice, expert fees and all other costs and fees of litigation.

B. The acceptance of the services by VCE shall not operate as a waiver of these rights of indemnification. The hold harmless and indemnification provisions of this Section shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liability.

C. Consultant's indemnifications and obligations under this section shall survive the expiration or termination of this Agreement.

10. **INSURANCE**

A. General Requirements. On or before the commencement of the term of this Agreement, Consultant shall furnish VCE with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit Consultant's indemnification

obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to VCE by certified mail, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to VCE and licensed to do insurance business in the State of California. Endorsements naming VCE as additional insured shall be submitted with the insurance certificates.

B. Subrogation Waiver. Consultant agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to his/her/its insurance for recovery. Consultant hereby grants to VCE, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or VCE with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against VCE by virtue of the payment of any loss under such insurance.

C. Failure to secure or maintain insurance. If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, VCE shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. Additional Insured. VCE, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. Sufficiency of Insurance. The insurance limits required by VCE are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

11. **CONFLICT OF INTEREST**

Consultant warrants that it, its officers, employees, associates and subcontractors, presently have no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it, its officers, employees, associates and subcontractors, will not employ any person having such an interest. Consultant and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including the Political Reform Act (Gov. Code § 81000, et seq.) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar services for other clients, but Consultant and its officers, employees, associates and subcontractors shall not, without the VCE Representative's prior written approval, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant shall incorporate a clause substantially similar to this section into any subcontract that Consultant executes in connection with the performance of this Agreement. Consultant understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff VCE, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. **PROHIBITION AGAINST TRANSFERS**

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of VCE. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from VCE under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to VCE by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if Consultant is a partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. **SUBCONTRACTOR APPROVAL**

Unless prior written consent from VCE is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be

required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance carried by Consultant. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by Consultant shall agree to be bound to Consultant and VCE in the same manner and to the same extent as Consultant is bound to VCE under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. Consultant shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor. Consultant shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to VCE.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of VCE. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to VCE the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of VCE, and all publication rights are reserved to VCE. Consultant may retain a copy of any Report furnished to VCE pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by VCE in execution or implementation of: (1) The original project for which Consultant was hired; (2) Completion of the original project by others; (3) Subsequent additions to the original project; and/or (4) Other VCE projects as VCE deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as VCE may require, furnish reports concerning the status of services required under this Agreement.

D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by Consultant without prior approval by VCE.

F. VCE shall be the owner of and shall be entitled upon request to immediate possession of accurate reproducible copies of Reports or other pertinent data and information gathered or computed by Consultant prior to termination of this Agreement or upon completion of the work pursuant to this Agreement.

15. **RECORDS**

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by VCE that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of VCE or its designees at all proper times, and gives VCE the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after Consultant receives final payment from VCE for all services required under this agreement

16. **PARTY REPRESENTATIVES**

The Director of Power Services (“VCE Representative”) shall represent VCE in all matters pertaining to the services to be performed under this Agreement. James Himelic (Consultant Representative”) shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **INFORMATION AND DOCUMENTS**

A. Consultant covenants that all data, reports, documents, discussion, or other information (collectively “Data”) developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Consultant without prior written authorization by VCE. VCE shall grant such authorization if applicable law requires disclosure. Consultant, its officers, employees, agents, or subcontractors shall not without written authorization from the VCE Representative or unless requested in writing by VCE’s counsel, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within VCE. Response to a subpoena or court order shall not be considered “voluntary,” provided Consultant gives VCE notice of such court order or subpoena.

B. Consultant shall promptly notify VCE should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder or with respect to any project or property located within VCE. VCE may, but has no obligation to, represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with VCE and to provide VCE with the opportunity to review any response to discovery requests provided by Consultant. However, VCE’s right to review any such response does not imply or mean the right by VCE to control, direct or rewrite the response.

C. In the event VCE gives Consultant written notice of a “litigation hold”, then as to all data identified in such notice, Consultant shall, at no additional cost to VCE, isolate and preserve all such data pending receipt of further direction from VCE.

D. Consultant’s covenants under this section shall survive the expiration or termination of this Agreement.

18. **NOTICES**

Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Consultant’s and VCE’s regular business hours, or (c) three Business Days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

TO VCE:

Valley Clean Energy Alliance
604 Second Street
Davis, CA 95616
Attention: Chief Executive Officer

TO CONSULTANT:

James Himelic
First Principles Advisory, LLC
1116 Sills Court #2
Capitola, CA 95010

19. **TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified (which shall be determined by VCE but shall be not less than 10 days) and according to the requirements set forth in VCE’s written notice of default, and in addition to any other remedy available to VCE by law, the VCE Representative may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The VCE Representative shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days’ prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance. If VCE shall fail to fulfill in a timely and proper manner its obligations under this Agreement, Consultant shall thereupon have the right to terminate this Agreement if such violation is not corrected within ten (10) days after submitting written notice to VCE. In the event of such termination, Consultant shall be entitled to receive just and equitable

compensation, not to exceed the agreed amount for services provided before termination, for any satisfactory work completed on such documents and other materials prior to receipt of notice of default.

In the event of VCE's termination of this Agreement due to no fault or failure of performance by Consultant, VCE shall pay Consultant for services satisfactorily performed up to the effective date of termination. Upon termination, Consultant shall immediately deliver to VCE any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement. Such materials shall become the property of VCE. Consultant shall have no other claim against VCE by reason of such termination, including any claim for compensation.

20. **COMPLIANCE WITH LAWS**

Consultant shall keep itself informed of all applicable federal, state and local laws, ordinances, codes, regulations and requirements which may, in any manner, affect those employed by it or in any way affect the performance of its services pursuant to this Agreement. Consultant shall, at all times, observe and comply with all such laws and regulations. VCE, and its officers and employees, shall not be liable at law or in equity by reason of the failure of the Consultant to comply with this paragraph.

Consultant represents and agrees that all personnel engaged by Consultant in performing services are and shall be fully qualified and are authorized or permitted under state and local law to perform such services. Consultant represents and warrants to VCE that it has all licenses, permits, certificates, qualifications, and approvals required by law to provide the services and work required to perform services under this Agreement, including a business license. Consultant further represents and warrants that it shall keep in effect all such licenses, permits, and other approvals during the term of this Agreement.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the Parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Yolo, State of California.

22. **ADVERTISEMENT**

Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from VCE to do otherwise.

23. **WAIVER**

A waiver by VCE of any breach of any term, covenant, or condition contained herein shall

not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both VCE and Consultant.

25. **AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal authority and authority to do so on behalf of their respective legal entities.

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either Party.

27. **CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

28. **VCE'S RIGHTS TO EMPLOY OTHER CONSULTANTS**

VCE reserves the right to employ other consultants in connection with the subject matter of the Scope of Services.

29. **EXHIBITS**

The Exhibits referenced in this Agreement are attached hereto and incorporated herein by this reference as though set forth in full in the Agreement. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Consultant's proposal, the provisions of this Agreement shall control.

30. **FORCE MAJEURE**

Consultant shall not be liable for any failure to perform its obligations under this

Agreement if Consultant presents acceptable evidence, in VCE's reasonable judgment, that such failure was due to acts of God, pandemics, embargoes, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

31. **RESERVED**

32. **ATTORNEY FEES**

In any litigation or other proceeding by which a Party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing Party shall be entitled to recover all attorneys' fees, experts' fees, and other costs actually incurred in connection with such litigation or other proceeding, in addition to all other relief to which that Party may be entitled.

33. **SEVERABILITY**

If any provision in this Agreement is held by a court of competent jurisdiction to be illegal, invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

34. **SUCCESSORS AND ASSIGNS**

The terms and conditions of this Agreement shall be binding on the successors and assigns of the Parties to this Agreement.

35. **NO THIRD PARTY BENEFICIARIES INTENDED**

This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

36. **COUNTERPARTS; FACSIMILE/PDF/ELECTRONIC SIGNATURE**

This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument. The Parties agree that a facsimile, PDF or electronic signature may substitute for and have the same legal effect as the original signature.

37. **DRAFTING PARTY**

This Agreement shall be construed without regard to the Party that drafted it. Any ambiguity shall not be interpreted against either Party and shall, instead, be resolved in accordance with other applicable rules concerning the interpretation of contracts.

IN WITNESS WHEREOF, the Parties have caused the Agreement to be executed as of the date set forth above.

FIRST PRINCIPLES ADVISORY LLC

By: James Himelic
Name: James Himelic
Title: Founder
Date: 2/3/2026

VALLEY CLEAN ENERGY ALLIANCE

A Joint Powers Authority

By: 
Name: Mitch Sears
Title: Chief Executive Officer
Date: February 3, 2026

APPROVED AS TO FORM:

Indu Khalsa
Counsel for VCE

EXHIBIT A

STATEMENT OF WORK

Project Overview

First Principles Advisory (FPA) will provide portfolio optimization modeling services to Valley Clean Energy (VCE) in support of VCE's 2026 Integrated Resource Plan filing with the California Public Utilities Commission. FPA will use the GenX capacity expansion model to develop optimized resource portfolios and prepare required CPUC compliance deliverables.

For any portfolio optimization process to be successful, two requirements must be met: 1) a complete and accurate identification of the short- and long-term portfolio objectives and 2) the effective translation of these objectives into the appropriate model constraints. One of the key objectives of the ongoing meetings between VCE and First Principles will be to ensure that VCE's portfolio targets and goals are accurately represented in the models prior to optimizing the local portfolio(s).

Term

January 2026 through May 2026

Scope of Work

Task 1: Portfolio Optimization Modeling

First Principles is able to present VCE with a robust set of portfolio options for a variety of scenarios. The firm will include supporting commentary that outlines the key trade-offs identified for each scenario evaluated. FPA will configure and execute portfolio optimization runs using the GenX portfolio optimization model to identify least-cost resource portfolios that satisfy CPUC planning requirements and VCE's policy objectives.

- Configure GenX model with VCE-specific inputs including load forecasts, existing resource portfolio, and procurement constraints
- Develop one (1) conforming portfolio meeting CPUC reference system plan requirements (included in base \$50,000 fee)
- Option to develop two (2) alternative non-conforming portfolios reflecting VCE's preferred resource strategies (\$5,000 per scenario, subject to mutual agreement by both parties)
- Document modeling assumptions, methodology, and results for each scenario

Task 2: CPUC Data Templates

FPA will populate required CPUC data templates based on portfolio optimization results.

- Resource Data Template (RDT): Complete resource-level data for selected portfolio(s)
- Clean System Power (CSP) Calculator: Populate hourly generation and emissions data

Task 3: Technical Narrative

FPA will prepare technical narrative sections related to portfolio optimization methodology and results for inclusion in VCE's IRP filing.

- Modeling approach and tool description
- Key assumptions and input data sources
- Portfolio results and resource selection rationale
- Draft narrative for the reliability section of the filing

Task 4: Project Management

FPA will participate in project coordination activities with VCE and its designated project partners, including EQ Research and The Energy Authority (TEA). First Principles has been an active attendee in previous CPUC-led IRP workshops and plans to continue its participation in this meeting series for the 2026 cycle to stay informed on any changes enacted by the CPUC prior to final submission.

- Attend regular project team meetings and coordination calls
- Respond to questions and provide status updates
- Coordinate deliverable handoffs and review cycles

Client Responsibilities

VCE and/or its designated project partners shall provide FPA with the following inputs in accordance with mutually agreed timelines:

- Load forecasts and customer growth projections
- Existing resource portfolio data (contracts, owned assets, procurement commitments)
- Policy constraints and procurement preferences
- Review and approval of draft deliverables within agreed timeframes

FPA shall not be held responsible for delays, incomplete deliverables, or non-compliance with CPUC filing requirements resulting from VCE's or its designated partners' failure to provide required inputs by specified deadlines. In the event of delayed or incomplete inputs, FPA will notify VCE promptly and work collaboratively to adjust project timelines or scope as necessary.

Compensation

Services will be provided on a time-and-materials basis at a rate of \$300 per hour, with a not-to-exceed budget as specified below.

Task	Hours	Budget
Task 1: Portfolio Optimization Modeling	85	\$25,500
Task 2: RDT	10	\$3,000

Task	Hours	Budget
Task 2: CSP Workbook	10	\$3,000
Task 4: Technical Narrative	40	\$12,000
Task 5: Project Management	21.67	\$6,500
Total Not-to-Exceed (excluding optional portfolios)	167	\$50,000
Optional: Alternative Modeling Exercise I	16.67	\$5,000
Optional: Alternative Modeling Exercise II	16.67	\$5,000
Total Not-to-Exceed (including optional portfolios)	200	\$60,000

Hours may be reallocated between tasks with mutual agreement, provided the total not-to-exceed amount is not exceeded. FPA will invoice monthly for work performed in the prior month.

Deliverables

Deliverable	Description
Resource Data Template (RDT)	Completed CPUC RDT workbook with resource-level portfolio data
Clean System Power Calculator	Completed CPUC CSP workbook with hourly generation and emissions profiles
Technical Narrative	Draft narrative sections covering modeling methodology and portfolio results
Modeling Documentation	Summary of GenX model configuration, assumptions, and key results

EXHIBIT B

SCHEDULE OF PERFORMANCE

This schedule may be modified with the written approval of VCE.

Task	Begin	Complete	Estimated Hours
1. Initial Portfolio Optimization Modeling	Early Feb	End of Feb	Initial: 50 *Note this time estimate assumes VCE can provide the necessary input data to First Principles Advisory such that minimal preprocessing is required to ensure the appropriate degree of data quality.
2. Initial CPUC Data Templates (RDT & CSP).	Mid-March	End of March	Initial: 10 *Note this time estimate assumes VCE can provide the necessary input data to First Principles Advisory such that minimal preprocessing is required to ensure the appropriate degree of data quality.
3. Final Portfolio Optimization Modeling	Mid March	Mid April	Initial: 35
4. Final CPUC Templates (RDT & CSP)	Mid April	End of April	Initial: 10
5. Technical Narrative	Early May	Mid-May	Initial: 40
6. Optional Portfolio Modeling	Beginning of May	Mid-May	Initial: 33
7. Project Management	February to	End of May	Initial: 21.67

EXHIBIT C

COMPENSATION

VCE shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation will be based on a time and materials ("T&M") basis and shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below. Prior to performing work for any task described in Exhibit A, the Consultant will provide VCE with an updated estimate of the required hours for the task. Should the Consultant require additional hours to complete the task, the Consultant will notify VCE and the Parties will determine how they wish to proceed.

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit "A" and reimbursable expenses shall not exceed a total of Sixty Thousand and no/100 Dollars (\$60,000.00), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to VCE unless previously approved in writing by VCE.

Rates

Personnel	Title	Hourly
James Himelic	Founder	\$300/hr

Other Applicable Reimbursement Rates:

Particulars	Rate
Air Travel Time	\$XX.00 / hour
Auto Travel Time (one hour or more)	\$XX.00 / hour
Auto Mileage Rate (or current IRS reimbursement rate)	\$0.625 / mile
Actual Direct Expenses (Receipts required above \$25.00)	Actual Expense
Phone/postage/printing/office materials	No Charge

Total Not to Exceed Amount: \$60,000.00 unless amended by written agreement of both parties.

Invoices

Monthly Invoicing: In order to request payment, Consultant shall submit monthly invoices to VCE describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for

which work was performed). VCE shall pay all undisputed invoice amounts within thirty (30) calendar days after receipt up to the maximum compensation set forth herein. VCE does not pay interest on past due amounts.

Reimbursable Expenses

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by VCE.

Additional Services

Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from VCE Representative prior to commencement of any additional services. Consultant shall submit, at the VCE Representative's request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

EXHIBIT D

INSURANCE REQUIREMENTS AND PROOF OF INSURANCE

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

(1) **Workers' Compensation:**

Statutory coverage as required by the State of California.

(2) **Liability:**

Commercial general liability coverage with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.

(3) **Automotive:**

Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.

(4) **Professional Liability**

Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least \$1,000,000.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2026-XXX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE
RATIFYING AN AGREEMENT WITH FIRST PRINCIPLES ADVISORY, LLC FOR INTEGRATED
RESOURCE PLANNING PORTFOLIO MODELING SERVICES**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, staff recommended to VCE’s Chief Executive Officer that VCE enter into an agreement with First Principles Advisory, LLC (First Principles) to prepare portfolio modeling services to assist Staff prepare its two-year update of the Integrated Resource Plan; and,

WHEREAS, the Chief Executive Officer signed the agreement with First Principles effective February 3, 2026.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. Ratifies VCE entering into the Consultant Agreement executed on February 3, 2026, with First Principles Advisory, LLC to prepare portfolio modeling services for VCE’s two-year update of the Integrated Resource Plan, for an amount not to exceed \$60,000 effective January 30, 2026, terminating May 31, 2026.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of _____ 2026 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment A: First Principles Advisory, LLC agreement

ATTACHMENT A

**INTEGRATED RESOURCE PLAN PORTFOLIO MODELING SERVICES AGREEMENT
WITH FIRST PRINCIPLES ADVISORY, LLC**

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 17**

TO: Board of Directors

FROM: Mitch Sears, Chief Executive Officer
Rebecca Kuczynski, Chief Customer Officer

SUBJECT: Agreement with Gridtractor for Consulting Services Related to Implementation of the Smart Home Energy and Load Flexibility (SHELF) Dynamic Rates Pilot

DATE: February 12, 2026

RECOMMENDATION

Ratify Agreement between Gridtractor and VCE for consulting services related to implementation of the Smart Home Energy and Load Flexibility (SHELF) Dynamic Rates Pilot.

BACKGROUND & DISCUSSION

In October 2025, the VCE Board authorized the Residential Dynamic Rates Pilot known as the Smart Home Energy and Load Flexibility (SHELF) Pilot, with Panasonic and UC Davis. VCE has begun recruitment for the Pilot, which has been re-named the Coordinated Home Automation via Real-time Grid Economics (CHARGE) Pilot. During the course of early Pilot implementation, the need arose for an exploration of the Hourly Flex Pricing dynamic pricing methodology, and David Meyers of Gridtractor (formerly Polaris), has advanced skills and knowledge to perform this analysis.

The agreement with Gridtractor provides for the gap analysis on the pricing methodology that will inform the dynamic rate used going forward in the CHARGE Pilot. These services are time-sensitive in nature and mission-critical for the Pilot. David Meyers has provided prompt service, competitive analysis, and has met or exceeded former contract provisions.

After consultation with legal counsel and in accordance with the Agreement, both parties signed the agreement for services for the term of January 2026 to December 2026 for a not-to-exceed amount of \$10,000. This amount is within the VCE Executive Officer's signing authority and will be paid through payment VCE will receive from Panasonic for work completed in the CHARGE Pilot.

FISCAL IMPACT

The costs associated with Gridtractor providing services will be reimbursed through VCE's payment for the CHARGE Pilot.

ATTACHMENTS

1. Pilot Program Costs
2. Agreement with Gridtractor for Consulting Services dated January 29, 2026
3. Resolution 2026-XXX

	Program Years 2026-2027	Totals
Funding Sources		
Third Parties	Panasonic	\$30,000
Total Funding		\$30,000

Program Costs		
Staff Costs	\$6,338.45	
Third Party		
SMUD	\$13,000	
Gridtractor	\$10,000	
Contingency	\$3,000	
Total Costs		\$32,338.45

Fiscal Impact		\$2,338.45
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Note: Program activities may vary from year to year, impacting funding and cost timing.

**AGREEMENT BETWEEN THE VALLEY CLEAN ENERGY ALLIANCE AND
Gridtractor
FOR
Consulting Services**

THIS AGREEMENT, is entered into this 29th day of January, 2026, by and between the VALLEY CLEAN ENERGY ALLIANCE, a Joint Powers Authority organized and operating under the laws of the State of California, with its principal place of business at 604 Second Street, Davis, California, 95616 ("VCE"), and Gridtractor, a California corporation whose address is 2600 Somerset Drive, Belmont, CA 94002 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties" and individually as a "Party").

RECITALS:

A. VCE is an independent public agency duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*) ("Act") with the power to conduct its business and enter into agreements.

B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. VCE and Consultant desire to enter into an agreement for consulting services upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

6. **TERM**

The term of this Agreement shall commence on January 26, 2026, and shall terminate on December 31, 2026, unless terminated earlier as set forth herein.

7. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference.

8. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed ten thousand dollars (\$10,000.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

9. **TIME IS OF THE ESSENCE**

Consultant and VCE agree that time is of the essence regarding the performance of this Agreement.

10. **STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of specially trained professionals in the San Francisco Bay Area under similar circumstances and in a manner reasonably satisfactory to VCE and agrees that all services shall be performed by qualified and experienced personnel. Consultant shall be responsible to VCE for any errors or omissions in the performance of work pursuant to this Agreement. Should any errors caused by Consultant be found in such services or products, Consultant shall correct the errors at no additional charge to VCE by redoing the professional work and/or revising the work product(s) called for in the Scope of Services to eliminate the errors. Should Consultant fail to make such correction in a reasonably timely manner, such correction may be made by VCE, and the cost thereof shall be charged to Consultant. In addition to all other available remedies, VCE may deduct the cost of such correction from any retention amount held by VCE or may withhold payment otherwise owed Consultant under this Agreement up to the amount of the cost of correction.

11. **INDEPENDENT PARTIES**

VCE and Consultant intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by VCE to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from VCE to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant. Consultant shall indemnify and hold harmless VCE and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of VCE officials, from any and all liability, damages, claims, costs and expenses of any nature to the extent arising from Consultant's personnel practices. VCE shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to VCE from Consultant as a result of Consultant's failure to promptly pay to VCE any reimbursement or indemnification arising under this section.

12. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF VCE**

VCE is organized as a Joint Powers VCE in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. VCE shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Consultant shall have no rights and shall not make any claims, take any actions or

assert any remedies against any of VCE's constituent members in connection with this Agreement.

13. **NON-DISCRIMINATION**

In the performance of this Agreement, Consultant, and any subconsultant under the Consultant, shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation, military or veteran status, or other basis prohibited by law, except as provided in Government Code section 12940. Consultant shall have responsibility for compliance with this Section.

14. **HOLD HARMLESS AND INDEMNIFICATION**

A. General Indemnification. To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, defend, hold harmless and indemnify VCE and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those VCE agents serving as independent contractors in the role of VCE officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith and the payment of all consequential damages (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Consultant shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

B. Intellectual Property Indemnification. Consultant hereby certifies that it owns, controls, or licenses and retains all right, title, and interest in and to any intellectual property it uses in relation to this Agreement, including the design, look, feel, features, source code, content, and other technology relating to any part of the services and including all related patents, inventions, trademarks, and copyrights, all applications therefor, and all trade names, service marks, know how, and trade secrets (collectively referred to as "IP Rights"), except as otherwise expressly provided by this Agreement. Consultant warrants that the services to be provided pursuant to this Agreement do not infringe, violate, trespass, or constitute the unauthorized use or misappropriation of any IP Rights of any third party. Consultant shall indemnify, defend, and hold Indemnitees, harmless from and against any Liabilities by a third party that the services to be provided pursuant to this Agreement infringe or violate any third-party's IP Rights, provided any such right is enforceable in the United States. Such costs and expenses shall include reasonable

attorneys' fees of counsel of VCE's choice, expert fees and all other costs and fees of litigation.

C. The acceptance of the services by VCE shall not operate as a waiver of these rights of indemnification. The hold harmless and indemnification provisions of this Section shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liability.

D. Consultant's indemnifications and obligations under this section shall survive the expiration or termination of this Agreement.

10. INSURANCE

A. General Requirements. On or before the commencement of the term of this Agreement, Consultant shall furnish VCE with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit Consultant's indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to VCE by certified mail, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to VCE and licensed to do insurance business in the State of California. Endorsements naming VCE as additional insured shall be submitted with the insurance certificates. Consultant's insurance coverage shall cover any subcontractor performance or non-performance under this Agreement.

B. Subrogation Waiver. Consultant agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to his/her/its insurance for recovery. Consultant hereby grants to VCE, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or VCE with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against VCE by virtue of the payment of any loss under such insurance.

C. Failure to secure or maintain insurance. If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, VCE shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. Additional Insured. VCE, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof.

Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. Sufficiency of Insurance. The insurance limits required by VCE are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

11. CONFLICT OF INTEREST

Consultant warrants that it, its officers, employees, associates and subcontractors, presently have no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it, its officers, employees, associates and subcontractors, will not employ any person having such an interest. Consultant and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including the Political Reform Act (Gov. Code § 81000, et seq.) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar services for other clients, but Consultant and its officers, employees, associates and subcontractors shall not, without the VCE Representative's prior written approval, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant shall incorporate a clause substantially similar to this section into any subcontract that Consultant executes in connection with the performance of this Agreement. Consultant understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff VCE, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. PROHIBITION AGAINST TRANSFERS

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of VCE. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from VCE under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to VCE by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if Consultant is a partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. **SUBCONTRACTOR APPROVAL**

Unless prior written consent from VCE is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of VCE. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to VCE the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of VCE and may be used or published by VCE for any governmental purpose. Consultant may retain a copy of any Report furnished to VCE pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by VCE in execution or implementation of: (1) The original project for which Consultant was hired; (2) Completion of the original project by others; (3) Subsequent additions to the original project; and/or (4) Other VCE projects as VCE deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as VCE may require, furnish reports concerning the status of services required under this Agreement.

D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by Consultant without prior approval by VCE.

F. VCE shall be the owner of and shall be entitled upon request to immediate possession of accurate reproducible copies of Reports or other pertinent data and information gathered or computed by Consultant prior to termination of this Agreement or upon completion of the work pursuant to this Agreement.

G. The terms of A-F of this section notwithstanding, VCE acknowledges and agrees to the following terms regarding Consultant's intellectual property ("IP").

i) Consultant has developed significant IP and technology in the domain of this Agreement, broadly defined as "dynamic rates," including both publications in the public domain, program implementations, and unpublished proprietary information.

ii) The purpose of this Agreement is to provide analysis and recommendations to VCE based on that IP. Terms A-F refer only to the written report delivered to VCE and not to the underlying IP and nothing in this Agreement shall limit Consultant's rights to use of the IP.

iii) The work product of this Agreement is intended to assist VCE in deciding on the dynamic price signal to be used in its SHELF project and Consultant does not make representations regarding any other use.

iv) Implementation of the conceptual rate design developed under this scope requires a subsequent scope for one or more of detailed design, implementation services, and technology licensing. For avoidance of doubt, this clause shall apply to a dynamic rate implemented by VCE other than that currently provided by PG&E through the Hourly Flex Pricing program.

15. **RECORDS**

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by VCE that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of VCE or its designees at all proper times, and gives VCE the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after Consultant receives final payment from VCE for all services required under this agreement

16. **PARTY REPRESENTATIVES**

The Executive Officer ("VCE Representative") shall represent VCE in all matters pertaining to the services to be performed under this Agreement. Chief Executive Officer (Consultant Representative") shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **INFORMATION AND DOCUMENTS**

A. Consultant covenants that all data, reports, documents, discussion, or other information (collectively "Data") developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Consultant without prior written authorization by VCE. VCE shall grant such authorization if applicable law requires disclosure. Consultant, its officers, employees, agents, or subcontractors shall not without written authorization from the VCE Representative or unless requested in writing by VCE's counsel, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within VCE. Response to a subpoena or court order shall not be considered "voluntary," provided Consultant gives VCE notice of such

court order or subpoena.

B. Consultant shall promptly notify VCE should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder or with respect to any project or property located within VCE. VCE may, but has no obligation to, represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with VCE and to provide VCE with the opportunity to review any response to discovery requests provided by Consultant. However, VCE's right to review any such response does not imply or mean the right by VCE to control, direct or rewrite the response.

C. In the event VCE gives Consultant written notice of a "litigation hold", then as to all data identified in such notice, Consultant shall, at no additional cost to VCE, isolate and preserve all such data pending receipt of further direction from VCE.

D. Consultant's covenants under this section shall survive the expiration or termination of this Agreement.

18. **NOTICES**

Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Consultant's and VCE's regular business hours, or (c) three Business Days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

TO VCE:

Valley Clean Energy Alliance
604 Second Street
Davis, CA 95616
Attention: Chief Executive Officer

TO CONSULTANT:

David Meyers
Gridtractor
2600 Somerset Drive
Belmont, CA 94002

19. **TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified (which shall be

determined by VCE but shall be not less than 10 days) and according to the requirements set forth in VCE's written notice of default, and in addition to any other remedy available to VCE by law, the VCE Representative may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The VCE Representative shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

In the event of VCE's termination of this Agreement due to no fault or failure of performance by Consultant, VCE shall pay Consultant for services satisfactorily performed up to the effective date of termination. Upon termination, Consultant shall immediately deliver to VCE any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement. Such materials shall become the property of VCE. Consultant shall have no other claim against VCE by reason of such termination, including any claim for compensation.

20. **COMPLIANCE WITH LAWS**

Consultant shall keep itself informed of all applicable federal, state and local laws, ordinances, codes, regulations and requirements which may, in any manner, affect those employed by it or in any way affect the performance of its services pursuant to this Agreement. Consultant shall, at all times, observe and comply with all such laws and regulations. VCE, and its officers and employees, shall not be liable at law or in equity by reason of the failure of the Consultant to comply with this paragraph.

Consultant represents and agrees that all personnel engaged by Consultant in performing services are and shall be fully qualified and are authorized or permitted under state and local law to perform such services. Consultant represents and warrants to VCE that it has all licenses, permits, certificates, qualifications, and approvals required by law to provide the services and work required to perform services under this Agreement, including a business license. Consultant further represents and warrants that it shall keep in effect all such licenses, permits, and other approvals during the term of this Agreement.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the Parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Yolo, State of California.

22. **ADVERTISEMENT**

Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from VCE to do otherwise.

23. **WAIVER**

A waiver by VCE of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both VCE and Consultant.

25. **AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal authority and authority to do so on behalf of their respective legal entities.

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either Party.

27. **CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

28. **VCE'S RIGHTS TO EMPLOY OTHER CONSULTANTS**

VCE reserves the right to employ other consultants in connection with the subject matter of the Scope of Services.

29. **EXHIBITS**

The Exhibits referenced in this Agreement are attached hereto and incorporated herein by this reference as though set forth in full in the Agreement. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Consultant's proposal, the provisions of this Agreement shall control.

30. **FORCE MAJEURE**

Consultant shall not be liable for any failure to perform its obligations under this Agreement if Consultant presents acceptable evidence, in VCE's sole judgment, that such failure was due to acts of God, embargoes, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

31. **FINAL PAYMENT ACCEPTANCE CONSTITUTES RELEASE**

The acceptance by Consultant of the final payment made under this Agreement shall operate as and be a release of VCE from all claims and liabilities for compensation to Consultant for anything done, furnished or relating to Consultant's work or services. Acceptance of payment shall be any negotiation of VCE's check or the failure to make a written extra compensation claim within ten calendar days of the receipt of that check. However, approval or payment by VCE shall not constitute, nor be deemed, a release of the responsibility and liability of Consultant, its employees, subcontractors and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by VCE for any defect or error in the work prepared by Consultant, its employees, subcontractors and agents.

32. **ATTORNEY FEES**

In any litigation or other proceeding by which a Party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing Party shall be entitled to recover all attorneys' fees, experts' fees, and other costs actually incurred in connection with such litigation or other proceeding, in addition to all other relief to which that Party may be entitled.

33. **SEVERABILITY**

If any provision in this Agreement is held by a court of competent jurisdiction to be illegal, invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

34. **SUCCESSORS AND ASSIGNS**

The terms and conditions of this Agreement shall be binding on the successors and assigns of the Parties to this Agreement.

35. **NO THIRD PARTY BENEFICIARIES INTENDED**

This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

36. **COUNTERPARTS; FACSIMILE/PDF/ELECTRONIC SIGNATURE**

This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument. The Parties agree that a facsimile, PDF or electronic signature may substitute for and have the same legal effect as the original signature.

37. **DRAFTING PARTY**

This Agreement shall be construed without regard to the Party that drafted it. Any ambiguity shall not be interpreted against either Party and shall, instead, be resolved in accordance with other applicable rules concerning the interpretation of contracts.

IN WITNESS WHEREOF, the Parties have caused the Agreement to be executed as of the date set forth above.

RECOMMENDED FOR APPROVAL

David Meyers
CEO

GRIDTRACTOR

By: David Meyers
Name: David Meyers
Title: CEO
Date: 1/29/2026

VALLEY CLEAN ENERGY ALLIANCE

A Joint Powers Authority

By: 
Name: Mitch Sears
Title: Chief Executive Officer
Date: _____

APPROVED AS TO FORM:

Indu Khalsa
Counsel for VCE

ATTEST:

N/A

VCE Clerk

Exhibit A
Scope of Services

Gridtractor will support VCE and its partners in the Smart Home Energy Load Flexibility (SHELF) pilot project with analysis of dynamic rate design options, including the existing Hourly Flexible Pricing (HFP) rate offered by PG&E and at least one alternative design.

- Perform a gap analysis of the HFP rate in comparison to the pilot’s research goals.
- Perform a gap analysis of the HFP rate in comparison to the pilot partners’ long-term objectives.
- Develop at least one conceptual alternative rate design that mitigates the gaps identified, within constraints defined by the pilot partners.
- Compare bill customer bills from participation in the alternative design(s) for a sample of program months and response levels to underlying TOU bills.
- Propose a high-level implementation plan for the alternative design(s).

Exhibit B
Schedule of Performance

This schedule may be modified with the written approval of VCE.

Task	Begin	Complete
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Exhibit C
Compensation

VCE shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below.

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit “A” and reimbursable expenses shall not exceed a total of ten thousand dollars (\$10,000), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to VCE unless previously approved in writing by VCE.

Task	Estimated Budget
1. Perform a gap analysis of the HFP rate in comparison to the pilot’s research goals.	\$ 1,500
2. Perform a gap analysis of the HFP rate in comparison to the pilot partners’ long term objectives.	\$ 1,500
3. Develop at least one conceptual alternative rate design that mitigates the gaps identified, within constraints defined by the pilot partners.	\$ 3,500
4. Compare customer bills from participation in the alternative design(s) for a sample of program months and response levels to underlying TOU bills.	\$ 2,500
5. Propose a high-level implementation plan for the alternative design(s).	\$ 1,000
6.	
7.	
8.	
9.	
10.	
Total	

Rates

Personnel	Title	Hourly
David Meyers	CEO	\$250
Ahmar Ali/TBD	Software Engineer	\$125
Toni Radtkey/TBD	Program Analyst	\$125
TBD	Principal Energy Engineer	\$125
TBD	Energy Engineer/Analyst	\$75

Invoices

Monthly Invoicing: In order to request payment, Consultant shall submit monthly invoices to VCE describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for which work was performed). VCE shall pay all undisputed invoice amounts within thirty (30) calendar days after receipt up to the maximum compensation set forth herein. VCE does not pay interest on past due amounts.

Reimbursable Expenses

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by VCE. In no event shall reimbursable expenses collectively exceed the total sum of _____ (\$ _____).

Additional Services

Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from VCE Representative prior to commencement of any additional services. Consultant shall submit, at the VCE Representative's request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

Exhibit D
Insurance Requirements and Proof of Insurance

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

- (1) **Workers' Compensation:**
Statutory coverage as required by the State of California.
- (2) **Liability:**
Commercial general liability coverage with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.
- (3) **Automotive:**
Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.
- (4) **Professional Liability**
Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least \$1,000,000.
- (5) **Privacy and Cybersecurity Liability**
Privacy and cybersecurity liability (including costs arising from data destruction, hacking or intentional breaches, crisis management activity related to data breaches, and legal claims for security breach, privacy violations, and notification costs of at least \$5,000,000 US per occurrence.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2026-____

A RESOLUTION OF VALLEY CLEAN ENERGY ALLIANCE RATIFYING THE AGREEMENT WITH GRIDTRACTOR FOR CONSULTING SERVICES

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, VCE has worked successfully with David Meyers of Gridtractor during the course of VCE’s closed Agricultural Flexible Irrigation Technology (AgFIT) pilot; and

WHEREAS, the VCE Board approved the Residential Dynamic Pricing Pilot (the “Pilot”) with UC Davis and Panasonic on October 14, 2025; and

WHEREAS, the Pilot involves evaluating dynamic pricing methodologies, and David Meyers possesses the skills and experience to efficiently evaluate pricing methodologies on behalf of VCE;

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. The VCE Agreement with Gridtractor for consulting services and the not to exceed amount associated with the agreement of \$10,000 is ratified. The total not to exceed amount for the services agreement would be \$10,000 for the period from January 2026 through December 2026.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____ 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____, VCE Board Chair

ATTEST: _____
Alisa M. Lembke, VCE Board Secretary

Attachment: Agreement with Gridtractor

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 18

TO: Board of Directors

FROM: Chad Curran, Director of Power Services

SUBJECT: Approve Participation in CC Power Willow Rock Long Duration Storage Project

DATE: February 12, 2026

Recommendation

- 1) Authorize the Executive Officer to execute on behalf of Valley Clean Energy as a member of CC Power the following agreements and any necessary ancillary documents for the Willow Rock long duration storage (LDS) project with a delivery term of 20 years starting at the commercial operation date on or about July 1, 2030:
 - a. Project Participation Share Agreement between Valley Clean Energy, California Community Power and other participating CCAs
 - b. Buyer Liability Pass Through Agreement between Valley Clean Energy, California Community Power, and GEM A-CAES LLC.

Overview

This report and recommendation address VCE's share of a statewide procurement requirement for long-duration electricity storage that lasts more than 8 hours. The most common storage resources in California and VCE's current portfolio are 4-hour utility scale batteries. The project under consideration comes to VCE through its membership in CC Power, the Joint Powers Agency formed to facilitate the joint procurement of electricity and related services.

Background

Formation of CC Power

In 2020, a group of CCAs came together to discuss forming a joint powers authority (JPA) called California Community Power (CC Power) to leverage their combined buying power to provide cost effective joint services, programs, and procurement of energy resources and products. In February 2021, Valley Clean Energy's Board voted for VCE to become a member of CC Power. (This topic was presented to the CAC in January 2021). The other CCAs that are members of CC Power include 3CE, Ava, CPSF, PCE, RCEA, SCP, SJCE, and SVCE. Additional information about CC Power can be found at: <https://cacommunitypower.org/>

CPUC Mid-Term Reliability Procurement Mandate

On June 24, 2021, the California Public Utilities Commission (CPUC) adopted D.21-06-035. This decision was intended to partially address the replacement of fossil fuel electricity generation in California with

reliable renewable generation sources and is commonly known as the mid-term reliability (MTR) procurement mandate. It directs load serving entities (LSEs) such as CCA’s, investor-owned utilities, and direct access providers to collectively procure 11,500 MW of new resources between 2023 to 2026 to meet mid-term grid reliability needs. This includes at least 1,000 MW of LDS resources and 1,000 MW of firm zero-emitting resources with at least an 80 percent capacity factor (e.g. baseload resources like geothermal, biomass, etc.), by 2026, with an option to extend the compliance requirement for these 2,000 MW to 2028. The requirement is measured as net qualifying capacity (NQC) rather than nameplate capacity. This means that the nameplate capacity each LSE is required to procure is higher than the NQC requirement identified in the decision. The decision requires that contracts have a term of at least 10 years and that resources be zero-emission or eligible under the California renewable portfolio standard (RPS).

On February 28, 2023, the CPUC adopted D.23-02-040, which orders an additional supplemental mid-term reliability procurement of 4,000 MW of NQC for 2026 and 2027, in addition to the total of 11,500 MW previously ordered in D.21-06-035. The decision also postponed the requirement for procurement of 2,000 MW long lead-time (LLT) resources under D.21-06-035 from 2026 until 2028. Procurement requirements were allocated among all LSEs using the same method used by D.21-06-035, but updated to reflect the State’s 2022 IEPR load forecasts and 2023 year-ahead Resource Adequacy (RA) forecasts. The procurement requirements for all LSEs as modified by D.23-02-040 are shown in the table below.

VCE’s share of the 1,000 MW LDS capacity procurement requirement was 4 MW NQC of LDS, or approximately 0.2% of the statewide total. This is an approximate equivalent of 5.1 MW of nameplate capacity from long duration storage resources.

Procurement Category	2023	2024	2025	2026	2027	2028	Total
All LSEs							
Zero-emissions generation, generation paired with storage, or demand response resources	2,000	6,000	1,500	2,000	2,000		13,500
Firm zero-emitting resources (80% capacity factor)	-	-	-	-		1,000	1,000
Long duration storage resources (LDS)	-	-	-		-	1,000	1,000
[VCE Share]						[4]	[4]
Total Annual Net Qualifying Capacity (NQC) Requirements	2,000	6,000	1,500	2,000	2,000	2,000	15,500

CC Power 2024 RFP

In order to meet members' compliance requirements set forth in D.21-06-035 and D.23-02-040 (the Decisions), CC Power solicited for long duration energy storage (LDS) projects through its 2024 Request for Proposals (RFP).

CC Power ran a competitive solicitation process through its 2024 RFP, receiving 80 offers from 61 discrete projects and 22 counterparties. Of the offers received, 50 offers were for standalone energy storage projects, of which 30 were for 8-hour or longer duration. Only one project, with two offers, provided advanced compressed air energy storage system (A-CAES) technology, with the remainder being lithium-ion battery projects. CC Power's solicitation vendor, The Energy Authority (TEA), performed quality control on the offers and performed an economic analysis of the offers. CC Power then requested updated pricing from the offerors shortlisted in the RFP.

CC Power received an offer from GEM A-CAES LLC, a project company of Hydrostor, for the sale of capacity and certain financial energy rights from the Willow Rock A-CAES project located in Rosamond, CA. 50 MW of 8-hour storage capacity from the 500 MW A-CAES project was offered to CC Power with an expected commercial operation of July 1, 2030. In anticipation of the termination of the Energy Storage Services Agreement (ESSA) for the Goal Line LDS project, which had originally been procured in 2022 to meet members' LDS compliance needs, CC Power initiated contract negotiations for the Willow Rock project to meet CC Power members' MTR LDS requirements. In addition to supporting members' compliance requirements, this project contributes to CC Power's strategic priority of exploring emerging technologies and derisking such procurement through joint action.

VCE's LDS Procurement Obligation

During the summer of 2025, VCE pursued multiple options to fully satisfy its 4 MW NQC LDS capacity procurement obligation. VCE had already satisfied a portion of its LDS capacity procurement obligation with its share of CC Power's Energy Storage Service Agreement for the 75 MW Tumbleweed 8-hour battery project. The VCE Board approved and reaffirmed VCE's participation in the Tumbleweed project in 2022. VCE's share of the Tumbleweed project is approximately 3.11 MW nameplate, or 2.61 MW NQC. The Tumbleweed project is expected to come online June 1, 2026.

In May of 2025, VCE also committed to a share of the Willow Rock project for which CC Power was in negotiations, which would have satisfied the remainder of its LDS capacity procurement obligation.

However, the outcome of the negotiations for Willow Rock was uncertain, and the Tumbleweed project was still in development. To hedge against this uncertainty, VCE also agreed to swap a portion of its LDS capacity procurement obligation with fellow CCA Desert Clean Energy (DCE). As described in DCE's Advice Letter 13-E, filed May 29, 2025, DCE took on 2.03 MW NQC of VCE's LDS obligation. In return, VCE took on 3.09 MW NQC of DCE's zero emitting capacity procurement obligation. This swap reduced VCE's total LDS capacity procurement obligation to 1.97 MW NQC.

With the Tumbleweed project now nearing commercial operation as expected on June 1, 2026, and the obligation swap with DCE, VCE will have fully satisfied its 1.97 MW NQC LDS capacity procurement obligation. However, the Willow Rock project diversifies VCE's portfolio and provides additional LDS

capacity to protect against future uncertainty, incremental procurement orders, and potential load growth. In addition, VCE can sell off excess capacity to further de-risk this longer-term hedging strategy. On balance, these factors lead Staff to recommend approval of VCE’s participation in this project.

Overview of Project

Project Name	Willow Rock Energy Storage Center
Technology	Advanced Compressed Air Energy Storage (A-CAES)
Storage Capacity	500 MW / 4,000 MWh
Expected Commercial Operation Date	7/1/2030
Developer	Hydrostor
Location	Kern County, CA

The Willow Rock project is a 500 MW A-CAES system that utilizes air compression technology to store energy. The project will be located in Rosamond, Kern County, CA and has a guaranteed commercial operation date of December 31, 2030.

To store potential energy, the project compresses ambient atmospheric air, which is stored in large underground caverns underneath a water reservoir. During the compression process, excess heat is captured through heat exchangers for later use during the discharge phase. To respond to market signals to dispatch for generation, the above ground water reservoir is allowed to flood the cavern, driving the compressed air to the surface to spin turbines, generating electricity. Since the expansion and pressure reduction process in the turbines causes the working air temperature to drop, the heat exchangers release the stored thermal energy to pre-heat the air, increasing efficiency without the use of gas burners as in other compressed air energy storage systems. A general diagram of this type of system is shown below.

The Closed Loop A-CAES Process

- 1 COMPRESSION**
Energy powers an air compressor, generating heat in the process.
- 2 HEAT EXCHANGE**
Heat is extracted from the compression process and captured by a thermal management system for reuse.

Hydrostor IP: Adiabatic heat storage improves efficiency and makes the process emissions free
- 3 AIR STORAGE**
Compressed air is pumped underground and stored in a purpose-built, water-filled cavern.
- 4 WATER DISPLACEMENT**
Compressed air displaces water, forcing it up the shaft to the surface reservoir.

Hydrostor IP: Hydrostatic compensation maintains cavern pressure, improves efficiency, and enables siting flexibility, which minimizes cavern cost and size requirement
- 5 DISCHARGE**
When energy is needed, the water is allowed to flow back down the shaft into the underground cavern, pushing the compressed air back to the surface facility. The compressed air is then reheated from heat stored earlier in the process and expanded through the turbines to generate electricity.

*Patented, proprietary technology

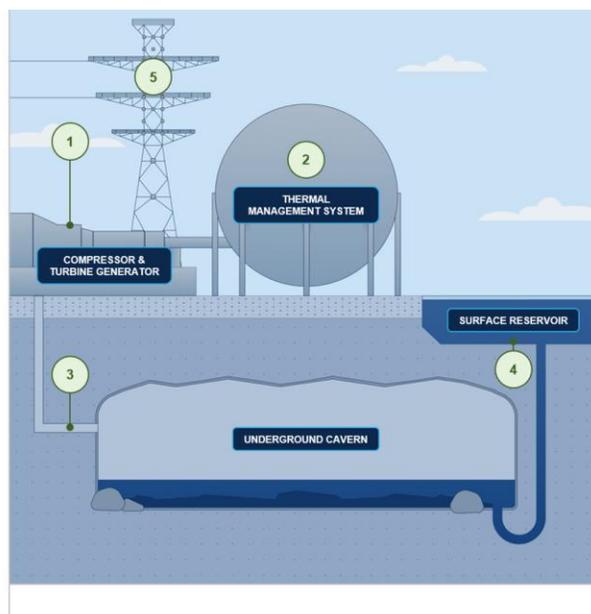


Diagram provided by Hydrostor

Willow Rock possesses full site control and has secured a 500 MW large generator interconnection agreement and 500 MW of full capacity deliverability status from Southern California Edison. The California Energy Commission (CEC) provided a final decision on December 31, 2025, approving the project’s environmental permit application. Hydrostor has also secured a Conditional Loan Guarantee from the Department of Energy, which is intended to support the project’s financing.

Environmental Impact

Willow Rock has a limited above-ground site footprint and letters of support from the National Parks Conservation Association. The operation of the technology is emissions-free. The site is on undeveloped land in Kern County, but has identified limited impacts to endangered species, identifying only impacts to Western Joshua Tree and potentially foraging habitats for Crotch’s Bumble Bees and Swainson’s Hawks.

Workforce Requirements

Hydrostor intends to sign a project labor agreement ensuring prevailing wage and use of apprenticeship programs. Hydrostor expects the Willow Rock project to create between 275 and 750 construction jobs (average to peak) and about 40 permanent jobs. In addition, Hydrostor has dedicated funds to local community engagement programs in Kern County and intends to use domestic manufacturers where possible.

Developer

The project is being developed by Hydrostor. Hydrostor has developed 2 projects in Canada and has a third, 200 MW facility under development in Australia. Their team has been built out and includes experienced development professionals who have brought online hundreds of projects and GW of projects at other companies.

Participating CCAs

Six of the CC Power CCAs are participating in this contract. Each participating CCA elected its share of the project based on its remaining LDS capacity procurement obligations. The CCAs and their shares of the project are identified in the table below.

CCA	Entitlement Share	Willow Rock Allocation (MW)	Credit Rating
CPSF	23.00%	11.5	Moody’s A2
PCE	30.00%	15	Moody’s A3 S&P A-
RCEA	6.20%	3.1	-
SJCE	24.00%	12	Moody’s A2 S&P A
SVCE	11.40%	5.7	Moody’s A3 S&P A
VCE	5.40%	2.7	S&P A-
Total	100.00%	50.00	

Contract Structure

CC Power has signed a Resource Adequacy and Top / Bottom 4 (RA+TB4) Agreement with GEM A-CAES LLC (Seller) for the Willow Rock project. Under the agreement, Seller will schedule the project in the CAISO market and receive and be responsible for CAISO market revenues. CC Power will pay Seller a monthly capacity payment. In return, CC Power will receive the capacity attributes from the project, which CCA members can count toward their RA requirements and MTR procurement obligations.

Seller will also pay CC Power a “TB4” financial settlement based on an approximation of the potential energy arbitrage revenues available in the CAISO Day-Ahead Market. In theory, an operator of a storage project aspires to maximize energy arbitrage revenues by charging during the least expensive hours (the “bottom” of the market) of the day and discharging during the most expensive hours (the “top” of the market). The financial settlement under the Willow Rock contract is calculated as the contract capacity of the project times the top 4 highest priced hours of each day minus the bottom 4 lowest priced hours of the day, after accounting for the project’s round-trip efficiency. This common industry methodology for benchmarking the potential revenues of operating a storage facility in the market is called “top / bottom 4” or TB4.

By using this structure, Willow Rock receives a predictable stream of capacity payments. CC Power receives an approximation of the revenues it might receive if it were operating the battery in the market, while Willow Rock remains responsible for optimizing project revenues in the CAISO market.

The RA+TB4 agreement also governs project development and operational requirements, milestones, price, volumes, term length, payment obligations and other keys terms and is administered by CC Power.

As in past CC Power projects VCE has participated in, VCE will execute the following agreements:

- **Project Participation Share Agreement (PPSA)**: This agreement will be executed by CC Power and each of the participating CCAs. This agreement conveys the project benefits (resource adequacy and energy arbitrage) from CC Power to each of the CCAs. It also details payment timelines from each CCA to CC Power and covers terms and procedures if a CCA does not make payments when due and if a CCA needs to be removed from the contract for non-performance. Under this agreement, each CCA commits to a 25% “step-up” obligation. If one of the participating CCAs defaults and is removed from the agreement, each CCA commits to take additional capacity up to 25% of its initial share. Under this agreement, each CCA also commits to pre-pay three months of expected project payments. This provides a cushion to CC Power to allow it to make payments to the project developer on a timely basis.
- **Buyer Liability Pass Through Agreement (BLPTA)**: This agreement will be executed by VCE, CC Power, and GEM A-CAES LLC. The form of this agreement is an appendix to the Resource Adequacy and TB4 Agreement (RA + TB4 Agreement). This agreement is a guaranty by VCE of its share of payment obligations under the RA + TB4 Agreement.

On January 28, 2026, the CC Power Board approved the Willow Rock RA + TB4 Agreement. The RA + TB4 Agreement gives CC Power 90 days to secure approval from each of the participating CCAs governing Boards.

Strategic Plan

The Willow Rock project supports the following objectives in VCE's strategic plan:

Goal 2: Manage power supply resources to consistently exceed California's Renewable Portfolio Standard (RPS) while working toward a resilient resource portfolio that is 100% Carbon Free and a minimum of 90% Renewable by 2030

2.2 Objective: Through strategic procurement acquire sufficient clean energy and renewable resources including storage and other resource adequacy products to achieve VCE's greenhouse gas reduction targets and regulatory requirements

...

2.4 Evaluate and pursue opportunities for shared investment and procurement strategies with other CCAs

Discussion/Conclusion

VCE's expected share of the Willow Rock project is 5.4% of the project which is equivalent to 2.7 MW nameplate capacity or 2.24 MW NQC. This is equal to approximately 56% of VCE's MTR LDS capacity procurement obligation.

Although VCE expects to have fully satisfied its LDS capacity procurement obligation with its share of the Tumbleweed project and its obligation swap with DCE, the LDS capacity from the Willow Rock project provides additional capacity to protect against future uncertainty and incremental procurement orders.

Staff is asking the Board to approve VCE's participation in the Willow Rock project. In addition, each participating CCA is asking its Board for cushion to allow them to proceed with this project in case there are changes in share allocation due to any CCA not receiving their Board's approval. VCE is seeking approval for up to a 6.75% / 3.375 MW share of the project. This will also cover situations when there is a step-up event. Staff anticipates that all CCAs will receive approval to participate, but in the event one or more do not, this buffer will help avoid the need to go back to each of the CCA Boards for re-approval.

Attachments

1. Project Participation Share Agreement (PPSA)
2. Resource Adequacy and TB4 Agreement (RA + TB4 Agreement - redacted) [includes Exhibit L - Buyer Liability Pass Through Agreement (BLPTA)]
3. Resolution 2026-XXX

**WILLOW ROCK ENERGY STORAGE CENTER
PROJECT PARTICIPATION SHARE AGREEMENT**

among

**CITY AND COUNTY OF SAN FRANCISCO, ACTING BY AND THROUGH ITS
PUBLIC UTILITIES COMMISSION CLEANPOWERSF**

and

PENINSULA CLEAN ENERGY AUTHORITY

and

REDWOOD COAST ENERGY AUTHORITY

and

CITY OF SAN JOSÉ, ADMINISTRATOR OF SAN JOSÉ CLEAN ENERGY

and

SILICON VALLEY CLEAN ENERGY AUTHORITY

and

VALLEY CLEAN ENERGY

and

CALIFORNIA COMMUNITY POWER

TABLE OF CONTENTS

Page

ARTICLE 1 DEFINITIONS	2
1.1. Definitions.....	2
1.2. Rules of Interpretation	10
ARTICLE 2 EFFECTIVE DATE AND TERM	11
2.1. Term.....	11
ARTICLE 3 AGREEMENT	11
3.1. Transaction.....	11
ARTICLE 4 ENTITLEMENT SHARE	12
4.1. Initial Entitlement Share	12
4.2. Change of Entitlement Share	12
4.3. Reduction of Entitlement Share to Zero	12
ARTICLE 5 OBLIGATIONS OF CCP AND ROLE OF CCP BOARD	12
5.1. Obligations of CCP	12
5.2. Role of CCP Board.	16
ARTICLE 6 ROLE AND RESPONSIBILITIES OF CCP MANAGER	17
6.1. Role of CCP Manager.....	17
6.2. CCP Manager Recommendations to the CCP Board.....	18
6.3. CCP Manager Report to CCP Board on Actions relating to the Offtake Agreement or the Project	19
6.4. Subcommittees.....	20
6.5. Delegation.....	20
ARTICLE 7 COORDINATED OPERATIONS AGREEMENT	20
7.1. Coordinated Operations Agreement	20
ARTICLE 8 OPERATING ACCOUNT	20
8.1. Calculation of Estimated Monthly Project Cost	20
8.2. Operating Account.....	20
ARTICLE 9 BILLING	21
9.1. Monthly Costs.....	21
9.2. Billing Statements.....	21
9.3. Disputed Monthly Billing Statement	22
9.4. Payment Adjustments; Billing Errors	22
9.5. Payment of Invoice Amount	22
9.1. Deduction of Invoice Amount from Operating Account	22
9.7. Late Payments.....	22

ARTICLE 10 UNCONDITIONAL PAYMENT OBLIGATIONS; AUTHORIZATIONS; CONFLICTS; LITIGATION	23
10.1. Unconditional Payment Obligation	23
10.2. Authorizations	23
10.3. Conflicts	23
10.4. Litigation	23
10.5. San José Clean Energy	23
10.6. CleanPowerSF	24
ARTICLE 11 RIGHTS AND OBLIGATIONS UNDER THE OFFTAKE AGREEMENT	24
11.1. CCP Rights and Obligations under the Offtake Agreement	24
ARTICLE 12 NONPERFORMANCE AND PAYMENT DEFAULT	25
12.1. Nonperformance by Project Participants	25
12.2. Payment Default	25
12.3. Payment Default Notice	25
12.4. Cured Payment Default	26
12.5. Suspension of Project Participant’s Project Revenue Rights and Treatment of Capacity Attributes	26
12.6. Termination and Disposal of Project Participant’s Project Rights	26
12.7. Step-Up Invoices	27
12.8. Step-Up Allocation of Project Participant’s Project Rights	28
12.9. Elimination or Reduction of Payment Obligations	30
ARTICLE 13 LIABILITY	30
13.1. Project Participants’ Obligations Several	30
13.2. No Liability of CCP or Project Participants	30
13.3. Extent of Exculpation; Enforcement of Rights	31
13.4. No General Liability of CCP	31
13.5. Indemnification	31
ARTICLE 14 NOTICES	31
14.1. Addresses for the Delivery of Notices	31
14.2. Acceptable Means of Delivering Notice	31
ARTICLE 15 ASSIGNMENT	32
15.1. General Prohibition on Assignments	32
ARTICLE 16 GOVERNING LAW AND DISPUTE RESOLUTION	32
16.1. Governing Law	32
16.2. Dispute Resolution	32
ARTICLE 17 MISCELLANEOUS	32
17.1. Entire Agreement; Integration; Exhibits	33
17.2. Amendments	33

17.3. No Waiver	33
17.4. Severability	33
17.5. Counterparts	33
17.6. Electronic Delivery	33
17.7. Binding Effect	33
17.8. Forward Contract	33
17.9. City of San Francisco Standard Provisions	34
17.10. City of San José Standard Provisions.	35
17.11. Further Assurances.....	36
EXHIBIT A NOTICES.....	1
EXHIBIT B SCHEDULE OF PROJECT PARTICIPANT ENTITLEMENT SHARES AND STEP-UP ALLOCATION CAPS	1
EXHIBIT C PROCEDURE FOR VOLUNTARY REDUCTION OF PROJECT PARTICIPANT’S ENTITLEMENT SHARE	1
EXHIBIT D COORDINATED OPERATIONS AGREEMENT	1

**WILLOW ROCK ENERGY STORAGE CENTER
PROJECT PARTICIPATION SHARE AGREEMENT**

PREAMBLE

This Project Participation Share Agreement (“**Agreement**”) is entered into as of [**DATE**] (the “**Effective Date**”), by and among the City and County of San Francisco acting by and through its Public Utilities Commission – CleanPowerSF, Peninsula Clean Energy Authority, a California joint powers authority, Redwood Coast Energy Authority, a California joint powers authority, City of San José, a California municipal corporation administering San José Clean Energy, Silicon Valley Clean Energy, a California joint powers authority, and Valley Clean Energy, a California joint powers authority (each individually a “**Project Participant**” and collectively referred to as the “**Project Participants**”) and California Community Power (“**CCP**”), a California joint powers authority. CCP and the Project Participants are sometimes referred to herein individually as a “**Party**” and jointly as the “**Parties.**” All capitalized terms used in this Agreement are used with the meanings ascribed to them in Article 1 to this Agreement.

RECITALS

WHEREAS CCP is a Joint Powers Authority, was formed for the purpose of developing, acquiring, constructing, owning, managing, contracting for, engaging in, or financing electric energy generation and storage projects, and for other purposes; and

WHEREAS, the Project Participants have participated with CCP in the negotiation of an agreement for purchase of the certain wholesale energy market products of the Willow Rock Energy Storage Center (the “**Project**” as defined in Exhibit A of the Offtake Agreement), and CCP is to enter into a Resource Adequacy plus TB4 Agreement (“**Offtake Agreement**”), which is incorporated herein by this reference, with GEM A-CAES LLC, a Delaware limited liability company (“**Project Developer**”), providing for purchase of the wholesale energy market products, and associated rights, benefits, and credits from the Project on behalf of the Project Participants; and

WHEREAS, pursuant to this Agreement, CCP shall cause to deliver to each Project Participant the Project Participant’s associated share of the wholesale energy market products and associated rights, benefits, and credits of the Project.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

ARTICLE 1

DEFINITIONS

Definitions. The following terms, when used herein with initial capitalization, shall have the meanings set forth below:

“**AC**” means alternating current.

“**Affiliate**” means, with respect to any Person, each Person that directly or indirectly controls, is controlled by, or is under common control with such designated Person. For purposes of this definition and the definition of “Permitted Transferee”, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any Person, shall mean (a) the direct or indirect right to cast at least fifty percent (50%) of the votes exercisable at an annual general meeting (or its equivalent) of such Person or, if there are no such rights, ownership of at least fifty percent (50%) of the equity or other ownership interest in such Person, or (b) the right to direct the policies or operations of such Person.

“**Agreement**” has the meaning set forth in the Preamble and any Exhibits, schedules, and any written supplements hereto.

“**Alternate Normal Vote**” has the meaning set forth in Exhibit D, Section 3.5.3.

“**Amended Annual Budget**” means the budget recommended by the CCP Manager and adopted by the CCP Board pursuant to Section 5.1(c) of this Agreement.

“**Annual Budget**” means the budget recommended by the CCP Manager and adopted by the CCP Board pursuant to Section 5.1(c) of this Agreement for the operating costs associated with CCP’s administration of this Agreement.

“**Bankrupt**” or “**Bankruptcy**” means, with respect to any entity, such entity that (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar Law, (b) has any such petition filed or commenced against it which remains unstayed or undismissed for a period of ninety (90) days, (c) makes an assignment or any general arrangement for the benefit of creditors, (d) otherwise becomes bankrupt or insolvent (however evidenced), (e) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (f) is generally unable to pay its debts as they fall due.

“**Billing Statement**” has the meaning set forth in Section 9.2 of this Agreement.

“**Buyer Liability Pass Through Agreement**” or “**BLPTA**” means, for each Project Participant, the form set forth in Exhibit L of the Offtake Agreement, as executed by such Project Participant, countersigned by CCP, and delivered to the Project Developer.

“**Business Day**” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday in California. A Business Day begins at 8:00 a.m. and ends at 5:00 p.m. local time for the Party sending a Notice, or payment, or performing a specified action.

“**CAISO**” means the California Independent System Operator Corporation or any successor entity performing similar functions.

“**CAISO Tariff**” means the California Independent System Operator Corporation Agreement and Tariff, Business Practice Manuals (BPMs), and Operating Procedures, including the rules, protocols, procedures, and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.

“**Capacity Damages**” has the meaning set forth in Section 5 of Exhibit B of the Offtake Agreement.

“**CCP Board**” means the Board of Directors of California Community Power.

“**CCP Manager**” means the General Manager of California Community Power or any person who is designated by the CCP Board to act in the capacity of the General Manager.

“**Capacity Attribute**” means any current or future defined characteristic, certificate, tag, credit, or accounting construct associated with the amount of power that the Facility can charge, discharge, and deliver to the Delivery Point at a particular moment and that can be purchased, sold, or conveyed under CAISO or CPUC market rules, including Resource Adequacy Benefits.

“**Chair**” has the meaning set forth in Exhibit D, Section 3.3.1.

“**Change of Control**” has the meaning set forth in Section 1.1 of the Offtake Agreement.

“**Charging Energy**” has the meaning set forth in Section 1.1 of the Offtake Agreement.

“**Commercial Operation Date**” or “**COD**” has the meaning set forth in Section 1.1 of the Offtake Agreement.

“**Commercial Operation Delay Damages**” has the meaning set forth in Section 1.1 of the Offtake Agreement.

“**Community Choice Aggregator**” has the meaning set forth in California Public Utilities Code § 331.1.

“**Confidential Information**” has the meaning set forth in Section 18.1 of the Offtake Agreement.

“**Construction Delay Damages**” has the meaning set forth in Section 1.1 of the Offtake Agreement.

“**Construction Start Date**” has the meaning set forth in Exhibit B of the Offtake Agreement.

“**Contract Price**” has the meaning set forth on the Cover Sheet of the Offtake Agreement.

“**Contract Term**” has the meaning set forth in Section 2.1 of the Offtake Agreement.

“**Contract Year**” means a period of twelve (12) consecutive months. The first Contract Year shall commence on the Commercial Operation Date and each subsequent Contract Year shall commence on the anniversary of the Commercial Operation Date.

“**Coordinated Operations Agreement**” means the agreement by and among CCP and all Project Participants for purposes of operating the Project.

“**Costs**” means, with respect to a Project Participant assuming all or a portion of a Defaulting Project Participant’s Entitlement Share pursuant to the process set forth in Section 12.8(b) or 12.8(c), brokerage fees, commissions and other similar third-party transaction costs and expenses reasonably incurred by such Project Participant in terminating any arrangement pursuant

to which it has hedged its obligations; and all reasonable attorneys' fees and expenses incurred by the Project Participant in connection with the Step-Up Allocation.

"CPUC" means the California Public Utilities Commission, or successor entity.

"Cured Payment Default" means a Payment Default that has been cured in accordance with Section 12.4 of this Agreement.

"Damage Payment" means the amount to be paid by the Offtake Agreement Defaulting Party to the Offtake Agreement Non-Defaulting Party after a Terminated Transaction occurring prior to the Commercial Operation Date, in a dollar amount set forth in Section 11.3(a) of the Offtake Agreement.

"Defaulting Project Participant" has the meaning set forth in Section 12.1.

"Delivery Point" means the Facility PNode on the CAISO grid.

"Delivery Term" means the period of Contract Years set forth on the Cover Sheet of the Offtake Agreement beginning on the Commercial Operation Date, unless terminated earlier in accordance with the terms and conditions of the Offtake Agreement.

"Designated Fund" has the meaning set forth in Section 10.5.

"Development Security" means (a) cash or (b) a Letter of Credit in the amount set forth on the Cover Sheet of the Offtake Agreement.

"Discharging Energy" has the meaning set forth in Section 1.1 of the Offtake Agreement.

"Effective Date" has the meaning set forth in the Preamble.

"Energy" means electrical energy, measured in kilowatt-hours or Megawatt-hours or multiple units thereof.

"Energy Settlement Revenues" has the meaning set forth in Section 1.1 of the Offtake Agreement.

"Entitlement Share" means the percentage entitlement of each Project Participant as set forth in Exhibit B of this Agreement (entitled "Schedule of Project Participant Entitlement Shares and Step-Up Allocation Caps") attributable to each such Project Participant, as may be amended pursuant to Section 4.2 or 12.8.

"Entitlement Share Reduction Amount" has the meaning set forth in Exhibit C.

"Entitlement Share Reduction Compensation Amount" has the meaning set forth in Exhibit C.

"Entitlement Share Reduction Notice" has the meaning set forth in Exhibit C.

"Estimated Monthly Project Cost" has the meaning set forth in Section 8.1.

"Event of Default" has the meaning set forth in Section 11.1 of the Offtake Agreement.

"Facility" means the energy storage facility described on the Cover Sheet of the Offtake Agreement and in Exhibit A of the Offtake Agreement, located at the Site and including mechanical equipment and associated facilities and equipment required to deliver Product (but excluding any Shared Facilities), as such facility may be expanded or otherwise modified from time to time in accordance with the terms of the Offtake Agreement.

“Facility Meter” has the meaning set forth in Section 1.1 of the Offtake Agreement.

“Facility Metering Point” means the location(s) of the Facility Meter shown in Exhibit R of the Offtake Agreement.

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

“Fiscal Year” means CCP’s fiscal year as determined by the CCP Board.

“Force Majeure Event” has the meaning set forth in Section 10.1 of the Offtake Agreement.

“Gains” means, with respect to a Project Participant assuming all or a portion of a Defaulting Project Participant’s Entitlement Share pursuant to the process set forth in Section 12.8(b) or 12.8(c), an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from such Step-Up Allocation for the remaining Contract Term of the Offtake Agreement, determined in a commercially reasonable manner. Factors used in determining the economic benefit to such Project Participant may include, without limitation, reference to information supplied by one or more third parties, which shall exclude Affiliates of such Project Participant, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NP-15), all of which should be calculated for the remaining Contract Term, and include the value of Capacity Attributes.

“Governmental Authority” means any federal, state, provincial, local, or municipal government, any political subdivision thereof or any other governmental, congressional, or parliamentary, regulatory, or judicial instrumentality, authority, body, agency, department, bureau, or entity with authority to bind a Party at law, including CAISO; *provided*, “Governmental Authority” shall not in any event include any Party, except to the extent that the Party is acting solely in its governmental capacity.

“Guaranteed Commercial Operation Date” means the date set forth on the Cover Sheet of the Offtake Agreement, as such date may be extended pursuant to Exhibit B of the Offtake Agreement.

“Guaranteed Construction Start Date” means the date set forth on the Cover Sheet of the Offtake Agreement, as such date may be extended pursuant to Exhibit B of the Offtake Agreement.

“Interconnection Agreement” means the interconnection agreement entered into by Project Developer pursuant to which the Facility will be interconnected with the Transmission System, and pursuant to which Project Developer’s Interconnection Facilities and any other Interconnection Facilities will be constructed, operated, and maintained during the Offtake Agreement Contract Term.

“Interconnection Facilities” means the interconnection facilities, control and protective devices, and metering facilities required to connect the Facility with the Transmission System in accordance with the Interconnection Agreement.

“Interest Rate” has the meaning set forth in Section 8.2 of the Offtake Agreement.

“Invoice Amount” has the meaning set forth in Section 9.2.

“Joint Powers Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.).

“Joint Powers Agreement” means that certain Joint Powers Agreement dated January 29, 2021, as amended from time to time, under which CCP is organized as a Joint Powers Authority in accordance with the Joint Powers Act.

“kWh” means a kilowatt-hour measured in alternating current, unless expressly stated in terms of direct current.

“Late Payment Notice” means a notice issued by CCP to a Project Participant pursuant to Section 9.7.

“Late Payment Charge” has the meaning set forth in Section 9.7.

“Law” means any applicable law, statute, rule, regulation, decision, writ, order, decree or judgment, permit or any interpretation thereof, promulgated or issued by a Governmental Authority.

“Lead Point Person” has the meaning set forth in Exhibit D, Section 2.1.

“Letter(s) of Credit” has the meaning set forth in Section 1.1 the Offtake Agreement.

“Losses” means, with respect to a Project Participant assuming all or a portion of a Defaulting Project Participant’s Entitlement Share pursuant to the process set forth in Section 12.8(b) or 12.8(c), an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from such Step-Up Allocation for the remaining Contract Term of the Offtake Agreement, determined in a commercially reasonable manner. Factors used in determining economic loss to such Project Participant may include, without limitation, reference to information supplied by one or more third parties, which shall exclude Affiliates of the Project Participant, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NP-15), all of which should be calculated for the remaining Contract Term of the Offtake Agreement and must include the value of Capacity Attributes.

“Month” means a calendar month.

“Monthly Costs” has the meaning set forth in Section 9.1.

“Monthly Energy Settlement Amount” has the meaning set forth in Exhibit C of the Offtake Agreement.

“Monthly Product Payment” means the Monthly Capacity Payment required to be made by CCP to Project Developer each month of the Delivery Term as compensation for the Product, as calculated in accordance with Exhibit C of the Offtake Agreement.

“MW” means megawatts in alternating current, unless expressly stated in terms of direct current.

“MWh” means megawatt-hour measured in alternating current, unless expressly stated in terms of direct current.

“Non-Defaulting Project Participant” has the meaning set forth in Section 12.1.

“Normal Vote” has the meaning set forth in Exhibit D, Section 3.5.

“Notice” shall, unless otherwise specified in the Agreement, mean written communications by a Party to be delivered by hand delivery, United States mail, overnight courier service, or electronic messaging (e-mail).

“Offtake Agreement” means the agreement between CCP and Project Developer for the purchase of wholesale energy market products of the Willow Rock Energy Storage Center, executed on **[Offtake Agreement Effective Date]**.

“Offtake Agreement Defaulting Party” has the meaning set forth in Section 11.1(a) of the Offtake Agreement.

“Offtake Agreement Non-Defaulting Party” has the meaning set forth in Section 11.2 of the Offtake Agreement.

“Operating Account” means an internal accounting mechanism utilized by CCP to track the amounts paid by and owed to each individual Project Participant pursuant to the terms of this Agreement.

“Operations Advisory Subcommittee” has the meaning set forth in Exhibit D, Section 3.1.

“Operating Cost” means the share of the Annual Budget or Amended Annual Budget attributable to the applicable Month for a Billing Statement.

“Party” has the meaning set forth in the Preamble.

“Payment Default” has the meaning set forth in Section 12.2.

“Payment Default Termination Deadline” has the meaning set forth in Section 12.6.

“Performance Security” means (i) cash or (ii) a Letter of Credit in the amount set forth on the Cover Sheet of the Offtake Agreement.

“Permitted Transferee” has the meaning set forth in Section 1.1 of the Offtake Agreement.

“Person” means any individual, sole proprietorship, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, incorporated organization, institution, public benefit corporation, unincorporated organization, government entity or other entity.

“PNode” has the meaning set forth in the CAISO Tariff.

“Product” has the meaning set forth in Section 3.1

“Progress Report” means a progress report including the items set forth in Exhibit E of the Offtake Agreement.

“Project” shall be broadly construed to entail the aggregate of rights, liabilities, interests, and obligations of CCP pursuant to the Offtake Agreement, including but not limited to all rights, liabilities, interests, and obligations associated with the Product, all rights, liabilities, interests and obligations associated with the Facility, and including all aspects of the operation and

administration of the Facility and the Offtake Agreement and the rights, liabilities, interests and obligations associated therewith.

“Project Developer” means GEM A-CAES LLC, a Delaware limited liability company, or assignee as permitted under the Offtake Agreement.

“Project Participants” means those entities executing this Agreement, as identified in the Preamble, together in each case with each entity’s successors or assigns.

“Project Revenue Rights” means all rights of a Project Participant under this Agreement to any revenue owed to CCP associated with the Facility, including the Monthly Energy Settlement Amount.

“Project Rights” means all rights and privileges of a Project Participant under this Agreement, including but not limited to its Entitlement Share, and its right to receive the Product from the Facility.

“Project Rights and Obligations” means the Project Participants’ Project Rights and obligations under the terms of this Agreement.

“Proposed Entitlement Share Reduction Compensation Amount” has the meaning set forth in Exhibit C.

“Prudent Operating Practice” means (a) the applicable practices, methods and acts required by or consistent with applicable Laws and reliability criteria, and otherwise engaged in or approved by a significant portion of the electric industry during the relevant time period with respect to grid-interconnected, utility-scale energy storage facilities in the Western United States, and (b) any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Operating Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to acceptable practices, methods or acts generally accepted in the industry with respect to grid-interconnected, utility-scale energy storage facilities in the Western United States. Prudent Operating Practice shall include compliance with applicable Laws, applicable safety and reliability criteria, and the applicable criteria, rules and standards promulgated in the National Electric Safety Code and the National Electrical Code, as they may be amended or superseded from time to time, including the criteria, rules, and standards of any successor organizations.

“RA Deficiency Amount” has the meaning set forth in Exhibit C of the Offtake Agreement.

“Receiving Party” has the meaning set forth in Section 18.2 of the Offtake Agreement.

“Remedial Action Plan” has the meaning set forth in Section 2.4 of the Offtake Agreement.

“Replacement RA” has the meaning set forth in Section 1.1 of the Offtake Agreement.

“Resource Adequacy Benefits” has the meaning set forth in Section 1.1 of the Offtake Agreement.

“Resource Adequacy Requirements” or **“RAR”** means the resource adequacy requirements applicable to an entity as established by the CAISO pursuant to the CAISO Tariff,

by the CPUC pursuant to the Resource Adequacy Rulings, or by any other Governmental Authority.

“Resource Adequacy Rulings” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050, 15-06-063, 16-06-045, 17-06-027, 18-06-030, 18-06-031, 19-02-022, 19-06-026, 19-10-021, 20-01-004, 20-03-016, 20-06-002, 20-06-031, 20-06-028, 20-12-006, 21-06-029, 21-06-035, 21-07-014, 22-03-034, 22-06-050, 23-04-010, 23-06-029, 24-06-040, 24-12-003, 25-06-048 and any other existing or subsequent ruling or decision, or any other resource adequacy laws, rules or regulations enacted, adopted or promulgated by any applicable Governmental Authority, however described, as such decisions, rulings, Laws, rules or regulations may be amended or modified from time-to-time throughout the Contract Term.

“Shared Facilities” means the gen-tie lines, transformers, substations, or other equipment, permits, contract rights, and other assets and property (real or personal), in each case, as necessary to enable delivery of the Facility’s Energy to and from the Delivery Point, including the Interconnection Facilities and the Interconnection Agreement itself, if applicable, that are used in common with third parties or by the Project Developer for electric generation or storage facilities owned by Project Developer other than the Facility.

“Site” has the meaning set forth in Section 1.1 of the Offtake Agreement, as further described in Exhibit A of the Offtake Agreement.

“Step-Up Allocation Cap” has the meaning set forth in Section 12.8(a).

“Step-Up Invoice” means an invoice sent to a Non-Defaulting Project Participant as a result of a Defaulting Project Participant’s Payment Default, which invoice shall separately identify any amount owed with respect to the monthly Billing Statement of the Defaulting Project Participant, as the case may be, pursuant to Section 12.7.

“Step-Up Invoice Amount” has the meaning set forth in Section 12.7.

“Step-Up Invoice Amount Cap” has the meaning set forth in Section 12.7.

“Step-Up Reserve Account” has the meaning set forth in Section 12.7(a)(i).

“Term” has the meaning set forth in Section 2.1(a).

“Terminated Transaction” has the meaning set forth in Section 11.2(a) the Offtake Agreement.

“Termination Payment” has the meaning set forth in Section 11.3 of the Offtake Agreement.

“Transmission System” means the transmission facilities operated by the CAISO, now or hereafter in existence, which provide energy transmission service downstream from the Delivery Point.

“Uncontrollable Forces” means any Force Majeure event and any cause beyond the control of any Party, which by the exercise of due diligence such Party is unable to prevent or overcome, including but not limited to, failure or refusal of any other Person to comply with then existing contracts, an act of God, fire, flood, explosion, earthquake, strike, sabotage, epidemic or pandemic (excluding impacts of the disease designated COVID-19 or the related virus designated SARS-CoV-2 impacts actually known by the Party claiming the Force Majeure Event as of the

Effective Date), an act of the public enemy (including terrorism), civil or military authority including court orders, injunctions and orders of governmental agencies with proper jurisdiction or the failure of such agencies to act, insurrection or riot, an act of the elements, failure of equipment, a failure of any governmental entity to issue a requested order, licenseor permit, inability of any Party or any Person engaged in work on the Project to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers. Notwithstanding the foregoing, Uncontrollable Forces as defined herein shall also include events of Force Majeure pursuant to the Offtake Agreement, as defined therein.

“**Vice Chair**” has the meaning set forth in Exhibit D, Section 3.3.1.

Rules of Interpretation. In this Agreement, except as expressly stated otherwise or unless the context otherwise requires:

- (a) headings and the rendering of text in bold and italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Agreement;
- (b) words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders;
- (c) the words “hereof”, “herein”, and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement;
- (d) a reference to an Article, Section, paragraph, clause, Party, or Exhibit is a reference to that Article, Section, paragraph, clause of, or that Party or Exhibit to, this Agreement unless otherwise specified;
- (e) a reference to a document or agreement, including this Agreement shall mean such document, agreement or this Agreement including any amendment or supplement to, or replacement, novation, or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of such document, agreement or this Agreement;
- (f) a reference to a Person includes that Person’s successors and permitted assigns;
- (g) the terms “include” and “including” mean “include or including (as applicable) without limitation” and any list of examples following such term shall in no way restrict or limit the generality of the word or provision in respect of which such examples are provided;
- (h) references to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified, or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom unless the context otherwise requires;

(i) in the event of a conflict, a mathematical formula or other precise description of a concept or a term shall prevail over words providing a more general description of a concept or a term;

(j) references to any amount of money shall mean a reference to the amount in United States Dollars;

(k) the expression “and/or” when used as a conjunction shall connote “any or all of”;

(l) words, phrases or expressions not otherwise defined herein that (i) have a generally accepted meaning in Prudent Operating Practice shall have such meaning in this Agreement or (ii) do not have well known and generally accepted meaning in Prudent Operating Practice but that have well known and generally accepted technical or trade meanings, shall have such recognized meanings;

(m) each Party acknowledges that it was represented by counsel in connection with this Agreement and that it or its counsel reviewed this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement; and

(n) in the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Offtake Agreement or the Coordinated Operations Agreement, the terms and provisions of this Agreement shall control.

ARTICLE 2

EFFECTIVE DATE AND TERM

2.1. Term.

(a) The term of this Agreement shall commence on the Effective Date and shall remain in full force and effect until the occurrence of all of the following: (i) the termination of the Offtake Agreement, (ii) the termination of the Buyer Liability Pass Through Agreements for all the Project Participants, and (iii) all Parties have met their obligations under this Agreement (“**Term**”).

(b) Applicable provisions of this Agreement shall continue in effect after termination to the extent necessary to enforce or complete the duties, obligations or responsibilities of the Parties arising prior to termination. All indemnity and audit rights shall remain in full force and effect for three (3) years following the termination of this Agreement.

ARTICLE 3

AGREEMENT

Transaction. Subject to the terms and conditions of this Agreement, the Project Participants authorize CCP to purchase all Capacity Attributes associated with the Facility and any Replacement RA and Energy Settlement Revenues provided pursuant to the Offtake Agreement (collectively the “**Product**”), on behalf of the Project Participants. Pursuant to the procedures set

forth in the Coordinated Operations Agreement, CCP shall cause Project Developer to deliver each Project Participant's Entitlement Share of the Capacity Attributes to such Project Participant. CCP shall cause Project Developer to deliver any amounts owed to CCP associated with the Offtake Agreement, including the Monthly Energy Settlement Amount, RA Deficiency Amount, Construction Delay Damages, Commercial Operation Delay Damages, Capacity Damages, or any amounts otherwise owed to CCP pursuant to the Offtake Agreement. CCP shall administer the Offtake Agreement and oversee the Project Developer's development and operation of the Project. CCP shall not sell, assign, or otherwise transfer any Product, or any portion thereof, to any third party other than to the Project Participants, unless authorized by the Project Participants pursuant to this Agreement.

ARTICLE 4 **ENTITLEMENT SHARE**

Initial Entitlement Share. Each Project Participant's initial Entitlement Share as of the Effective Date shall be set forth in Column B of the Table provided in Exhibit B of this Agreement (entitled "Schedule of Project Participant Entitlement Shares and Step-Up Allocation Caps"). Any revisions to the Entitlement Shares specified in Exhibit B pursuant to Section 4.2 or Section 12.8 shall be considered an element of the administration of this Agreement and shall not require the consent of the Parties hereto.

4.2. Change of Entitlement Share. Any Project Participant may reduce its Entitlement Share of the Project pursuant to the process set forth in Exhibit C.

Reduction of Entitlement Share to Zero. If any Project Participant's Entitlement Share is reduced to zero through any process specified in Exhibit C, such Project Participant shall remain a Party to this Agreement and shall be subject to all rights, obligations, and liabilities of this Agreement, including but not limited to any liabilities for Monthly Product Payments, Damage Payment or Termination Payment, as applicable, and any other damage payments or reimbursement amounts under the Offtake Agreement.

ARTICLE 5 **OBLIGATIONS OF CCP AND ROLE OF CCP BOARD**

Obligations of CCP.

(a) CCP shall take such commercially reasonable actions or implement such commercially reasonable measures as may be necessary or desirable for the utilization, maintenance, or preservation of the rights and interests of the Project Participants in the Project including, if appropriate, such enforcement actions or other measures as CCP or the CCP Board deems to be in the Project Participants' best interests. To the extent not inconsistent with the Offtake Agreement or other applicable agreements, CCP may also be authorized by the Project Participants to assume any responsibilities in relation to the Project necessary to effectuate the conveyance of the Product to Project Participants in accordance with Project Participants' Entitlement Shares.

(b) To the extent such services are available and can be carried forth in accordance with the Offtake Agreement, CCP shall also provide such other services, as may be deemed necessary by CCP or the CCP Board to secure the benefits and/or satisfy the obligations associated with the Offtake Agreement.

(c) Adoption of Annual Budget. The Annual Budget and any amendments to the Annual Budget shall be prepared and approved in accordance with this Section 5.1(c).

(i) The CCP Manager will prepare a proposed Annual Budget at least ninety (90) days prior to the beginning of each Fiscal Year during the Term of this Agreement. The proposed Annual Budget shall be based on the prior Fiscal Year's actual costs, as applicable, and shall include reasonable estimates of the costs CCP expects to incur during the applicable Fiscal Year in association with the administration of the Offtake Agreement. The CCP Manager shall present the proposed Annual Budget to the CCP Board. The CCP Board shall adopt the Annual Budget no later than thirty (30) days prior to the beginning of such Fiscal Year and shall cause copies of such adopted Annual Budget to be delivered to each Project Participant.

(A) For operating costs not otherwise collected through Articles 8 and 9 incurred prior to the Commercial Operation Date and which are approved by the CCP Board, including costs related to administering the Offtake Agreement, overseeing the development and CAISO integration of the Project, and other costs that are determined to be attributable to the Project by action of the CCP Board, shall be invoiced to each Project Participant based on their Project Entitlement Share.

(ii) At any time after the adoption of the Annual Budget for a Fiscal Year, the CCP Manager may prepare a proposed Amended Annual Budget for and applicable to the remainder of such Fiscal Year. The proposal shall (A) explain why an amendment to the Annual Budget is needed, (B) compare estimated costs against actual costs, and (C) describe the events that triggered the need for additional funding. The CCP Manager shall present the proposed Amended Annual Budget to the CCP Board. Upon adoption of the Amended Annual Budget by the CCP Board, such Amended Annual Budget shall apply to the remainder of the Fiscal Year and the CCP Board shall cause copies of such adopted Amended Annual Budget to be delivered to each Project Participant.

(iii) Reports. CCP will prepare and issue to Project Participants the following reports each quarter of a year during the Term:

(A) Financial and operating statement relating to the Project.

(B) Variance report comparing the costs in the Annual Budget versus actual costs, and the status of other cost-related issues with respect to the Project. If CCP incurred any material costs to provide services that were deemed necessary pursuant to Section 5.1(b), the variance report shall identify the costs and describe the services provided.

(d) Records and Accounts. CCP will keep, or cause to be kept, accurate records and accounts of the Project as well as of the operations relating to the Project, all in a manner similar to accepted accounting methodologies associated with similar projects. All transactions of CCP relating to the Project with respect to each Fiscal Year shall be subject to an annual audit.

Each Project Participant shall have the right at its own expense to examine and copy the records and accounts referred to above on reasonable notice during regular business hours.

(e) Information Sharing. Upon CCP's request, each Project Participant agrees to coordinate with CCP to provide such information, documentation, and certifications that are reasonably necessary for the administration, financing, refinancing, operation, scheduling, maintenance, attribute transfer, settlement, compliance reporting, and other ongoing activities of the Project, including information required to respond to requests for such information from any federal, state, or local regulatory body or other authority.

(f) [Reserved].

(g) Deposit of Insurance Proceeds. CCP shall promptly attribute any insurance proceeds received by CCP from any insurance obtained pursuant to this Agreement or otherwise associated with the Project to the Operating Accounts of the Project Participants based on each Project Participants' Entitlement Shares.

(h) Liquidated and Other Damages. Any amounts paid to CCP or applied against payments otherwise due by CCP pursuant to the Offtake Agreement or each Project Participant's respective BLPTA, by the Project Developer shall be attributed on a pro rata share, based on each Project Participant's Entitlement Share, to each Project Participant's Operating Account. Liquidated Damages include, but are not limited to Construction Delay Damages, Commercial Operation Delay Damages, Capacity Damages, Damage Payment, and Termination Payment.

(i) [Reserved].

(j) Resale of Product. Any Project Participant may direct CCP to remarket such Project Participant's Entitlement Share of the Product, or such Project Participant's Entitlement Share of any part of the Product. If CCP incurs any expenses associated with the remarketing activities pursuant to this Section 5.1(j), then CCP shall include the total amount of such expenses as a Monthly Cost on the Project Participant's next Billing Statement. Prior to offering the Project Participant's Entitlement Share of the Product, or the Project Participant's Entitlement Share of any part of the Product to any third party, CCP shall first offer the Product or portion of the Product to the other Project Participants. The amount of compensation paid to the selling Project Participant shall be negotiated and agreed to between the selling Project Participant and the purchasing Project Participant or third party. Any payments for any resold Product pursuant to this Section 5.1(j) shall be transmitted directly from the purchasing Project Participant or purchasing third party to the reselling Project Participant. Any such resale to a third party shall not convey any rights or authority over the operation or administration of the Project, and the Project Participant shall not make a representation to the third party that the resale conveys any rights or authority over the operation of the Project.

(k) Uncontrollable Forces. CCP shall not be required to provide, and CCP shall not be liable for failure to provide, the Product, Replacement RA, or other service under this Agreement when such failure, or the cessation or curtailment of, or interference with, the service is caused by Uncontrollable Forces or by the failure of the Project Developer, or its

successors or assigns, to obtain any required governmental permits, licenses, or approvals to acquire, administer, or operate the Project; provided, however, that the Project Participants shall not thereby be relieved of their obligations to make payments under this Agreement except to the extent CCP is so relieved pursuant to the Offtake Agreement, and provided further that CCP shall pursue all applicable remedies against the Project Developer under the Offtake Agreement and distribute any remedies obtained pursuant to Section 5.1(h).

(l) Insurance. As of the Effective Date of this Agreement, CCP shall secure and maintain, during the Term, insurance coverage as follows:

(i) Commercial General Liability. CCP shall maintain, or cause to be maintained, commercial general liability insurance, including products and completed operations and personal injury insurance, in a minimum amount of One Million Dollars (\$1,000,000) per occurrence, and an annual aggregate of not less than Two Million Dollars (\$2,000,000), endorsed to provide contractual liability in said amount, specifically covering CCP's obligations under this Agreement and including each Project Participant as an additional insured.

(ii) Employer's Liability Insurance. CCP, if it has employees, shall maintain Employers' Liability insurance with limits of not less than One Million Dollars (\$1,000,000) for injury or death occurring as a result of each accident. With regard to bodily injury by disease, the One Million Dollar (\$1,000,000) policy limit will apply to each employee.

(iii) Workers' Compensation Insurance. CCP, if it has employees, shall also maintain at all times during the Term workers' compensation and employers' liability insurance coverage in accordance with statutory amounts, with employer's liability limits of not less than One Million Dollars (\$1,000,000) for each accident, injury, or illness; and include a blanket waiver of subrogation.

(iv) Business Auto Insurance. CCP shall maintain at all times during the Term business auto insurance for bodily injury and property damage with limits of One Million Dollars (\$1,000,000) per occurrence. Such insurance shall cover liability arising out of CCP's use of all owned (if any), non-owned and hired vehicles, including trailers or semi-trailers in the performance of the Agreement and shall name each Project Participant as an additional insured and contain standard cross-liability and severability of interest provisions.

(v) Public Entity Liability Insurance. CCP shall maintain public entity liability insurance, including public officials' liability insurance, public entity reimbursement insurance, and employment practices liability insurance in an amount not less than Two Million Dollars (\$2,000,000) per claim, and an annual aggregate of not less than Two Million Dollars (\$2,000,000) and CCP shall maintain such coverage for at least two (2) years from the termination of this Agreement.

(m) Evidence of Insurance. Within ten (10) days after the deadline for securing insurance coverage specified in Section 5.1(l), and upon annual renewal thereafter, CCP shall deliver to each Project Participant certificates of insurance evidencing such coverage with insurers with ratings comparable to A-VII or higher, and that are authorized to do business in the State of California, in a form evidencing all coverages set forth above. Such certificates shall specify that

each Project Participant shall be given at least thirty (30) days prior Notice by CCP in the event of cancellation or termination of coverage. Such insurance shall be primary coverage without right of contribution from any insurance of each Project Participant. Any other insurance maintained by CCP not associated with this Agreement is for the exclusive benefit of CCP and shall not in any manner inure to the benefit of Project Participants. The general liability, auto liability and worker's compensation policies shall be endorsed with a waiver of subrogation in favor of each Project Participant for all work performed by CCP, its employees, agents and sub-contractors.

5.2. Role of CCP Board.

(a) The rights and obligations of CCP under the Offtake Agreement shall be subject to the ultimate control at all times of the CCP Board. The CCP Board shall have, in addition to the duties and responsibilities set forth elsewhere in this Agreement, the duties and responsibilities listed below, among others. The actions identified in Section 5.2(a)(ii) through (a)(ix) shall require CCP Board approval.

(i) Dispute Resolution. The CCP Board shall review, discuss and attempt to resolve any disputes among CCP, any of the Project Participants, and the Project Developer relating to the Project, the operation and management of the Facility, and CCP's rights and interests in the Facility.

(ii) Offtake Agreement. The CCP Board shall have the authority to review, modify, and approve, as appropriate, all amendments, modifications, and supplements to the Offtake Agreement.

(iii) [Reserved].

(iv) [Reserved].

(v) Budgeting. Upon the submission of a proposed Annual Budget or proposed Amended Annual Budget, the CCP Board shall review, modify, and approve each Annual Budget and Amended Annual Budget in accordance with Section 5.1(c) of this Agreement.

(vi) Early Termination of Offtake Agreement. The CCP Board shall review, modify, and approve the recommendations of the CCP Manager, made pursuant to Section 6.2(b) of this Agreement, as to an early termination of the Offtake Agreement pursuant to Section 11.2 of the Offtake Agreement.

(vii) Assignment by Project Developer. The CCP Board shall review, modify, and approve the recommendations of the CCP Manager, made pursuant to Section 6.2(c) of this Agreement, as to any assignment by Project Developer pursuant to Section 14.1 of the Offtake Agreement other than any assignment pursuant to Sections 14.2 or 14.3 of the Offtake Agreement.

(viii) Buyer Financing Assignment. The CCP Board shall review, modify, and approve the recommendations of the CCP Manager, made pursuant to Section 6.2(d) of this Agreement, as to an assignment by CCP to a financing entity pursuant to Section 14.5 of the Offtake Agreement.

(ix) Change of Control. The CCP Board shall review, modify, and approve the recommendations of the CCP Manager, made pursuant to Section 6.2(e) of this Agreement, as to any Change of Control requiring CCP's consent, as specified in Section 14.1 of the Offtake Agreement.

(x) Supervening Authority of the Board. The CCP Board has complete and plenary supervening power and authority to act upon any matter which is capable of being acted upon by the CCP Manager or which is specified as being within the authority of the CCP Manager pursuant to the provisions of this Agreement.

(xi) Other Matters. The CCP Board is authorized to perform such other functions and duties, including oversight of those matters and responsibilities addressed by the CCP Manager as may be provided for under this Agreement and under the Offtake Agreement, or as may otherwise be appropriate.

(xii) Periodic Audits. The CCP Board or the CCP Manager may arrange for the annual audit by certified accountants, selected by the CCP Board and experienced in electric generation or electric utility accounting, of the books and accounting records of CCP and the Project Developer, to the extent authorized under the Offtake Agreement, and such audit shall be completed and submitted to the CCP Board as soon as reasonably practicable after the close of the Fiscal Year. CCP shall promptly furnish to the Project Participant copies of all audits. No more frequently than once every calendar year, each Project Participant may, at its sole cost and expense, audit, or cause to be audited the books and cost records of CCP and/or the Project Developer, to the extent authorized under the Offtake Agreement.

(b) Pursuant to Section 5.06 of the Joint Powers Agreement, this Agreement modifies the voting rules of the CCP Board for purposes of approving or acting on any matter identified in this Agreement, as follows:

(i) Quorum. A quorum shall consist of a majority of the CCP Board members that represent Project Participants.

(ii) Voting. Each CCP Board member that represents a Project Participant shall have one vote for any matter identified in this Agreement. Any CCP Board member representing a CCP member that is not a Project Participant shall abstain from voting on any matter identified in this Agreement. A vote of the majority of the CCP Board members representing Project Participants that are in attendance shall be sufficient to constitute action, provided a quorum is established and maintained.

ARTICLE 6

ROLE AND RESPONSIBILITIES OF CCP MANAGER

Role of CCP Manager. The CCP Manager shall take all actions necessary to ensure that CCP fulfills its obligations under this Agreement, including the obligations set forth in Section 5.1. The CCP Manager is authorized to take any action that CCP is authorized to take, except those actions that expressly require CCP Board approval. In addition to any duties or

responsibilities set forth elsewhere in this Agreement, the CCP Manager is directed to do the following:

(a) Consult with the Project Participants with respect to the ongoing administration of the Project, including through the formation of advisory subcommittees.

(b) Oversee, as appropriate, the completion of any Project-related contract negotiation, contract administration, CAISO integration, attribute and revenue transfers, settlements, preparation of compliance reporting, and dispute resolution.

(c) Review, discuss, and attempt to resolve any disputes among the Project Participants relating to this Agreement or the Offtake Agreement.

(d) Review, validate, dispute, approve and timely pay, as appropriate, each invoice submitted by Project Developer.

(e) Upon a request or demand by any third person that is not a Party to the Offtake Agreement or a Project Participant, for Confidential Information as described in Section 18.2 of the Offtake Agreement, the CCP Manager shall notify the Project Developer and coordinate the response of CCP and Project Participants.

(f) Review Progress Reports provided by Project Developer to CCP pursuant to Section 2.3 of the Offtake Agreement and participate in any associated meetings with Project Developer to discuss development and construction progress. If Project Developer provides a Progress Report to CCP, the CCP Manager shall promptly provide such Progress Report to each Project Participant. The CCP Manager shall promptly notify the Project Participants upon receiving a Progress Report from the Project Developer that identifies a delay to the Construction Start Date or Commercial Operation Date.

(g) Take any necessary actions or implement such measures as may be necessary to facilitate the transfer of Resource Adequacy Benefits from the Project Developer to the Project Participants.

(h) Perform such other functions and duties as may be provided for under this Agreement, the Offtake Agreement, or as may otherwise be appropriate or beneficial to the Project or the Project Participants, unless such action requires CCP Board approval pursuant to this Agreement.

6.2. CCP Manager Recommendations to the CCP Board.

(a) Budgeting. Recommend each proposed Annual Budget and proposed Amended Annual Budget for submission to the CCP Board for final approval.

(b) Early Termination of Offtake Agreement. Recommend to the CCP Board regarding an early termination of the Offtake Agreement pursuant to Section 11.2 of the Offtake Agreement.

(c) Assignment by Project Developer. Recommend to the CCP Board any proposed assignment by Project Developer pursuant to Section 14.1 of the Offtake Agreement other than any assignment pursuant to Sections 14.2 or 14.3 of the Offtake Agreement.

(d) Buyer Financing Assignment. Recommend to the CCP Board an assignment by CCP to a financing entity pursuant to Section 14.5 of the Offtake Agreement.

(e) Change of Control. Recommend to the CCP Board any Change of Control requiring CCP's consent, as specified in Section 14.1 of the Offtake Agreement.

CCP Manager Report to CCP Board on Actions relating to the Offtake Agreement or the Project. The CCP Manager shall report to the CCP Board on the occurrence of any of the following actions taken by the CCP Manager. Such report may be written or oral and shall be provided at the next CCP Board Meeting occurring within a reasonable amount of time after the action was taken. Any information included as part of such report may be provided by the CCP Manager in a manner that maintains the confidentiality of such information, as reasonably determined to be necessary by the CCP Manager.

(a) Confirmation by the CCP Manager that the requirements of Exhibit B of the Offtake Agreement have been satisfied, such that the Guaranteed Construction Start Date and/or Guaranteed Commercial Operation Date has been achieved or extended.

(b) Any exercise of CCP's rights under the Offtake Agreement if an Event of Default has occurred under Section 11.1 of the Offtake Agreement.

(c) The approval or modification of any arrangements and instruments entered into by the Project Developer or any affiliate thereof to, among other things, secure certain performance requirements, including, but not limited to, the Offtake Agreement, the Development Security or the Performance Security and any other letter of credit delivered to, or for the benefit of, CCP by the Project Developer and take such actions or make such recommendations as may be appropriate or desirable in connection therewith.

(d) The approval of any Remedial Action Plan submitted by Project Developer to CCP pursuant to Section 2.4 of the Offtake Agreement.

(e) The written acknowledgement by CCP of the occurrence of the Commercial Operation Date in accordance with Section 2.2 of the Offtake Agreement.

(f) The approval of the return of the Development Security to Project Developer in accordance with Section 8.7 of the Offtake Agreement.

(g) The approval of the return of any unused Performance Security to Project Developer in accordance with Section 8.8 of the Offtake Agreement.

(h) The collection of any liquidated damages owed by Project Developer to CCP under the Offtake Agreement, or any draw upon the Development Security or Performance Security.

Subcommittees. The CCP Manager may establish as needed subcommittees including, but not limited to, contract management, auditing, legal, financial, engineering, mechanical, weather, geologic, diurnal, barometric, meteorological, operating, insurance, governmental relations, environmental, and public information subcommittees. The authority, membership, and duties of any subcommittee shall be established by the CCP Manager; provided, however, such authority, membership or duties shall not conflict with the provisions of the Offtake Agreement or this Agreement.

(i) Project Participant Expenses. Any expenses incurred by any representative of any Project Participant or group of Project Participants serving on any subcommittee in connection with their duties on such subcommittee shall be the responsibility of the Project Participant which they represent and shall not be an expense payable under this Agreement.

Delegation. To secure the effective cooperation and interchange of information in a timely manner in connection with various administrative, technical, and other matters which may arise from time to time in connection with administration of the Offtake Agreement, in appropriate cases, duties and responsibilities of the CCP Board, as the case may be under this Section 6, may be delegated to the CCP Manager by the CCP Board upon notice to the Project Participants.

ARTICLE 7

COORDINATED OPERATIONS AGREEMENT

Coordinated Operations Agreement. The Project Participants hereby establish and agree to a Coordinated Operations Agreement by and among CCP and all Project Participants for purposes of operating the Project as set forth in Exhibit D of this Agreement, which shall be construed in accordance with the terms of this Agreement.

ARTICLE 8

OPERATING ACCOUNT

Calculation of Estimated Monthly Project Cost. No later than ninety (90) days prior to the start of the Fiscal Year in which the Commercial Operation Date is expected to occur, the CCP Manager shall present to the Project Participants a proposed “**Estimated Monthly Project Cost**”, which shall be equal to a forecast of expected Monthly Product Payments over an entire Contract Year, divided by twelve (12). The Project Participants shall review, and, if appropriate, recommend approval of, or modification to the proposed Estimated Monthly Project Cost.

Operating Account. CCP shall establish an Operating Account for each Project Participant. Such Operating Accounts are for the purpose of internally tracking the amounts paid by each Project Participant, any amounts owed to a Project Participant, Project Participant’s Monthly Costs, and any balances held within the Operating Account.

(a) Operating Account Amount. The Operating Account Amount for each Project Participant shall be an amount equal to the product of (i) the Estimated Monthly Project

Cost (\$/month), (ii) three (3) (months), and (iii) such Project Participant's Entitlement Share (%) ("**Operating Account Amount**").

(b) **Initial Funding of Operating Account.** By no later than ninety (90) days prior to the expected Commercial Operation Date, each Project Participant shall pay to CCP an amount equal to that Project Participant's Operating Account Amount.

(c) **Recalculation of Operating Account Amount.** Upon the occurrence of any change in Entitlement Share of any Project Participant pursuant to any provision of or amendment to this Agreement, the Operating Account Amounts of all Project Participants shall be recalculated consistent with this Section 8.2. By no later than thirty (30) days after the effective date of such change in Entitlement Share, any Project Participant that has an increase in the Operating Account Amount must pay to CCP an additional amount sufficient to comply with the recalculated Operating Account Amount. If a Project Participant's Operating Account Amount is reduced, CCP will issue a refund of the excess amount to the Project Participant within five (5) Business Days of the date on which all Project Participants with an increased Entitlement Share have paid to CCP the necessary amounts to meet their increased Operating Account Amounts.

(d) **Use of Operating Account.** CCP may utilize the funds attributed to each Project Participant's Operating Account each month in an amount equal to the Monthly Costs multiplied by such Project Participant's Entitlement Share.

(e) **Final Distribution of Operating Account.** Following the expiration or earlier termination of the Offtake Agreement, and upon payment and satisfaction of any and all liabilities and obligations to make payments of the Project Participants under this Agreement and upon satisfaction of all remaining costs and obligations of CCP under the Offtake Agreement, any amounts then remaining in any Project Participant's Operating Account shall be paid to the associated Project Participant.

ARTICLE 9 **BILLING**

Monthly Costs. The amount of a Project Participant's Monthly Costs for a particular Month shall be the product of (a) the Project Participant's Entitlement Share multiplied by (b) the sum of (i) the actual Monthly Product Payments for such Month plus (ii) the Operating Cost for such Month minus (iii) the positive revenue associated with the Monthly Energy Settlement Amount minus (iv) any RA Deficiency Amount, as shown in the following formula:

Project Participant's Monthly Cost = (Project Participant's Entitlement Share) × [(Monthly Product Payments) + (Operating Costs) – (Monthly Energy Settlement Amount) – (RA Deficiency Amount)]

Billing Statements. By no later than ten (10) calendar days after CCP receives an invoice from Project Developer for the prior Month during the Delivery Term pursuant to Section 8.1 of the Offtake Agreement, CCP shall issue to each Project Participant a copy of the invoice and a "**Billing Statement**," which specifies such Project Participant's Monthly Costs, itemized by each part of such Monthly Cost. The amount of Monthly Costs attributable to a Project Participant, and specified in such Billing Statement, shall be the "**Invoice Amount**."

Disputed Monthly Billing Statement. A Project Participant may dispute, by written Notice to CCP, any portion of any Billing Statement submitted to that Project Participant by CCP pursuant to Section 9.2, provided that the Project Participant shall pay the full amount of the Billing Statement when due. If CCP determines that any portion of the Billing Statement is incorrect, CCP will attribute the difference between such correct amount and such full amount, if any, including interest at the rate received by CCP on any overpayment to such Project Participant's Operating Account. If CCP and a Project Participant disagree regarding the accuracy of a Billing Statement, CCP will give consideration to such dispute and will advise all Project Participants with regard to CCP's position relative thereto within thirty (30) days following receipt of written Notice by Project Participant of such dispute.

Payment Adjustments; Billing Errors. If CCP or Project Developer determines that a prior invoice or Billing Statement was inaccurate, CCP shall credit against or increase as appropriate each Project Participant's subsequent Monthly Costs according to such adjustment. The accompanying Billing Statement shall describe the cause of such adjustment and the amount of such adjustment.

Payment of Invoice Amount. Each Project Participant shall pay the Invoice Amount for the applicable Month to CCP by no later than the twentieth (20th) calendar day of the following Month after the Billing Statement is issued, unless CCP has failed to issue the Billing Statement by the deadline specified in Section 9.2, in which case, each Project Participant shall pay the Invoice Amount for the applicable Month by no later than thirty (30) days after the date on which CCP issues the Billing Statement to the Project Participant.

Deduction of Invoice Amount from Operating Account. After CCP issues a Billing Statement to a Project Participant or a Step-Up Invoice to a Project Participant, CCP shall deduct the Invoice Amount or the Step-Up Invoice Amount from each Project Participant's Operating Account. If the Monthly Cost attributable to such Project Participant is a negative number, CCP shall add such funds to the Operating Account of that Project Participant.

9.7. Late Payments.

(a) If any Project Participant fails to pay the Invoice Amount to CCP by the deadline specified in Section 9.5, then CCP will issue such Project Participant a Late Payment Notice within five (5) days of the deadline specified in Section 9.5 directing the Project Participant to immediately pay the Invoice Amount to CCP and informing the Project Participant that such Project Participant must pay a charge ("**Late Payment Charge**"). Upon issuing a Late Payment Notice to any Project Participant, CCP shall promptly provide Notice of such occurrence to all other Project Participants.

(b) The Late Payment Charge shall be equal to (i) the Invoice Amount minus any partial payment multiplied by (ii) the Interest Rate specified in Section 8.2 of the Offtake Agreement for the period from the deadline specified in Section 9.5 until the date on which the Project Participant pays the Invoice Amount plus the Late Payment Charge. Upon payment, CCP shall withdraw the full amount of such Late Payment Charge from the Project Participant's Operating Account and attribute any such Late Payment Charge to the Operating Accounts of all

other Project Participants on a pro rata share, based on such other Project Participants' Entitlement Shares.

ARTICLE 10
UNCONDITIONAL PAYMENT OBLIGATIONS; AUTHORIZATIONS; CONFLICTS;
LITIGATION

Unconditional Payment Obligation. Beginning with the earliest of (i) the date CCP is obligated to pay any portion of the costs of the Project, (ii) the date of the COD, or (iii) the date of the first delivery of the Product to Project Participants and continuing through the Term of this Agreement, Project Participants shall pay CCP the amounts of Monthly Costs set forth in the Billing Statements submitted by CCP to Project Participants in accordance with the provisions of Section 9, whether or not the Project or any part thereof has been completed, is functioning, producing, operating or operable or its output or the provision of Facility products are suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever, provided that the obligation of Project Participants to pay amounts associated with the Monthly Product Payment shall be limited to the amount of Monthly Product Payment charged by the Project Developer to CCP and paid by CCP to the Project Developer.

Authorizations. Each Project Participant hereby represents and warrants that no order, approval, consent, or authorization of any governmental or public agency, authority, or person, is required on the part of such Project Participant for the execution and delivery by the Project Participant, or the performance by the Project Participant of its obligations under this Agreement except for such as have been obtained.

Conflicts. Each Project Participant represents and warrants to CCP as of the Effective Date that, to the Project Participant's knowledge, the execution and delivery of this Agreement by the Project Participants and the Project Participants' performance hereunder will not constitute a default under any agreement or instrument to which it is a party, or any order, judgment, decree or ruling of any court that is binding on the Project Participant, or a violation of any applicable law of any governmental authority, which default or violation would have a material adverse effect on the financial condition of the Project Participant.

Litigation. Each Project Participant represents and warrants to CCP that, as of the Effective Date, to the Project Participant's knowledge, except as disclosed, there are no actions, suits or proceedings pending against the Project Participant (service of process on the Project Participant having been made) in any court that questions the validity of the authorization, execution or delivery by the Project Participant of this Agreement, or the enforceability on the Project Participant of this Agreement.

10.5. San José Clean Energy.

(a) The City of San José is a municipal corporation and is precluded under the California State Constitution and applicable law from entering into obligations that financially bind future governing bodies without an appropriation for such obligation, and, therefore, nothing

in the Agreement shall constitute an obligation of future legislative bodies of the City of San José to appropriate funds for purposes of the Agreement; provided, however, that the City of San José has created and set aside a designated fund (being the San Jose Energy Operating Fund established pursuant to City of San Jose Municipal Code, Title 4, Part 63, Section 4.80.4050 *et. seq.*) (“**Designated Fund**”) for payment of its obligations under this Agreement.

(b) Limited Obligations. The City of San José’s payment obligations under this Agreement are special limited obligations of San José Clean Energy payable solely from the Designated Fund and are not a charge upon the revenues or general fund of the City of San José or upon any non- San José Clean Energy moneys or other property of the Community Energy Department or the City of San José.

CleanPowerSF. With regard to CleanPowerSF only, (1) obligations under this Agreement are special limited obligations of CleanPowerSF payable solely from the revenues of CleanPowerSF, and shall not be a charge upon the revenues or general fund of the San Francisco Public Utilities Commission or the City and County of San Francisco or upon any non-CleanPowerSF moneys or other property of the San Francisco Public Utilities Commission or the City and County of San Francisco, (2) cannot exceed the amount certified by the San Francisco City Controller for the purpose and period stated in such certification, and (3) absent an authorized emergency per the San Francisco City Charter or Code, no San Francisco City representative is authorized to offer or promise, nor is San Francisco required to honor, any offered or promised payments under this Agreement for work beyond the agreed upon scope or in excess of the certified maximum amount without the San Francisco City Controller having first certified the additional promised amount.

ARTICLE 11

RIGHTS AND OBLIGATIONS UNDER THE OFFTAKE AGREEMENT

CCP Rights and Obligations under the Offtake Agreement. Notwithstanding anything to the contrary contained in this Agreement: (i) the obligation of CCP to cause the delivery of the Project Participants’ Entitlement Shares of the Product during the Delivery Term of this Agreement is limited to the Product which CCP receives from the Facility (or the Project Developer, as applicable); (ii) the obligation of CCP to pay any amount to Project Participants hereunder or to give credits against amounts due from Project Participants hereunder is limited to amounts CCP receives in connection with the transaction to which the payment or credit relates (or is otherwise available to CCP in connection with this Agreement for which such payment or credit relates); (iii) any purchase costs, operating costs, energy costs (including costs related to Charging Energy), capacity costs, Facility costs, transmission costs, tax costs, insurance costs, indemnifications, other costs or other charges for which CCP is responsible under the Offtake Agreement shall be considered purchase costs, operating costs, energy costs, capacity costs, Facility costs, transmission costs, tax costs, insurance costs, indemnifications, other costs or other charges incurred by CCP and payable by Project Participants as provided in this Agreement; (iv) CCP shall carry out its obligations and exercise its rights under the Offtake Agreement in a commercially reasonable manner; (v) all remedies provided to CCP pursuant to the Offtake Agreement shall be provided to Project Participants in accordance with Section 5.1(h); and (vi) any Force Majeure under the Offtake Agreement or other event of force majeure affecting the delivery of Product pursuant to applicable provisions of the Offtake Agreement shall be considered

an event caused by Uncontrollable Forces affecting CCP with respect to the delivery of the Product hereunder and CCP forwarding to Project Participants notices and information from the Project Developer concerning an event of Force Majeure upon receipt thereof shall be sufficient to constitute a Notice that Uncontrollable Forces have occurred pursuant to Section 5.1 of this Agreement. Any net proceeds received by CCP from the sale of the Product by the Project Developer to any third-party as a result of a Force Majeure event or failure by CCP to accept delivery of Product pursuant to the Offtake Agreement and any reimbursement received by CCP for purchase of Replacement RA shall be remitted by CCP to the Project Participants in accordance with their respective Entitlement Shares.

ARTICLE 12

NONPERFORMANCE AND PAYMENT DEFAULT.

Nonperformance by Project Participants. If a Project Participant fails to perform any covenant, agreement, or obligation under this Agreement or shall cause CCP to be in default with respect to any undertaking entered into for the Project or to be in default under the Offtake Agreement (“**Defaulting Project Participant**”), CCP may, in the event the performance of any such obligation remains unsatisfied after thirty (30) days’ prior written notice thereof to such Project Participant and a demand to so perform, take any action permitted by law to enforce its rights under this Agreement, including but not limited to termination of such Project Participant’s rights under this Agreement including any rights to its Entitlement Share of the Product, and/or bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to recover damages and/or enforce any covenant, agreement or obligation against such Project Participant with regard to its failure to so perform. Any Project Participant that is not the Defaulting Project Participant (“**Non-Defaulting Project Participant**”) may submit Notice directly to the CCP Board, if such Non-Defaulting Project Participant determines that CCP is or may not be fully taking appropriate actions to enforce CCP’s rights under this Agreement against a Defaulting Project Participant. The CCP Board shall consider such Notice and direct CCP to take appropriate action, if any.

Payment Default. If any Project Participant fails to pay the Invoice Amount by the deadline specified in Section 9.5, and if such Participant has not paid the Invoice Amount plus the Late Payment Charge within ten (10) calendar days of the issuance of the Late Payment Notice to such Project Participant by CCP, then such occurrence shall constitute a “**Payment Default.**”

Payment Default Notice. Upon the occurrence of a Payment Default, CCP shall issue a Notice of Payment Default to the Project Participant notifying such Project Participant that as a result of a Payment Default, it is in default under this Agreement and has assumed the status of a Defaulting Project Participant and that such Defaulting Project Participant’s Project Revenue Rights have been suspended and that such Defaulting Project Participant’s Project Rights are subject to termination and disposal in accordance with Sections 12.6 and 12.8 of this Agreement. CCP shall provide a copy of such Notice of Default to all other Project Participants within five (5) calendar days after the issuance of the written Notice of Payment Default by CCP to the Defaulting Project Participant.

Cured Payment Default. If after a Payment Default, the Defaulting Project Participant cures such Payment Default within forty-five (45) calendar days after the issuance of the Late Payment Notice by CCP, the Defaulting Project Participant's Project Revenue Rights shall be reinstated and its Project Rights shall not be subject to termination and disposal as provided for in Sections 12.6 and 12.8. In order to cure a Payment Default, the Defaulting Project Participant must pay to CCP the full amount of any unpaid Invoice Amounts and any associated Late Payment Penalties.

Suspension of Project Participant's Project Revenue Rights and Treatment of Capacity Attributes.

(a) Upon the occurrence of a Payment Default, the Defaulting Project Participant's Project Revenue Rights shall be suspended until such time as such Defaulting Project Participant cures the Payment Default pursuant to the requirements of Section 12.4. Any revenue associated with the Monthly Energy Settlement Amount shall be attributed by CCP to the Step-Up Reserve Account, as specified in Section 12.7.

(b) For any Month where there are funds remaining in a Defaulting Project Participant's Operating Account, CCP shall withdraw the Invoice Amount from such Defaulting Project Participant's Operating Account and shall cause the delivery of the Defaulting Project Participant's Entitlement Share of the Capacity Attributes associated with the Facility that have already been included on a RA Compliance Showing or otherwise provided for pursuant to the Offtake Agreement prior to the Payment Default and shall pass through any RA Deficiency Amounts associated with such RA Compliance Showing(s) to the Defaulting Project Participant. From the date of the Payment Default, the Defaulting Project Participant shall not be entitled to count any Capacity Attributes on any new RA Compliance Showing(s) until such Payment Default has been cured. From the date of the Payment Default until the completion of a Step-Up Allocation as set forth in Section 12.8, Defaulting Project Participant's Entitlement Share of the Capacity Attributes and any associated RA Deficiency Amounts shall be allocated to each Non-Defaulting Project Participant based on such Non-Defaulting Project Participant's pro rata share, calculated based on its Entitlement Share of the difference of the entire project minus the Entitlement Share of the Defaulting Project Participant for purposes of any RA Compliance Showing occurring during such period.

(c) During the period following the occurrence of a Payment Default and until such Payment Default has been cured or a Step-Up Allocation has taken place, Defaulting Project Participant shall be entitled to its pro-rata Entitlement Share of any Damage Payment or Termination Payment owed to Project Participants by Seller.

Termination and Disposal of Project Participant's Project Rights. If a Defaulting Project Participant has not cured a Payment Default within forty-five (45) calendar days after the payment deadline specified in Section 9.5 by CCP ("**Payment Default Termination Deadline**"), then all Project Rights and Obligations pursuant to this Agreement shall be terminated and disposed in accordance with Sections 12.6 and 12.8 of this Agreement; provided, however, that the Defaulting Project Participant shall be liable for all outstanding payment obligations accrued prior to the Payment Default Termination Deadline and shall remain subject to all rights, obligations, and liabilities of this Agreement, including but not limited to any liabilities for Damage Payment or Termination Payment, as applicable, and any other damage payments or reimbursement amounts

under the Offtake Agreement. CCP shall provide to the Defaulting Project Participant a separate monthly invoice of any such payment obligations of such Defaulting Project Participant. CCP shall immediately notify the other Project Participants of such termination of the Defaulting Project Participant's Project Rights and Obligations.

12.7. Step-Up Invoices.

(a) Upon the occurrence of a Payment Default, CCP shall, concurrently with the Late Payment Notice issued pursuant to Section 9.7(a), issue a Step-Up Invoice to each Non-Defaulting Project Participant that specifies such Non-Defaulting Project Participant's pro rata payment obligation, calculated based on the Entitlement Share of such Non-Defaulting Project Participant, of the amount of the Payment Default for the Defaulting Project Participant (the "**Step-Up Invoice Amount**"); provided, however, that a Non-Defaulting Project Participant's Step-Up Invoice Amount shall not exceed twenty-five percent (25%) of such Non-Defaulting Project Participant's Invoice Amount for the same month for which the Payment Default occurred (the "**Step-Up Invoice Amount Cap**").

(i) Each Non-Defaulting Project Participant shall pay the Step-Up Invoice Amount by the later of the twentieth (20th) calendar day of the following Month or thirty (30) days after the date on which CCP issues the Step-Up Invoice to the other Project Participants. No sooner than five (5) calendar days after CCP issues the Step-Up Invoice, CCP may deduct the amount of the Step-Up Invoice from each Project Participant's Operating Account and attribute such funds to a separate tracking account ("**Step-Up Reserve Account**"), which shall be accessible only by CCP, and which CCP may in its sole discretion deduct from in order to ensure that CCP can meet the payment obligations of the Offtake Agreement. CCP first shall deduct all funds from a Defaulting Project Participant's Operating Account before deducting funds from the Step-Up Reserve Account.

(ii) Application of Moneys Received from a Defaulting Project Participant. If a Defaulting Project Participant cures a Payment Default on or before the Payment Default Termination Deadline, any funds remaining in the Step-Up Reserve Account shall be attributed to the Operating Accounts of the other Project Participants on a pro rata share, based on the Entitlement Share of such other Project Participant. If a Defaulting Project Participant fails to cure a Payment Default and the Defaulting Project Participant's Project Rights and Obligations are terminated and disposed of in accordance with Section 12.8, any funds remaining in the Step-Up Reserve Account or the Defaulting Project Participant's Operating Account shall be attributed to the Operating Accounts of the Non-Defaulting Project Participants on a pro rata share, based on the Entitlement Share, subject to the Step-Up Invoice Amount Cap for each Non-Defaulting Project Participant. If any Non-Defaulting Project Participant has not paid the full amount of its share of the Step-Up Invoice Amount to CCP by the deadline specified in Section 12.7(a)(i), then such occurrence shall be a Late Payment as specified in Section 9.7(a) and is subject to a Late Payment Charge pursuant to Section 9.7(b), and any such Non-Defaulting Project Participant shall not be entitled to its share of any moneys received from the Defaulting Project Participant or any funds remaining in the Step-Up Reserve Account in accordance with this Section 12.7(a)(ii) until such Non-Defaulting Project Participant has paid to CCP the full amount of its Step-Up Invoice Amount and the Late Payment Charge.

Step-Up Allocation of Project Participant's Project Rights. In the event that a Defaulting Project Participant's Project Rights are terminated pursuant to Section 12.6, then such Defaulting Project Participant's Entitlement Share shall be allocated to the other Project Participants ("Step-Up Allocation") pursuant to the process set forth in this Section 12.8. If a Project Participant has defaulted in the performance of any of its obligations under its BLPTA, and any applicable cure periods under the BLPTA have expired, the Project Participants shall, to the extent required by each respective Project Participant's BLPTA, utilize the procedures set forth in this Section 12.8 to allocate the Project Rights and Obligations of the Project Participant that has defaulted under the BLPTA to the Project Participants that have not defaulted under the BLPTA, subject to the Step-Up Allocation Cap specified in Section 12.8(a).

(a) Step-Up Allocation Cap. If a Defaulting Project Participant's Entitlement Share is allocated to the Non-Defaulting Project Participants pursuant to this Section 12.8, no individual Non-Defaulting Project Participant shall be obligated to assume an allocation that exceeds that Project Participant's Step-Up Allocation Cap set forth in Column E of the Table in Exhibit B of this Agreement. Each Non-Defaulting Project Participant's initial Step-Up Allocation Cap shall be equal to the Non-Defaulting Project Participant Entitlement Share as of the Effective Date and set forth in Column B of the Table in Exhibit B of this Agreement, multiplied by one hundred and twenty-five percent (125%). If a Project Participant modifies its Entitlement Share pursuant to Section 4.2 of this Agreement, then that Project Participant's Step-Up Allocation Cap shall be equal to the Project Participant's Entitlement Share as modified pursuant to Section 4.2 multiplied by one hundred and twenty-five percent (125%). Upon a modification of a Project Participant's Entitlement Share pursuant to Section 4.2, the CCP Manager shall cause the Step-Up Allocation Cap specified in Column E of the Table in Exhibit B of this Agreement to be modified in accordance with this Section 12.8(a). For avoidance of doubt, if a Project Participant's Entitlement Share is increased pursuant to Section 12.8(b) or (c), then such Project Participant's Step-Up Allocation Cap shall not be modified.

(b) Step-Up Allocation Share. If a Defaulting Project Participant's Project Rights are terminated pursuant to Section 12.6, then such Defaulting Project Participant's Entitlement Share shall be allocated to each Non-Defaulting Project Participant based on such Non-Defaulting Project Participant's pro rata share, calculated based on its Entitlement Share of the difference of the entire project minus the Entitlement Share of the Defaulting Project Participant, unless such allocation would cause any individual Non-Defaulting Project Participant to exceed its Step-Up Allocation Cap, in which case Section 12.8(c) shall apply. Upon allocation of a defaulting Project Participant's Entitlement Share pursuant to this Section 12.8(b), the CCP Manager shall cause each affected Project Participant's Entitlement Share specified in Column D of the Table in Exhibit B to be modified in accordance with this Section 12.8.

(c) Voluntary Allocation of Project Rights in Excess of the Step-Up Allocation Caps. If the allocation of a Defaulting Project Participant's Entitlement Share pursuant to Section 12.8(b) would cause any Non-Defaulting Project Participant's Entitlement Share to exceed its Step-Up Allocation Cap, then no allocation shall occur pursuant to Section 12.8(b). In such case, the CCP Manager shall oversee the offering of the total amount of the Defaulting Project Participant's Entitlement Share to the Non-Defaulting Project Participants on a voluntary basis. The initial offering shall be to each Non-Defaulting Project Participant on a pro rata share, based on such Non-Defaulting Project Participant's Entitlement Share. Each Project Participant may

accept or reject the portion of the Defaulting Project Participant's Entitlement Share. If any portion of the Defaulting Project Participant's Entitlement Share remains unclaimed after the initial offering, then the remaining portion shall be offered to any Non-Defaulting Project Participant that accepted its full share of the Defaulting Project Participant's Entitlement Share in the initial offering on a pro rata share, based on such Non-Defaulting Project Participant's Entitlement Share as a percentage of the total Entitlement Shares of all Project Participants that are participating in the subsequent round of offerings. The CCP Manager shall conduct subsequent offering rounds until either the total amount of the Defaulting Project Participant's Entitlement Share is accepted by one or more of the Non-Defaulting Project Participants or some portion of the Defaulting Project Participant's Entitlement Share remains, but all Non-Defaulting Project Participants have rejected such remaining amount.

(d) Step-Up Allocation Damage Payment. A Defaulting Project Participant shall owe to each Non-Defaulting Project Participant that assumes any portion of the Defaulting Project Participant's Entitlement Share pursuant to the process set forth in Section 12.8(b) or 12.8(c) a "**Step-Up Allocation Damage Payment**" equal to the Costs and Losses, on the one hand, netted against its Gains, on the other. If the Non-Defaulting Project Participant's Costs and Losses exceed its Gains, then the Step-Up Allocation Damage Payment shall be an amount owing to such Non-Defaulting Project Participant. If the Non-Defaulting Project Participant's Gains exceed its Costs and Losses, then the Step-Up Allocation Damage Payment shall be zero dollars (\$0). A Defaulting Project Participant shall not be entitled to any Step-Up Allocation Damage Payment or any other damages otherwise authorized under this Agreement from any other Project Participant. The Step-Up Allocation Damage Payment does not include consequential, incidental, punitive, exemplary, or indirect or business interruption damages. Each Non-Defaulting Project Participant that assumes any portion of the Defaulting Project Participant's Entitlement Share pursuant to the process set forth in Section 12.8(b) or 12.8(c) shall calculate, in a commercially reasonable manner, the Step-Up Allocation Damage Payment for the Defaulting Project Participant's Entitlement Share assumed by the Non-Defaulting Project Participant as of the effective date of such Step-Up Allocation. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. If the Defaulting Project Participant disputes the Non-Defaulting Project Participant's calculation of the Step-Up Allocation Damage Payment, in whole or in part, the Defaulting Project Participant shall, within five (5) Business Days of receipt of the Non-Defaulting Project Participant's calculation of the Step-Up Allocation Damage Payment, provide to the Non-Defaulting Project Participant a detailed written explanation of the basis for such dispute. Disputes regarding the Step-Up Allocation Damage Payment shall be determined in accordance with Article 16. Each Party agrees and acknowledges that (i) the actual damages that the other Project Participant would incur in connection with a Step-Up Allocation would be difficult or impossible to predict with certainty, (ii) the Step-Up Allocation Damage Payment described in this Section 12.8(d) is a reasonable and appropriate approximation of such damages, and (iii) the Step-Up Allocation Damage Payment described in this Section 12.8(d) is the exclusive remedy of a Project Participant in connection with a Step-Up Allocation pursuant to the process set forth in Sections 12.8(b) or 12.8(c) against a Defaulting Project Participant but shall not otherwise act to limit any of the Non-Defaulting Project Participant's rights or remedies under this Agreement.

(e) Remarketing of Unclaimed Defaulting Project Participant's Entitlement Share. If after the process set forth in Section 12.8(c), some portion of the Defaulting Project Participant's Entitlement Share remains unclaimed, the CCP Manager, in their discretion or as directed by the Non-Defaulting Project Participants, may take any action to generate revenue from such unclaimed Entitlement Share in order to meet CCP's payment obligation under the Offtake Agreement. For avoidance of doubt, the CCP Manager shall not be limited by the requirements of Section 4.2 or 5.1(j) of this Agreement in remarketing or generating revenue based on the unclaimed share.

Elimination or Reduction of Payment Obligations. Notwithstanding anything to the contrary in this Agreement, upon termination of a Defaulting Project Participant's Project Rights pursuant to Section 12.6 and the full disposal of all of such Defaulting Project Participant's Project Rights and Obligations pursuant to Section 12.8, such Defaulting Project Participant's obligation to make payments under this Agreement (notwithstanding anything to the contrary herein) shall be eliminated, provided, however, such Defaulting Project Participant remains a party to this Agreement and subject to any remaining obligations and/or liabilities other than payment obligations until such time as the parties to this Agreement execute an amendment to this Agreement that removes such Defaulting Project Participant.

ARTICLE 13 **LIABILITY**

Project Participants' Obligations Several. No Project Participant shall be liable under this Agreement for the obligations of any other Project Participant or for the obligations of CCP incurred on behalf of other Project Participants. Each Project Participant shall be solely responsible and liable for performance of its obligations under this Agreement, except as otherwise provided for herein. The obligation of Project Participants to make payments under this Agreement is a several obligation and not a joint obligation with those of the other Project Participants.

No Liability of CCP or Project Participants. Except as provided for under Section 13.5 herein, the Parties agree that neither CCP, Project Participants, nor any of their past, present or future directors, officers, employees, board members, agents, attorneys or advisors (collectively, the "**Released Parties**") shall be liable to any other of the Released Parties for any and all claims, demands, liabilities, obligations, losses, damages (whether direct, indirect or consequential), penalties, actions, loss of profits, judgments, orders, suits, costs, expenses (including attorneys' fees and expenses) or disbursements of any kind or nature whatsoever in law, equity or otherwise (including, without limitation, death, bodily injury or personal injury to any person or damage or destruction to any property of Project Participants, CCP, or third persons) suffered by any Released Party as a result of the action or inaction or performance or non-performance by the Project Developer under the Offtake Agreement. Except as provided for under Section 13.5 herein, each Party shall release each of the other Released Parties from any claim or liability that such Party may have cause to assert as a result of any actions or inactions or performance or non-performance by any of the other Released Parties under this Agreement (excluding gross negligence and willful misconduct, which, unless otherwise agreed to by the Parties, are both to be determined and established by a court of competent jurisdiction in a final, non-appealable order). Notwithstanding

the foregoing, no such action or inaction or performance or non-performance by any of the Released Parties shall relieve CCP or any Project Participants from their respective obligations under this Agreement, including, without limitation, the Project Participants' obligation to make payments required under Section 9.5 of this Agreement and CCP's obligation to make payments under Section 8.2 of the Offtake Agreement. The provisions of this Section 13.2 shall not be construed so as to relieve the CCP or the Project Developer from any obligation or liability under this Agreement or the Offtake Agreement.

Extent of Exculpation; Enforcement of Rights. The exculpation provision set forth in Section 13.2 hereof shall apply to all types of claims or actions including, but not limited to, claims or actions based on contract or tort. Notwithstanding the foregoing, any Party may protect and enforce its rights under this Agreement by a suit or suits in equity for specific performance of any obligations or duty of any other Party, and each Party shall at all times retain the right to recover, by appropriate legal proceedings, any amount determined to have been an overpayment, underpayment or other monetary damages owed by the other Party in accordance with the terms of this Agreement.

No General Liability of CCP. The undertakings under this Agreement by CCP shall not constitute a debt or indebtedness of CCP within the meaning of any provision or limitation of the Constitution or statutes of the State of California, and shall not constitute or give rise to a charge against its general credit.

Indemnification. Each Party shall indemnify, defend, protect, hold harmless, and release the other Parties, their directors, board members, officers, employees, agents, attorneys and advisors, past, present or future, from and against any and all claims, demands, liabilities, obligations, losses, damages (whether direct, indirect or consequential), penalties, actions, loss of profits, judgments, orders, suits, costs, expenses (including attorneys' fees and expenses) or disbursements of any kind or nature whatsoever in law, equity or otherwise, which include, without limitation, death, bodily injury, or personal injury to any person or damage or destruction to any property of Project Participants, CCP, or third persons, that may be imposed on, incurred by or asserted against any Party arising by manner of any breach of this Agreement, or the negligent acts, errors, omissions or willful misconduct incident to the performance of this Agreement on the part of any Party or any Party's directors, board members, officers, employees, agents and advisors, past, present or future.

ARTICLE 14 **NOTICES**

Addresses for the Delivery of Notices. Any Notice required, permitted, or contemplated hereunder shall be in writing, shall be addressed to the Party to be notified at the address set forth in Exhibit A or at such other address or addresses as a Party may designate for itself from time to time by Notice hereunder.

Acceptable Means of Delivering Notice. Each Notice required, permitted, or contemplated hereunder shall be deemed to have been validly served, given or delivered as follows:

(a) if sent by United States mail with proper first class postage prepaid, five (5) Business Days following the date of the postmark on the envelope in which such Notice was deposited in the United States mail;

(b) if sent by a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement with such carrier made for the payment of such fees, the next Business Day after the same is delivered by the sending Party to such carrier;

(c) if sent by electronic communication (including electronic mail or other electronic means) at the time indicated by the time stamp upon delivery and, if after 5:00 pm, on the next Business Day; or

(d) if delivered in person, upon receipt by the receiving Party.

Notwithstanding the foregoing, Notices of outages or other scheduling or dispatch information or requests, may be sent by electronic communication and shall be considered delivered upon successful completion of such transmission.

ARTICLE 15 **ASSIGNMENT**

General Prohibition on Assignments. No Party may assign this Agreement, or its rights or obligations under this Agreement, without the prior written consent of all other Parties, in each Party's sole discretion.

ARTICLE 16 **GOVERNING LAW AND DISPUTE RESOLUTION**

Governing Law. This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced, and performed in accordance with the laws of the state of California, without regard to principles of conflicts of Law. To the extent enforceable at such time, each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement. The Parties agree that any suit, action, or other legal proceeding by or against any Party with respect to or arising out of this Agreement shall be brought in the federal or state courts located in the State of California in a location to be mutually chosen by all Parties, or in the absence of mutual agreement, the County of Sacramento.

Dispute Resolution. In the event of any dispute arising under this Agreement, within ten (10) days following the receipt of a Notice from either Party identifying such dispute, the Parties shall meet, negotiate, and attempt, in good faith, to resolve the dispute quickly and informally without significant legal costs. If the Parties are unable to resolve a dispute arising hereunder within thirty (30) days after Notice of the dispute, the Parties may pursue all remedies available to them at Law or in equity.

ARTICLE 17 **MISCELLANEOUS**

Entire Agreement; Integration; Exhibits. This Agreement, together with the Exhibits attached hereto constitutes the entire agreement and understanding by and among the Parties with respect to the subject matter hereof and supersedes all prior agreements relating to the subject matter hereof, which are of no further force or effect. The Exhibits attached hereto are integral parts hereof and are made a part of this Agreement by reference. The headings used herein are for convenience and reference purposes only. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission, or other event of negotiation, drafting or execution hereof.

Amendments. This Agreement may only be amended, modified, or supplemented by an instrument in writing executed by duly authorized representatives of all Parties; *provided*, this Agreement may not be amended by electronic mail communications. Any revisions to the Entitlement Share specified in Exhibit B pursuant to Section 4.2. or Section 12.8 shall be considered an element of the administration of this Agreement and shall not require the consent of the Parties hereto.

No Waiver. Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default.

Severability. In the event that any provision of this Agreement is unenforceable or held to be unenforceable, the Parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby. The Parties shall, however, use their best endeavors to agree on the replacement of the void, illegal or unenforceable provision(s) with legally acceptable clauses which correspond as closely as possible to the sense and purpose of the affected provision and this Agreement as a whole.

Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original.

Electronic Delivery. This Agreement may be duly executed and delivered by a Party by electronic format (including portable document format (.pdf)). Delivery of an executed counterpart in .pdf electronic version shall be binding as if delivered in the original. The words “execution,” “signed,” “signature,” and words of like import in this Agreement shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law.

Binding Effect. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

Forward Contract. The Parties acknowledge and agree that this Agreement constitutes a “forward contract” within the meaning of the U.S. Bankruptcy Code, and that the Parties are “forward contract merchants” within the meaning of the U.S. Bankruptcy Code. Each Party further agrees that, for all purposes of this Agreement, each Party waives and agrees not to assert the applicability of the provisions of 11 U.S.C. § 366 in any Bankruptcy proceeding wherein such

Party is a debtor. In any such proceeding, each Party further waives the right to assert that the other Party is a provider of last resort to the extent such term relates to 11 U.S.C. §366 or another provision of 11 U.S.C. § 101-1532.

17.9. City of San Francisco Standard Provisions.

(a) False Claims. Pursuant to San Francisco Administrative Code § 21.35, any Party to this Agreement who submits a false claim shall be liable to the City and County of San Francisco for the statutory penalties set forth in that section. A Party will be deemed to have submitted a false claim to the City and County of San Francisco if the Party: (i) knowingly presents or causes to be presented to an officer or employee of the City and County of San Francisco a false claim or request for payment or approval; (ii) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City and County of San Francisco; (iii) conspires to defraud the City and County of San Francisco by getting a false claim allowed or paid by the City and County of San Francisco; (iv) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City and County of San Francisco; or (v) is a beneficiary of an inadvertent submission of a false claim to the City and County of San Francisco, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City and County of San Francisco within a reasonable time after discovery of the false claim.

(b) Political Activity. In performing its responsibilities under this Agreement, CCP shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City and County of San Francisco for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure.

(c) Non-discrimination Requirements.

(i) Non-discrimination in Contracts. CCP shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. CCP shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. CCP is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(ii) Non-discrimination in the Provision of Employee Benefits. San Francisco Administrative Code 12B.2. CCP does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

(d) Consideration of Criminal History in Hiring and Employment Decisions. CCP agrees to comply fully with and be bound by all of the provisions of Chapter 12T, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment

Decisions,” of the San Francisco Administrative Code, including the remedies provided, and implementing regulations, as may be amended from time to time. The requirements of Chapter 12T shall only apply to CCP’s operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

(e) MacBride Principles – Northern Ireland. Pursuant to San Francisco Administrative Code § 12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

(f) Tropical Hardwood and Virgin Redwood Ban. The City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood or virgin redwood product. If this order is for wood products or a service involving wood products:

(i) Chapter 8 of the Environment Code is incorporated herein and by reference made a part hereof as though fully set forth.

(ii) Except as expressly permitted by the application of Sections 802(B), 803(B), and 804(B) of the Environment Code, CCP shall not provide any items to the City in performance of this Agreement which are tropical hardwoods, tropical hardwood products, virgin redwood or virgin redwood products.

(iii) Failure of CCP to comply with any of the requirements of Chapter 8 of the Environment Code shall be deemed a material breach of contract.

17.10. City of San José Standard Provisions.

(a) Nondiscrimination/Non-Preference. The Parties shall not, and shall not cause or allow its subcontractors to, discriminate against or grant preferential treatment to any person on the basis of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity or national origin. This prohibition applies to recruiting, hiring, demotion, layoff, termination, compensation, fringe benefits, advancement, training, apprenticeship and other terms, conditions, or privileges of employment, subcontracting and purchasing. The Parties will inform all subcontractors of these obligations. This prohibition is subject to the following conditions: (i) the prohibition is not intended to preclude Parties from providing a reasonable accommodation to a person with a disability; (ii) the City of San José’s Compliance Officer may require the Parties to file, and cause any Party’s subcontractor to file, reports demonstrating compliance with this section. Any such reports shall be filed in the form and at such times as the City’s Compliance Officer designates. They shall contain such information, data and/or records as the City’s Compliance Officer determines is needed to show

compliance with this provision.

(b) Conflict of Interest. The Parties represent that they are familiar with the local and state conflict of interest laws, and agrees to comply with those laws in performing this Agreement. The Parties certify that, as of the Effective Date, are unaware of any facts constituting a conflict of interest or creating an appearance of a conflict of interest. The Parties shall avoid all conflicts of interest or appearances of conflicts of interest in performing this Agreement. The Parties have the obligation of determining if the manner in which it performs any part of this Agreement results in a conflict of interest or an appearance of a conflict of interest, and a Party shall immediately notify the City of San José in writing if it becomes aware of any facts giving rise to a conflict of interest or the appearance of a conflict of interest. A Party's violation of this Section 17.10(b) is a material breach.

(c) Environmentally Preferable Procurement Policy. Parties shall perform its obligations under this Agreement in conformance with San José City Council Policy 1-19, entitled "Prohibition of City Funding for Purchase of Single serving Bottled Water," and San José City Council Policy 4-6, entitled "Environmentally Preferable Procurement Policy," as those policies may be amended from time to time. The Parties acknowledge and agree that in no event shall a breach of this Section 17.10(c) be a material breach of this Agreement or otherwise give rise to an Event of Default or entitle the City of San José to terminate this Agreement.

(d) Gifts Prohibited. The Parties represent that they are familiar with Chapter 12.08 of the San José Municipal Code, which generally prohibits a City of San José officer or designated employee from accepting any gift. The Parties shall not offer any City of San José officer or designated employee any gift prohibited by Chapter 12.08. A Party's violation of this Section 17.10(d) is a material breach.

(e) Disqualification of Former Employees. The Parties represent that they are familiar with Chapter 12.10 of the San José Municipal Code, which generally prohibits a former City of San José officer and former designated employee from providing services to the City of San José connected with his/her former duties or official responsibilities. Parties shall not use either directly or indirectly any officer, employee or agent to perform any services if doing so would violate Chapter 12.10.

Further Assurances. Each of the Parties hereto agrees to provide such information, execute, and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, to give full effect to this Agreement and to carry out the intent of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Effective Date.

<p>California Community Power</p> <p>By:</p> <p>Name: <u>Alexander Morris</u></p> <p>Title: <u>General Manager</u></p> <p>Approved as to form by Counsel</p> <p>By:</p> <p>Name: <u>Joshua Nelson</u></p> <p>Title: <u>General Counsel</u></p>	<p>CleanPowerSF</p> <p>By:</p> <p>Name: <u>Dennis J. Herrera</u></p> <p>Title: <u>General Manager, San Francisco Public Utilities Commission</u></p> <p>Approved as to form by Counsel</p> <p>By:</p> <p>Name: <u>Sushil Jacob</u></p> <p>Title: <u>Deputy City Attorney</u></p>
<p>Peninsula Clean Energy Authority</p> <p>By:</p> <p>Name: <u>Shawn Marshall</u></p> <p>Title: <u>Chief Executive Officer</u></p>	<p>Redwood Coast Energy Authority</p> <p>By:</p> <p>Name: <u>Elizabeth Burks</u></p> <p>Title: <u>Executive Director</u></p>
<p>San José Clean Energy</p> <p>By:</p> <p>Name: <u>Lori Mitchell</u></p> <p>Title: <u>Director of San José Clean Energy</u></p> <p>Approved as to form by Counsel</p> <p>By:</p> <p>Name: <u>William Charley</u></p> <p>Title: <u>Senior Deputy City Attorney</u></p>	<p>Silicon Valley Clean Energy</p> <p>By:</p> <p>Name: <u>Monica Padilla</u></p> <p>Title: <u>Chief Executive Officer</u></p> <p>Approved as to form by Counsel</p> <p>By:</p> <p>Name: <u>Michael Callahan</u></p> <p>Title: <u>General Counsel</u></p>

Valley Clean Energy

By:

Name: Mitch Sears

Title: Chief Executive Officer

EXHIBIT A
NOTICES

Party	<i>All Notices</i>	<i>Invoices</i>
California Community Power	<p>California Community Power Alexander Morris, General Manager 901 H Street Ste 120, PMB 157 Sacramento, CA 95814 amorris@cacommunitypower.org</p>	<p>California Community Power Attn: Accounting 901 H Street Ste 120, PMB 157 Sacramento, CA 95814 amorris@cacommunitypower.org mmaher@mahercpa.com</p>
CleanPowerSF	<p>CleanPowerSF Barbara Hale, Assistant General Manager, Power San Francisco Public Utilities Commission 525 Golden Gate Ave, 13th Floor San Francisco, CA 94102 bhale@sfgwater.org</p>	<p>CleanPowerSF CleanPowerSF Accounts Payable San Francisco Public Utilities Commission 525 Golden Gate Ave, 7th Floor San Francisco, CA 94102 CleanPowerSFAP@sfgwater.org</p>
Peninsula Clean Energy	<p>Peninsula Clean Energy Authority Shawn Marshall, Chief Executive Officer Peninsula Clean Energy Authority 2075 Woodside Road Redwood City, CA 94061 smarshall@peninsulacleanenergy.com</p>	<p>Peninsula Clean Energy Authority Finance Department Attn: Chief Financial Officer Peninsula Clean Energy Authority 2075 Woodside Road Redwood City, CA 94061 finance@peninsulacleanenergy.com</p>
Redwood Coast Energy Authority	<p>Redwood Coast Energy Authority Elizabeth Burks, Executive Director 633 Third Street Eureka, CA 95501 bburks@redwoodenergy.org</p>	<p>Redwood Coast Energy Authority Attn: Accounting 633 Third Street Eureka, CA 95501 707-269-1700, ext. 305 ap@redwoodenergy.org</p>

Party	<i>All Notices</i>	<i>Invoices</i>
San José Clean Energy	<p>San José Clean Energy</p> <p>Lori Mitchell, Director, Energy San José Clean Energy 200 E. Santa Clara Street, San José, CA 95113 Lori.Mitchell@sanjoseca.gov</p> <p>With a copy to: Attn: Senior Deputy City Attorney, Energy 200 E. Santa Clara Street, 16th Floor San José, CA 95113 mailto:CAO.Main@sanjoseca.gov</p> <p>Overnight Courier: 4 N. 2nd St., Ste. 700 San José, CA 95113</p>	<p>San José Clean Energy</p> <p>Invoices, San José Clean Energy 200 E. Santa Clara Street, San José, CA 95113 Invoices@sanjosecleanenergy.org</p> <p>With a copy to: Attn: Monica Gorham Monica.Gorham@sanjoseca.gov</p>
Silicon Valley Clean Energy	<p>Silicon Valley Clean Energy Authority</p> <p>Monica Padilla, Chief Executive Officer 333 W El Camino Real, Suite 330 Sunnyvale, CA 94087 monica.padilla@svcleanenergy.org</p>	<p>Silicon Valley Clean Energy Authority</p> <p>Attn: Finance Group 333 W El Camino Real, Suite 330 Sunnyvale, CA 94087 (408) 721-5301 invoices@svcleanenergy.org</p>
Valley Clean Energy	<p>Valley Clean Energy</p> <p>Chad Curran Director of Power Services 604 2nd Street Davis, CA 95616 chad.curran@valleycleanenergy.org</p>	<p>Valley Clean Energy</p> <p>Attn: Alisa Lembke 604 2nd Street Davis, CA 95616 (530) 446-2750 accounting@valleycleanenergy.org</p>

EXHIBIT B

**SCHEDULE OF PROJECT PARTICIPANT ENTITLEMENT SHARES
AND STEP-UP ALLOCATION CAPS**

Dated: _____

A	B	C	D	E
Project Participant	Entitlement Share <i>As of Effective Date</i>	Entitlement Share <i>As Modified Pursuant to Section 4.2</i>	Entitlement Share <i>As Modified Pursuant to Section 12.8(b) or 12.8(c)</i>	Step-Up Allocation Cap <i>125% multiplied by Column B or C as applicable</i>
CleanPowerSF	23.00%			28.75%
Peninsula Clean Energy	30.00%			37.50%
Redwood Coast Energy Authority	6.20%			7.75%
San José Clean Energy	24.00%			30.00%
Silicon Valley Clean Energy	11.40%			14.25%
Valley Clean Energy	5.40%			6.75%
Total	100%			

Instructions: If the CCP Manager modifies one or more Project Participant’s Entitlement Share pursuant to Section 4.2, the CCP Manager shall prepare an updated Exhibit B that shows the prior Entitlement Share (Column B or D) in ~~strikeout~~ and specifies the new Entitlement Share values and the effective date of such modification in Column C. If the CCP Manager modifies one or more Project Participant’s Entitlement Share pursuant to Section 12.8, the CCP Manager shall prepare an updated Exhibit B that shows the prior Entitlement Share (Column B or Column C) in ~~strikeout~~ and specifies the new Entitlement Share values and the effective date of such modification in Column D.

EXHIBIT C

PROCEDURE FOR VOLUNTARY REDUCTION OF PROJECT PARTICIPANT'S ENTITLEMENT SHARE

(a) Offer to Other Project Participants. A Project Participant proposing to reduce its Entitlement Share of the Project shall provide Notice to all other Project Participants and CCP specifying the quantity of the proposed reduction of Entitlement Share (“**Entitlement Share Reduction Amount**”) and the first Month for which the Project Participant Proposes that the change of Entitlement Share would become effective (such Notice referred to as the “**Entitlement Share Reduction Notice**”).

(i) Upon receiving an Entitlement Share Reduction Notice from any Project Participant, the CCP Manager shall promptly do all of the following:

(A) Establish Entitlement Share Reduction Compensation Amount. The CCP Manager shall secure at least one (1), but no more than three (3), valuations of the net present value of the Entitlement Share Reduction Amount over the remaining term of the Offtake Agreement from one or more qualified firm(s) with the requisite experience to determine such valuation. The valuation, or if more than one valuation is obtained, the average of all valuations received, shall be the “**Proposed Entitlement Share Reduction Compensation Amount**.” The CCP Manager shall present the Proposed Entitlement Share Reduction Compensation Amount to the Project Participants. The Project Participants shall by a Normal Vote either approve the Proposed Entitlement Share Reduction Compensation Amount or direct the CCP Manager to secure additional valuations. The Proposed Entitlement Share Reduction Compensation Amount approved by the Project Participants shall be the “**Entitlement Share Reduction Compensation Amount**.” The Project Participant proposing to reduce its Entitlement Share may modify the quantity of the Entitlement Share Reduction Amount associated with its proposal or withdraw its proposal at any time prior to the initiation of the process set forth in paragraph (a)(i)(B).

(B) Oversee the Offering of the Entitlement Share Reduction Amount to Other Project Participants. The CCP Manager shall facilitate the offering of the Entitlement Share Reduction Amount to the other Project Participants through multiple rounds of offerings.

a) The initial offering shall be to each Project Participant on a pro rata share, based on such Project Participant's Entitlement Share. Each Project Participant may accept or reject the portion of the Entitlement Share Reduction Amount offered to the Project Participant through this process. If any portion of the Entitlement Share Reduction Amount remains after the initial offering, then the remaining portion shall be offered to any Project Participant that accepted the share of the Entitlement Share Reduction Amount offered in the initial offering on a pro rata share, based on such Project Participant's Entitlement Share as a percentage of the total Entitlement Shares of all Project Participants that accepted the portion of the Entitlement Share Reduction Amount offered to them in the initial offering.

b) The CCP Manager shall conduct subsequent offering rounds until either the total Entitlement Share Reduction Amount is accepted by one or more of the other Project Participants or some portion of the Entitlement Share Reduction Amount remains, but all Project Participants have rejected such amount.

c) Any Project Participant accepting a share of the offered Entitlement Share Reduction Amount shall either pay the offering Project Participant or be compensated by the offering Project Participant at the Entitlement Share Reduction Compensation Amount multiplied by the quantity of the portion being accepted.

d) Before a transfer of all or a portion of any Project Participant's Entitlement share to another Project Participant can become effective, the proposed transfer must be submitted to and approved by the CCP Manager.

e) After acceptance and payment for such portion of the Entitlement Share Reduction Amount, the CCP Manager shall cause the Entitlement Share specified in Exhibit B to be modified accordingly, and such modification shall be considered an element of the administration of this Agreement and shall not require the consent of the Parties hereto.

(C) Oversee the Offering of the Entitlement Share Reduction Amount to CCP Members that are not Project Participants. If there is any portion of the Entitlement Share Reduction Amount that remains unaccepted after the process specified in paragraph (a)(i)(B) is complete, then the Project Participant proposing to reduce its Entitlement Share may request that the CCP Manager offer the remaining portion of the Entitlement Share Reduction Amount to CCP Members that are not Project Participants. If any CCP Member wishes to accept any or all of the remaining portion of the Entitlement Share Reduction Amount, such action shall require the CCP Member to become a Project Participant through an amendment to this Agreement, which shall be subject to the consent and approval of all Parties to this Agreement and the CCP Member becoming a Project Participant. The compensation amount associated with the CCP Member accepting the remaining portion of the Entitlement Share Reduction Amount shall be negotiated between the CCP Member and the offering Project Participant.

(D) Oversee the Offering of the Entitlement Share Reduction Amount to a Community Choice Aggregator that is not a CCP Member. If there is any portion of the Entitlement Share Reduction Amount that remains unaccepted after the process specified in both paragraphs (a)(i)(B) and (a)(i)(C) is complete, then the Project Participant proposing to reduce its Entitlement Share, may request that the CCP Manager offer the remaining portion of the Entitlement Share Reduction Amount to a Community Choice Aggregator that is not a CCP Member. If any Community Choice Aggregator wishes to accept any or all of the remaining portion of the Entitlement Share Reduction Amount, such action shall require the Community Choice Aggregator to become a CCP Member, and subsequent to becoming a CCP Member, to become a Project Participant through an amendment to this Agreement that is subject to the consent and approval of all Parties to this Agreement and the Community Choice Aggregator becoming a Project Participant. The compensation amount associated with the Community Choice Aggregator accepting the remaining portion of the Entitlement Share Reduction Amount shall be negotiated between the Community Choice Aggregator and the offering Project Participant.

EXHIBIT D
COORDINATED OPERATIONS AGREEMENT

1. AGREEMENT; TERM

1.1. Agreement. This Coordinated Operations Agreement establishes the structure for CCP to oversee the operations of the Project and for the Project Participants to advise CCP on the operation of the Project through the Operations Advisory Subcommittee.

2. LEAD POINT PERSON

2.1. Lead Point Person. The CCP Manager shall appoint a “**Lead Point Person**,” who shall be an employee of CCP with the responsibilities set forth herein.

2.2. Lead Point Person Responsibilities. In consultation with the Operations Advisory Subcommittee, the Lead Point Person shall be responsible for fulfilling the operational requirements of the Project Participation Share Agreement, the Offtake Agreement, and CCP policies, and developing the procedures, protocols, and strategies relating to the operations of the Project. Examples include, but are not limited to, the following tasks, as applicable:

- settlements;
- after-the-fact analysis;
- Project inspections and performance testing;
- meter testing, calibration, and certification;
- compliance, Project performance, and market operations reporting;
- records management;
- facilitation of Capacity Attribute or other Product delivery, certification, and (subject to individual Project Participants’ authorization for their Entitlement Share) resale;
- and any other relevant operational activities relating to the Project.

2.3. Reporting. Commencing no later than twelve (12) months prior to the expected COD, the Lead Point Person shall provide regular reports, no less frequently than monthly, to the Operations Advisory Subcommittee regarding the status and performance of the Project and any actions taken by the Lead Point Person on a regular cadence, as requested by the Operations Advisory Subcommittee.

2.4. Calling and Leading Meeting. The Lead Point Person shall call and lead meetings of the Operations Advisory Subcommittee, shall coordinate the Operations Advisory Subcommittee meetings with the Chair and Vice Chair, and shall follow the guidance of the Operations Advisory Subcommittee and any Normal Votes or Alternate Normal Votes by the Operations Advisory Subcommittee in his or her management of the Project.

3. OPERATIONS ADVISORY SUBCOMMITTEE

- 3.1. Operations Advisory Subcommittee. The Project Participants shall form an “**Operations Advisory Subcommittee**” with the responsibilities set forth below to advise the Lead Point Person upon all actions reasonably necessary to ensure that the Project Participants may obtain the benefits of the Offtake Agreement in a manner consistent with the terms and conditions of the Offtake Agreement.
- 3.2. Operations Advisory Subcommittee Membership. The Operations Advisory Subcommittee shall consist of one representative from each Project Participant and the Lead Point Person. An alternate representative may attend all meetings of the Operations Advisory Subcommittee but may vote only if the representative for whom they serve as alternate is absent. The Lead Point Person may bring in additional CCP staff as needed to support the operations of and reporting on the status of the Project.
- 3.3. Operations Advisory Subcommittee Leadership.
 - 3.3.1. The Project Participants shall on an annual basis elect through a Normal Vote of the Operations Advisory Subcommittee a “**Chair**” and “**Vice Chair**” from among the Project Participants to coordinate the Operations Advisory Subcommittee meetings with the Lead Point Person and provide more regular feedback and guidance to the Lead Point Person on the operation of the Project and management of the Operations Advisory Subcommittee.
 - 3.3.2. The Chair and Vice Chair shall review and curate materials to be presented to the Operations Advisory Subcommittee by the Lead Point Person, as appropriate.
 - 3.3.3. The Chair and Vice Chair roles shall each be subject to a continuous term limit of two (2) years and shall be representatives from different Project Participants.
- 3.4. Operations Advisory Subcommittee Responsibilities.
 - 3.4.1. Unless otherwise agreed to by the Operations Advisory Subcommittee and Lead Point Person, the Operations Advisory Subcommittee shall meet no less than monthly to review the activities of and advise the Lead Point Person upon the development and implementation of the CCP policies, procedures, protocols, and strategies relating to the operations of the Project. At least one representative from each Project Participant and the Lead Point Person shall be present at each meeting.
 - 3.4.2. To the extent a Project Participant is unable to attend a meeting, such Project Participant shall delegate his or her advisory vote.
 - 3.4.3. Any Project Participant may call for a meeting of the Operations Advisory Subcommittee during normal business hours
- 3.5. Operations Advisory Subcommittee Voting Procedures. All advisory votes by the Project Participants within the Operations Advisory Subcommittee for any policies, procedures, protocols, and strategies relating to the operations of the Project, shall proceed pursuant to the “**Normal Vote**” process:

- 3.5.1. Quorum. No Normal Vote of the Operations Advisory Subcommittee shall be taken unless a representative is present or a vote is delegated for at least fifty percent (50%) of the total number of Project Participants; provided, however, that the Lead Point Person, Chair, and Vice Chair may call for a Normal Vote to be conducted by email, in which case at least fifty percent (50%) of the total number of Project Participants shall participate in the Normal Vote for a quorum to be met. For avoidance of doubt, the Lead Point Person shall not be a voting party, unless delegated a vote(s) by a Project Participant(s), pursuant to Exhibit D, Section 3.7.
- 3.5.2. Initial Normal Vote. All advisory guidance shall be informed by an affirmative vote of at least fifty-one percent (51%) of the total number of Project Participants, without regard to each Project Participant's Entitlement Share; provided, however, any representative of the Operations Advisory Subcommittee may request an Alternate Normal Vote.
- 3.5.3. Alternate Normal Vote. Any representative of the Operations Advisory Subcommittee may request that any Normal Vote be taken on an Entitlement Share basis (referred to as an "**Alternate Normal Vote**"). If a representative requests an Alternate Normal Vote, such Alternate Normal Vote shall replace and take precedence over any Normal Vote that may have been taken on the applicable matter. The following vote requirements shall apply to an Alternate Normal Vote:
- 3.5.3.1. If any individual Project Participant has an Entitlement Share exceeding fifty percent (50%), then all advisory guidance for which an Alternate Normal Vote is taken, shall require that the Project Participant with an Entitlement Share exceeding fifty percent (50%) plus any other Project Participant vote in the affirmative.
- 3.5.3.2. If no individual Project Participant has an Entitlement Share exceeding fifty percent (50%), then all advisory guidance for which an Alternate Normal Vote is taken, shall require an affirmative vote of Project Participants having Entitlement Shares aggregating at least fifty-one percent (51%) of the total Entitlement Shares
- 3.6. Inaction. If the Operations Advisory Subcommittee is unable or fails to agree with respect to any matter or dispute which it is authorized to advise upon or otherwise act upon after a reasonable opportunity to do so, then the Lead Point Person or CCP Manager shall notify the CCP Board of such matter or dispute, provided, however, the CCP Manager may take such action as, in their discretion, they determine is necessary for the timely performance of any requirement pursuant to the Offtake Agreement.
- 3.7. Delegation. Duties and responsibilities of the Operations Advisory Subcommittee may be delegated to any individual in the Operations Advisory Subcommittee, including the Lead Point Person, upon agreement according to a Normal Vote among the Project Participants. Any Project Participant may delegate its vote to the Lead Point Person or another Project Participant prior to any meeting by giving Notice to all of the Project Participants.

3.8. Role of CCP Board. The rights and obligations of the Operations Advisory Subcommittee, CCP Manager, and Lead Point Person under this Coordinated Operations Agreement shall be subject to the ultimate control at all times of the CCP Board.

RESOURCE ADEQUACY AND TB4 AGREEMENT

COVER SHEET

Seller: GEM A-CAES LLC, a Delaware limited liability company (“**Seller**”)

Buyer: California Community Power, a California joint powers authority (“**Buyer**”)

Description of Facility: A 500 MW / 4,000 MWh compressed air energy storage facility, located in Kern County, in the State of California, as further described in Exhibit A.

Milestones:

Milestone	Date for Completion
Seller’s receipt of Phase I and Phase II Interconnection study results for Seller’s Interconnection Facilities	Phase I: 1/25/2021 - Complete Phase II: 11/22/2021 - Complete
Full Capacity Deliverability Status obtained	3/18/2022 - Complete
Executed Interconnection Agreement	12/29/2023 - Complete
Evidence of Site Control	2/29/2024 - Complete
Documentation of Conditional Use Permit if required: [x] CEQA, [] Cat Ex, [] Neg Dec, [] Mitigated Neg Dec, [] EIR	12/31/2025 - Complete
Material Permits obtained	██████████
Financial Close	██████████
Guaranteed Construction Start Date	██████████
Major Equipment procured	██████████
Delivery Network Upgrades completed	██████████
Initial Synchronization	██████████
Expected Commercial Operation Date	██████████
Guaranteed Commercial Operation Date	12/31/2030

Delivery Term: Twenty (20) Contract Years

Guaranteed Contract Capacity: 50 MW-AC at eight (8) hours of continuous discharge (the “**Resource Duration**”)

Dedicated Interconnection Capacity: 500 MW

Guaranteed Efficiency Rate: [REDACTED]

Minimum Efficiency Rate: [REDACTED]

Contract Price:

Contract Year	Contract Price
1 – 20	[REDACTED] [REDACTED]

Product:

- Energy Settlement Revenue
- Capacity Attributes including Resource Adequacy Benefits

Scheduling Coordinator: Seller/Seller Third Party

Security Amount:

Development Security: [REDACTED]

Performance Security: [REDACTED]

TABLE OF CONTENTS

Page

ARTICLE 1 DEFINITIONS	1
1.1 CONTRACT DEFINITIONS	1
1.2 RULES OF INTERPRETATION	20
ARTICLE 2 TERM; CONDITIONS PRECEDENT	21
2.1 CONTRACT TERM.	21
2.2 COMMERCIAL OPERATION; CONDITIONS PRECEDENT	21
2.3 DEVELOPMENT; CONSTRUCTION; PROGRESS REPORTS	23
2.4 REMEDIAL ACTION PLAN	23
ARTICLE 3 PURCHASE AND SALE	24
3.1 PURCHASE AND SALE OF PRODUCT	24
3.2 SALES PRIOR TO EXPECTED COMMERCIAL OPERATION DATE	24
3.3 CAPACITY ATTRIBUTES	24
3.5 RESOURCE ADEQUACY FAILURE	25
3.6 BUYER'S RE-SALE OF PRODUCT	25
3.7 COMPLIANCE EXPENDITURE CAP	25
3.8 CHANGE IN LONG DURATION STORAGE REQUIREMENTS	26
3.9 NO ELECTRICAL OUTPUT	27
ARTICLE 4 OBLIGATIONS AND DELIVERIES	27
4.1 DELIVERY	27
4.2 INTERCONNECTION	28
4.3 EFFICIENCY RATE	29
4.4 CAPACITY TEST.	29
4.5 RESOURCE DURATION AUGMENTATION.	29
4.6 OUTAGES	29
4.7 REDUCTION IN DELIVERY OBLIGATION	30
ARTICLE 5 TAXES AND ENVIRONMENTAL COSTS	31
5.1 ALLOCATION OF TAXES AND CHARGES	31
5.2 COOPERATION	31
5.3 ENVIRONMENTAL COSTS	31
ARTICLE 6 MAINTENANCE AND REPAIR OF THE FACILITY	32
6.1 MAINTENANCE OF THE FACILITY	32
6.2 MAINTENANCE OF HEALTH AND SAFETY	32
6.3 SHARED FACILITIES	32
ARTICLE 7 METERING	33
7.1 METERING	33
7.2 METER DATA	33
ARTICLE 8 INVOICING AND PAYMENT; CREDIT	33
8.1 INVOICING	33
8.2 PAYMENT	33
8.3 BOOKS AND RECORDS	34
8.4 INVOICE ADJUSTMENTS	34
8.5 BILLING DISPUTES	34
8.6 NETTING OF PAYMENTS	34

ARTICLE 17 INSURANCE	55
17.1 INSURANCE	55
ARTICLE 18 CONFIDENTIAL INFORMATION	56
18.1 DEFINITION OF CONFIDENTIAL INFORMATION	57
18.2 DUTY TO MAINTAIN CONFIDENTIALITY	57
18.3 IRREPARABLE INJURY; REMEDIES	58
18.4 FURTHER PERMITTED DISCLOSURE	58
18.5 PRESS RELEASES	58
ARTICLE 19 MISCELLANEOUS	58
19.1 ENTIRE AGREEMENT; INTEGRATION; EXHIBITS	58
19.2 AMENDMENTS	58
19.3 NO WAIVER	59
19.4 NO AGENCY, PARTNERSHIP, JOINT VENTURE OR LEASE	59
19.5 SEVERABILITY	59
19.6 MOBILE-SIERRA	59
19.7 COUNTERPARTS	59
19.8 ELECTRONIC DELIVERY	59
19.9 BINDING EFFECT	59
19.10 NO RECOURSE TO MEMBERS OF BUYER	60
19.11 FORWARD CONTRACT	60
19.12 DODD-FRANK ACT	60
19.13 FURTHER ASSURANCES	61
19.14 CHANGE IN ELECTRIC MARKET DESIGN	61

Exhibits:

Exhibit A	Facility Description
Exhibit B	Major Project Development Milestones and Commercial Operation
Exhibit C	Compensation
Exhibit D	[Reserved]
Exhibit E	Progress Reporting Form
Exhibit F	[Reserved]
Exhibit G	[Reserved]
Exhibit H	Form of Commercial Operation Date Certificate
Exhibit I	Form of Installed Capacity and Efficiency Rate Test Certificate
Exhibit J	Form of Construction Start Date Certificate
Exhibit K	Form of Letter of Credit
Exhibit L	Form of Buyer Liability Pass Through Agreement
Exhibit M	Form of Replacement RA Notice
Exhibit N	Notices
Exhibit O	Capacity Tests
Exhibit P	Major Equipment
Exhibit Q	Operating Restrictions
Exhibit R	[Reserved]
Exhibit S	Project Participants and Liability Shares
Exhibit T	Material Permits

RESOURCE ADEQUACY AND TB4 AGREEMENT

This Resource Adequacy and TB4 Agreement (“**Agreement**”) is entered into as of [REDACTED], 2026 (the “**Effective Date**”), between Buyer and Seller. Buyer and Seller are sometimes referred to herein individually as a “**Party**” and jointly as the “**Parties**.” All capitalized terms used in this Agreement are used with the meanings ascribed to them in Article 1 to this Agreement.

RECITALS

WHEREAS, Seller intends to develop, design, construct, own, and operate the Facility;

WHEREAS, Buyer is entering into the Agreement with the intention that the Facility will be counted toward the Project Participants’ Long Duration Storage obligations set forth in CPUC D.21-06-035 (as may be revised by further decisions), the Mid-Term Reliability Obligations and other potential future CPUC decisions mandating procurement, and/or another existing or future compliance program administered by any regulatory agency to which Buyer is accountable; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, on the terms and conditions set forth in this Agreement, the Product.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

ARTICLE 1 DEFINITIONS

Contract Definitions. The following terms, when used herein with initial capitalization, shall have the meanings set forth below:

“**AC**” means alternating current.

“**Accepted Compliance Costs**” has the meaning set forth in Section 3.7(d).

“**Adjusted Guaranteed Capacity**” has the meaning set forth in Section 5 of Exhibit B.

“**Administrative NQC Reduction**” has the meaning set forth in Exhibit C.

“**Affiliate**” means, with respect to any Person, each Person that directly or indirectly controls, is controlled by, or is under common control with such designated Person. For purposes of this definition and the definition of “Permitted Transferee”, “control”, “controlled by”, and “under common control with”, as used with respect to any Person, shall mean (a) the direct or indirect right to cast at least fifty percent (50%) of the votes exercisable at an annual general meeting (or its equivalent) of such Person. Notwithstanding the foregoing, the Parties hereby agree and acknowledge that with respect to Buyer the public entities designated as members or participants under the Joint Powers Agreement creating Buyer shall not constitute or otherwise be deemed an “Affiliate” for purposes of this Agreement.

“**Agreement**” has the meaning set forth in the Preamble and includes the Cover Sheet and any Exhibits, schedules and any written supplements hereto.

“**Ancillary Services**” means all ancillary services, products and other attributes, if any, associated with the Installed Capacity of the Facility, including spinning reserve, non-spinning reserve, regulation up, regulation down, and voltage support as each is defined in the CAISO Tariff.

“**Arbitrage Component**” has the meaning set forth in Exhibit C.

“**Availability Standards**” has the meaning set forth in the CAISO Tariff or such other similar term as modified and approved by FERC hereafter to be incorporated in the CAISO Tariff.

“**Bankrupt**” or “**Bankruptcy**” means with respect to any entity, such entity that (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar Law, (b) has any such petition filed or commenced against it which remains unstayed or undismissed for a period of ninety (90) days, (c) makes an assignment or any general arrangement for the benefit of creditors, (d) otherwise becomes bankrupt or insolvent (however evidenced), (e) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets and such appointment is not removed within ninety (90) days.

“**Business Day**” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday in California. A Business Day begins at 8:00 a.m. and ends at 5:00 p.m. Pacific Prevailing Time (PPT).

“**Buyer**” means California Community Power, a California joint powers authority.

“**Buyer Default**” means a failure by Buyer or its agents to perform Buyer’s obligations hereunder and includes an Event of Default of Buyer.

“**Buyer Liability Pass Through Agreement**” means the form set forth in Exhibit L.

“**Buyer’s Designees**” means the Project Participants or a Subsequent Purchaser.

“**Buyer’s Indemnified Parties**” has the meaning set forth in Section 16.1(a).

“**Buyer’s Share**” means the Guaranteed Contract Capacity as adjusted in accordance with Section 5 of Exhibit B divided by the Installed Capacity.

“**CAISO**” means the California Independent System Operator Corporation, or any successor entity performing similar functions.

“**CAISO Certification**” means the certification and testing requirements for a storage unit set forth in the CAISO Tariff that are applicable to the Facility, including certification and testing for all applicable Ancillary Services, PMAX, and PMIN.

“**CAISO Grid**” has the same meaning as “CAISO Controlled Grid” as defined in the CAISO Tariff.

“**CAISO Tariff**” means the California Independent System Operator Corporation Agreement and Tariff, Business Practice Manuals (BPMs), and Operating Procedures, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.

“**Capacity Attribute**” means any current or future defined characteristic, certificate, tag, credit, or accounting construct associated with the ability of Buyer’s Share of the Installed Capacity to provide reliability or to charge, discharge and deliver to the Delivery Point at a particular moment and that can be purchased, sold or conveyed under CAISO or CPUC market rules or used for any current or future compliance or reporting purpose including the Compliance Obligations and the Mid-Term Reliability Obligations. Capacity Attributes include Resource Adequacy Benefits, Imbalance Reserves, Reliability Capacity Up, and Reliability Capacity Down.

“**Capacity Commitments**” means written contracts that obligate Seller to deliver Capacity Attributes from the Facility to Persons other than Seller’s Affiliates over a period of time that includes the Delivery Term.

“**Capacity Damages**” has the meaning set forth in Section 5 of Exhibit B.

“**Capacity Test**” or “**CT**” means any test or retest of the Facility to establish the Installed Capacity, Effective Capacity, or Efficiency Rate or any other test conducted pursuant to Exhibit Q.

“**CEQA**” means the California Environmental Quality Act, as amended or supplemented from time to time.

“**Change of Control**” means, except in connection with public market transactions of equity interests or capital stock of Seller’s Ultimate Parent, any circumstance in which Ultimate Parent ceases to own, directly or indirectly through one or more intermediate entities, at least fifty percent (50%) of the outstanding equity interests in Seller; *provided*, in calculating ownership percentages for all purposes of the foregoing:

(a) any ownership interest in Seller held by Ultimate Parent indirectly through one or more intermediate entities shall not be counted towards Ultimate Parent’s ownership interest in Seller unless Ultimate Parent directly or indirectly owns more than fifty percent (50%) of the outstanding equity interests in each such intermediate entity; and

(b) ownership interests in Seller owned directly or indirectly by any Lender (including any tax equity provider) shall be excluded from the total outstanding equity interests in Seller.

“**Charging Energy**” means the Energy delivered to the Facility from the CAISO Grid as measured at the Facility Meter Point by the Facility Meter, as such meter readings are adjusted by the CAISO for any applicable electrical losses and station use.

“**CIRA Tool**” means the CAISO Customer Interface for Resource Adequacy.

“**COD Certificate**” has the meaning set forth in Exhibit B.

“**Collateral Assignment Agreement**” has the meaning set forth in Section 14.2.

“**Commercial Operation**” has the meaning set forth in Exhibit B.

“**Commercial Operation Capacity Test**” means the Capacity Test conducted in connection with Commercial Operation of the Facility, including any additional Capacity Test for additional capacity installed after the Commercial Operation Date pursuant to Section 5 of Exhibit B.

“**Commercial Operation Date**” or “**COD**” has the meaning set forth in Exhibit B.

“**Commercial Operation Delay Damages**” means [REDACTED]

“**Compliance Actions**” has the meaning set forth in Section 3.7(b).

“**Compliance Deadline**” has the meaning set forth in Section 6 of Exhibit B.

“**Compliance Expenditure Cap**” has the meaning set forth in Section 3.7(a).

“**Compliance Obligation**” means the RAR, Local RAR, Flexible RAR, Mid Term Reliability Obligations and any other resource adequacy or capacity procurement requirements imposed on load serving entities by the CPUC, CAISO, WECC, or any other Governmental Authority having jurisdiction.

“**Compliant Project Participant**” means a Project Participant that is not a Defaulted Project Participant.

“**Confidential Information**” has the meaning set forth in Section 18.1.

“**Construction Delay Damages**” means [REDACTED]

“**Construction Start**” has the meaning set forth in Exhibit B.

“**Construction Start Date**” has the meaning set forth in Exhibit B.

“**Contract Capacity**” means the Effective Capacity multiplied by Buyer’s Share.

“**Contract Price**” has the meaning set forth on the Cover Sheet.

“**Contract Term**” has the meaning set forth in Section 2.1(a).

“**Contract Year**” means a period of twelve (12) consecutive months. The first Contract Year shall commence on the Commercial Operation Date and each subsequent Contract Year shall commence on the anniversary of the Commercial Operation Date.

“**Costs**” means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third-party transaction costs and expenses reasonably incurred by such Non-Defaulting Party either in terminating any arrangement pursuant to which it has hedged or financed its obligations or entering into new arrangements which replace this Agreement; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with terminating this Agreement.

“**Cover Sheet**” means the cover sheet to this Agreement, which is incorporated into this Agreement.

“**CPM Soft Offer Cap**” has the meaning set forth in the CAISO Tariff.

“**CPUC**” means the California Public Utilities Commission, or any successor entity performing similar functions.

“**CPUC Master Resource Database**” means the CPUC database of generation, energy storage and other resources qualified to provide Resource Adequacy Benefits capacity to load serving entities.

“**CPUC System RA Penalty**” means the system RAR penalties assessed against load-serving entities by the CPUC for Resource Adequacy Requirement deficiencies that are not replaced or cured, as established in the Resource Adequacy Rulings and subsequently incorporated into the annual “Filing Guide for System, Local and Flexible Resource Adequacy Compliance Filings” that is issued by the CPUC Energy Division, which is expected to be updated annually, or any replacement or successor documentation established by the CPUC Energy Division to reflect Resource Adequacy Requirement penalties that are established by the CPUC and assessed against load-serving entities for Resource Adequacy Requirement deficiencies.

“**Credit Rating**” means, with respect to any entity, the rating then assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P or Moody’s. If ratings by S&P and Moody’s are not equivalent, the lower rating shall apply.

“**Damage Payment**” means the amount to be paid by the Defaulting Party to the Non-Defaulting Party after a Terminated Transaction occurring prior to the Commercial Operation Date, in a dollar amount set forth in Section 11.3(a).

“**Day-Ahead Market**” has the meaning set forth in the CAISO Tariff.

“**Dedicated Interconnection Capacity**” means an instantaneous amount of Charging Energy and/or Discharging Energy, as applicable, that is permitted to be delivered from and/or to the Delivery Point under Seller’s Interconnection Agreement, in the amount of MWs as set forth on the Cover Sheet.

“**Defaulted Liability Share**” means the Liability Share of a Defaulted Project Participant.

“**Defaulted Project Participant**” means a Project Participant that has incurred but not cured a Project Participant Payment Default, including any Project Participant whose rights under the Project Participation Share Agreement have been suspended or terminated.

“**Defaulting Party**” has the meaning set forth in Section 11.1(a).

“**Delivered Storage RA**” has the meaning set forth in Exhibit C.

“**Delivery Network Upgrades**” has the meaning set forth in the CAISO Tariff.

“**Delivery Point**” has the meaning set forth in Exhibit A.

“**Delivery Term**” shall mean the period of Contract Years set forth on the Cover Sheet beginning on the Commercial Operation Date, unless terminated earlier in accordance with the terms and conditions of this Agreement.

“**Development Cure Period**” has the meaning set forth in Exhibit B.

“**Development Security**” means (a) cash or (b) a Letter of Credit in the amount set forth on the Cover Sheet.

“**Discharging Energy**” means all Energy delivered from the Facility to the Delivery Point, as measured at the Facility Meter Point by the Facility Meter, as such meter readings are adjusted by the CAISO for station use and electrical losses to the Delivery Point.

“**Disclosing Party**” has the meaning set forth in Section 18.2(a).

“**Early Commercial Operation Date**” has the meaning set forth in Section 3.2.

“**Early Termination Date**” has the meaning set forth in Section 11.2(a).

“**Effective Date**” has the meaning set forth on the Preamble.

“**Effective Capacity**” means the lesser of (a) PMAX, and (b) maximum dependable operating capacity of the Facility to discharge Energy for the number of hours of continuous discharge corresponding to the Resource Duration, as measured in MW AC at the Delivery Point (i.e., measured at the Facility Meter and adjusted for electrical losses to the Delivery Point to the extent such electrical losses are not already reflected in the Facility Meter measurements) as determined pursuant to the most recent Capacity Test (including the Commercial Operation Capacity Test, and as evidenced by a certificate substantially in the form attached as Exhibit I hereto).

“**Efficiency Rate**” means the measured round-trip efficiency rate of the Facility, expressed as a percentage, calculated pursuant to a Capacity Test, and which for a given calendar month shall be prorated as necessary if more than one Efficiency Rate applies during such calendar month.

“**Emergency**” means an event or condition in which continued operation of the Facility is reasonably likely to endanger life or property and necessitates immediate action to avert injury to persons or serious damage to property.

“**Emission Reduction Credits**” or “**ERCs**” means emission reductions that have been authorized by a local air pollution control district pursuant to California Division 26 Air Resources; Health and Safety Code Sections 40709 and 40709.5, whereby a district has established a system by which all reductions in the emission of air contaminants that are to be used to offset certain future increases in the emission of air contaminants shall be banked prior to use to offset future increases in emissions.

“**Energy**” means alternating current electrical energy measured in MWh.

“**Energy Settlement Revenues**” means the sum of all Monthly Energy Settlement Amounts, calculated in accordance with Exhibit C.

“**Entitlement Share**” means a Project Participant’s share of the Contract Capacity as set forth in the Project Participant Share Agreement.

“**Environmental Cost**” means (i) costs incurred in connection with acquiring and maintaining all environmental permits and licenses for the Facility, and the Facility’s compliance with all applicable environmental laws, rules and regulations, including capital costs for pollution mitigation or installation of emissions control equipment required to permit or license the Facility, (ii) all operating and maintenance costs for operation of pollution mitigation or control equipment, (iii) costs of permit maintenance fees and emission fees as applicable, (iv) the costs of all Emission Reduction Credits or Marketable Emission Trading Credits required by any applicable environmental laws, rules, regulations, and permits to operate the Facility, (v) the costs associated with the use, disposal, and clean-up of Hazardous Substances introduced to the Site, and (vi) the costs associated with decontamination or remediation, on or off the Site, necessitated by the maintenance, use, or release of such Hazardous Substances on the Site.

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

“**Expected Facility Capacity**” means 500 MW.

“**Expected Commercial Operation Date**” is the date set forth on the Cover Sheet by which Seller reasonably expects to achieve Commercial Operation.

“**Facility**” means the energy storage facility described on the Cover Sheet and in Exhibit A, located at the Site and including the mechanical equipment and associated facilities and equipment required to deliver Product (but excluding any Shared Facilities), as such storage facility may be expanded or otherwise modified from time to time in accordance with the terms of this Agreement.

“**Facility Meter**” means a CAISO-approved meter, along with a CAISO-approved data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services sufficient for monitoring, recording and reporting, in real time, the amount of Charging Energy delivered to the Facility Meter Point and the amount of Discharging Energy discharged

from the Facility at the Facility Meter Point to the Delivery Point for the purpose of invoicing in accordance with Section 8.1. The Facility may contain multiple measurement devices that will make up the Facility Meter, and, unless otherwise indicated, references to the Facility Meter shall mean all such measurement devices and the aggregated data of all such measurement devices, taken together.

“Facility Meter Point” means the location or locations of the Facility Meter.

“FERC” means the Federal Energy Regulatory Commission, or any successor government agency.

“Financial Close” means Seller or one of its Affiliates has obtained debt or equity financing commitments from one or more Lenders sufficient to construct the Facility, including such financing commitments from Seller’s owner(s).

“Flexible RAR” means the flexible capacity requirements established for load-serving entities by the CAISO pursuant to the CAISO Tariff, the CPUC pursuant to the Resource Adequacy Rulings, or by any other Governmental Authority.

“Force Majeure Event” has the meaning set forth in Section 10.1.

“Forced Labor” has the meaning set forth in Section 13.4(c).

“Full Capacity Deliverability Status” has the meaning set forth in the CAISO Tariff.

“Gains” means, with respect to any Non-Defaulting Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement for the remaining Contract Term, determined in a commercially reasonable manner, which economic benefit (if any) shall be deemed the gain (if any) to such Non-Defaulting Party represented by, (a) if Buyer is the Non-Defaulting Party, the positive difference between the present value of the payments required to be made by Buyer during the remaining Contract Term of this Agreement and the present value of the payments that would be required to be made by Buyer under any transaction(s) replacing this Agreement, and (b) if Seller is the Non-Defaulting Party, the positive difference between the present value of the payments that would be required to be made to, or that would otherwise be received by, Seller under any transaction(s) replacing this Agreement and the present value of the payments required to be made to Seller during the remaining Contract Term of this Agreement. Factors used in determining the economic benefit to a Non-Defaulting Party may include, without limitation, reference to information supplied by one or more third parties, which shall exclude Affiliates of the Non-Defaulting Party, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NP-15), all of which should be calculated for the remaining Contract Term, and include the value of Capacity Attributes.

“GHG Regulations” means Title 17, Division 3 (Air Resources), Chapter 1 (Air Resources Board), Subchapter 10 (Climate Change), Article 5 (Emissions Cap), Sections 95800 to 96023 of the California Code of Regulations, as amended or supplemented from time to time.

“**Governmental Authority**” means any federal, state, provincial, local or municipal government, any political subdivision thereof or any other governmental, congressional or parliamentary, regulatory, or judicial instrumentality, authority, body, agency, department, bureau, or entity with authority to bind a Party at law, including CAISO; *provided, however*, “Governmental Authority” shall not in any event include any Party.

“**Greenhouse Gas**” or “**GHG**” has the meaning set forth in the GHG Regulations or in any other applicable Laws.

“**Guaranteed Amount**” has the meaning set forth in Exhibit L.

“**Guaranteed Commercial Operation Date**” means the date set forth on the Cover Sheet, as such date may be extended pursuant to Exhibit B.

“**Guaranteed Construction Start Date**” means the date set forth on the Cover Sheet, as such date may be extended pursuant to Exhibit B.

“**Guaranteed Contract Capacity**” has the meaning set forth on the Cover Sheet as it may be adjusted pursuant to Section 5 of Exhibit B.

“**Guaranteed Efficiency Rate**” has the meaning set forth on the Cover Sheet.

“**Guaranteed Storage RA Amount**” has the meaning set forth in Exhibit C.

“**Hazardous Substance**” means, collectively, (a) any chemical, material or substance that is listed or regulated under applicable Laws as a “hazardous” or “toxic” substance or waste, or as a “contaminant” or “pollutant” or words of similar import, (b) any petroleum or petroleum products, flammable materials, explosives, radioactive materials, asbestos, urea formaldehyde foam insulation, and transformers or other equipment that contain polychlorinated biphenyls, and (c) any other chemical or other material or substance, exposure to which is prohibited, limited or regulated by any Laws.

“**Imbalance Energy**” means the amount of Energy in MWh, in any given Settlement Period or Settlement Interval, by which the amount of Charging Energy or Discharging Energy, as applicable, deviates from the amount of Scheduled Energy.

“**Imbalance Reserves**” has the meaning set forth in the pending CAISO Tariff language available at <https://www.caoiso.com/documents/pendingtarifflanguage-dame-edam-tariff-amendment-er23-2686.pdf> and approved by FERC in Cal. Indep. Sys. Operator Corp., 185 FERC ¶ 61,210 (2023) (December 2023 Order).

“**Indemnified Party**” shall mean (i) Buyer, with respect to all third-party claims, demands, losses, liabilities, penalties, and expenses arising out of, resulting from, or caused by the circumstances described in Section 16.1(a), and (ii) Seller, with respect to all third-party claims, demands, losses, liabilities, penalties, and expenses arising out of, resulting from, or caused by the circumstances described in Section 16.1(b).

“**Indemnifying Party**” shall mean (i) Seller, with respect to all third-party claims, demands, losses, liabilities, penalties, and expenses arising out of, resulting from, or caused by the circumstances described in Section 16.1(a), and (ii) Buyer, with respect to all third-party claims, demands, losses, liabilities, penalties, and expenses arising out of, resulting from, or caused by the circumstances described in Section 16.1(b).

“**Initial Liability Share**” means the Liability Share of each Project Participant shown on Exhibit S as of the Effective Date.

“**Initial Synchronization**” means the commencement of Trial Operations (as defined in the CAISO Tariff).

“**Installed Capacity**” means the lesser of (a) PMAX, and (b) maximum dependable operating capacity of the Facility to discharge Energy for the number of hours of continuous discharge corresponding to the Resource Duration, as measured in MW AC at the Facility Meter Point by the Delivery Point (i.e., measured at the Facility Meter and adjusted for electrical losses to the Delivery Point), that achieves Commercial Operation, as evidenced by a certificate substantially in the form attached as Exhibit I hereto, as such capacity may be adjusted pursuant to Section 5 of Exhibit B, but in either case (a) or (b) up to but not in excess of the Expected Facility Capacity.

“**Interconnection Agreement**” means the interconnection agreement entered into by Seller or Seller’s Affiliate pursuant to which the Facility will be interconnected with the Transmission System, providing for interconnection capacity available or allocable to the Facility at the Interconnection Point that is no less than the Dedicated Interconnection Capacity, and pursuant to which Seller’s Interconnection Facilities and any other Interconnection Facilities will be constructed, operated and maintained during the Contract Term.

“**Interconnection Facilities**” means the interconnection facilities, control and protective devices and metering facilities required to connect the Facility with the Transmission System in accordance with the Interconnection Agreement.

“**Interconnection Point**” means the point at which Seller’s Interconnection Facilities interconnect with the Transmission System pursuant to the Interconnection Agreement, which point is identified in Exhibit A.

“**Interest Rate**” has the meaning set forth in Section 8.2.

“**Investment Grade Credit Rating**” means a Credit Rating of BBB- or higher by S&P or Baa3 or higher by Moody’s.

“**ITC**” means the investment tax credit established pursuant to Section 48 of the United States Internal Revenue Code of 1986.

“**Joint Powers Act**” means the Joint Exercise of Powers Act of the State of California (California Government Code Section 6500 *et seq.*).

“Joint Powers Agreement” means that certain Joint Powers Agreement dated January 29, 2021, as amended from time to time, under which Buyer is organized as a Joint Powers Authority in accordance with the Joint Powers Act.

“Law” means any applicable law, statute, rule, regulation, decision, writ, order, decree or judgment, permit or any interpretation thereof, promulgated or issued by a Governmental Authority.

“Lender” means, collectively, any Person (a) providing senior or subordinated construction, interim, back leverage or long-term debt, equity or tax equity financing or refinancing for or in connection with the development, construction, purchase, installation or operation of the Facility, whether that financing or refinancing takes the form of private debt (including back-leverage debt), equity (including tax equity), public debt or any other form (including financing or refinancing provided to a member or other direct or indirect owner of Seller), including any equity or tax equity investor directly or indirectly providing financing or refinancing for the Facility or purchasing equity ownership interests of Seller and/or its Affiliates, and any trustee or agent or similar representative acting on their behalf, (b) providing interest rate or commodity protection under an agreement hedging or otherwise mitigating the cost of any of the foregoing obligations, and/or (c) participating in a lease financing (including a sale leaseback or leveraged leasing structure) with respect to the Facility.

“Letter(s) of Credit” means one or more irrevocable, standby letters of credit issued by a U.S. commercial bank with such bank having a Credit Rating of at least A- with an outlook designation of “stable” from S&P or A3 with an outlook designation of “stable” from Moody’s, in a form substantially similar to the letter of credit set forth in Exhibit K.

“Liability Share” means the percentage amount set forth for each Project Participant in Exhibit S.

“Licensed Professional Engineer” means an independent, professional engineer selected by Seller and reasonably acceptable to Buyer, licensed in the State of California.

“Local RAR” means the local Resource Adequacy Requirements established for load-serving entities by the CAISO pursuant to the CAISO Tariff, the CPUC pursuant to the Resource Adequacy Rulings, or by any other Governmental Authority. “Local RAR” may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.

“Locational Marginal Price” or **“LMP”** has the meaning set forth in the CAISO Tariff.

“Long Duration Storage” means a resource that meets the requirements of CPUC Decision 21-06-035 as of the Effective Date, including that such resource (a) is able to deliver the Guaranteed Contract Capacity for at least eight (8) hours, (b) is incremental to the CPUC’s baseline list, and (iii) is a Resource Adequacy Resource that is eligible to provide Resource Adequacy Benefits as set forth in the Resource Adequacy Rulings.

“Losses” means, with respect to Non-Defaulting Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of this

Agreement for the remaining Contract Term, determined in a commercially reasonable manner, which economic loss (if any) shall be deemed to be the loss (if any) to such Party represented by (a) if Buyer is the Non-Defaulting Party, the positive difference between the present value of the payments that would be required to be made by Buyer under any transaction(s) replacing this Agreement, and the present value of the payments required to be made by Buyer during the remaining Contract Term of this Agreement and (b) if Seller is the Non-Defaulting Party, the positive difference between the present value of the payments required to be made to Seller during the remaining Contract Term of this Agreement and the present value of the payments that would be required to be made to, or that would otherwise be received by, Seller under any transaction(s) replacing this Agreement. Factors used in determining economic loss to a Party may include, without limitation, reference to information supplied by one or more third parties, which shall exclude Affiliates of the Non-Defaulting Party, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NP-15), all of which should be calculated for the remaining Contract Term.

“**Major Equipment**” means the items of equipment and machinery with purchase value higher than [REDACTED] and/or have a delivery lead time exceeding twelve (12) months as set forth in Exhibit P.

“**Marketable Emission Trading Credits**” means emissions trading credits or units issued pursuant to the requirements of California Division 26 Air Resources; Health & Safety Code Section 39616 and Section 40440.2 for market-based incentive programs such as the South Coast Air Quality Management District’s Regional Clean Air Incentives Market, also known as RECLAIM, and allowances of sulfur dioxide trading credits as required under Title IV of the Federal Clean Air Act (42 U.S.C. § 7651b (a) to (f)).

“**Material Permits**” means all permits required for Seller to commence construction, as set forth on Exhibit T.

“**Maximum Charging Capacity**” means the highest level at which the Facility may be charged, expressed in MW and as set forth in Exhibit Q.

“**Maximum Discharging Capacity**” means the highest level at which the Facility may be discharged, expressed in MW and as set forth in Exhibit Q.

“**Maximum State of Charge**” means the maximum State of Charge to which the Facility may be charged, as set forth in Exhibit Q.

“**Maximum Stored Energy Level**” means the maximum Stored Energy Level the Facility is capable of achieving, expressed in MWh, as set forth in Exhibit Q.

“**Mid-Term Reliability Obligations**” means the mandatory procurement obligations for incremental zero-emissions capacity pursuant to CPUC Decision 21-06-035 and CPUC Decision 23-02-040 as such decisions may be amended, supplemented, or revised.

“Meter Service Agreement” means “Meter Service Agreement for CAISO Metered Entities” or “Meter Service Agreement for Scheduling Coordinators”, as applicable, as each are defined in the CAISO Tariff.

“Milestones” means the development activities for significant permitting, interconnection, and construction milestones set forth on the Cover Sheet.

“Minimum Efficiency Rate” means the percentage specified on the Cover Sheet.

“Minimum State of Charge” means the minimum State of Charge to which the Facility may be discharged, as set forth in Exhibit Q.

“Minimum Stored Energy Level” means the minimum Stored Energy Level the Facility is capable of achieving, expressed in MWh, as set forth in Exhibit Q.

“Monthly Capacity Payment” means the payment required to be made by Buyer to Seller each month commencing on the Commercial Operation Date and throughout the Delivery Term as compensation for the Product, as calculated in accordance with Exhibit C.

“Monthly Energy Settlement Amount” has the meaning set forth in Exhibit C.

“Moody’s” means Moody’s Investors Service, Inc.

“MW” means megawatts in alternating current, unless expressly stated in terms of direct current.

“MWh” means megawatt-hours measured in alternating current, unless expressly stated in terms of direct current.

“NERC” means the North American Electric Reliability Corporation, or any successor entity performing similar functions.

“Net Qualifying Capacity” has the meaning set forth in the CAISO Tariff.

“Network Upgrade” means collectively Delivery Network Upgrades and Reliability Network Upgrades.

“Non-Defaulting Party” has the meaning set forth in Section 11.2.

“Notice” shall, unless otherwise specified in the Agreement, mean written communications by a Party to be delivered by hand delivery, United States mail, overnight courier service, or electronic messaging (e-mail) in accordance with Exhibit N.

“Notification Deadline” means twenty (20) Business Days before the relevant deadlines for the corresponding RA Compliance Showings applicable to the relevant Showing Month.

“NP-15” means the Existing Zone Generation Trading Hub for Existing Zone region NP15 as set forth in the CAISO Tariff.

“**Operating Restrictions**” means those restrictions, rules, requirements, and procedures set forth in Exhibit Q.

“**Outage**” means a Planned Outage or Unplanned Outage.

“**Outage Event**” has the meaning set forth in Exhibit C, Section (f).

“**Outage Schedule**” has the meaning set forth in Section 4.6(a)(i).

“**Participating Generator Agreement**” has the meaning set forth in the CAISO Tariff.

“**Party**” or “**Parties**” has the meaning set forth in the Preamble.

“**Payment Demand**” has the meaning set forth in Exhibit L.

“**Performance Security**” means (i) cash or (ii) a Letter of Credit in the amount set forth on the Cover Sheet.

“**Permitted Transferee**” means [REDACTED]

[REDACTED]

“**Person**” means any individual, sole proprietorship, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, incorporated organization, institution, public benefit corporation, unincorporated organization, government entity or other entity.

“**Planned Outage**” means a period during which the Facility is either in whole or in part not capable of providing service due to planned maintenance that has been scheduled in advance in accordance with Section 4.6(a).

“**PMAX**” means the applicable CAISO-certified maximum operating level of the Facility.

“**PMIN**” means the applicable CAISO-certified minimum operating level of the Facility.

“**PNode**” has the meaning set forth in the CAISO Tariff.

“**Portfolio**” means the portfolio of electrical energy generating, electrical energy storage, or other assets and entities, including the Facility (or the interests of Seller or Seller’s Affiliates or the interests of their respective direct or indirect parent companies), that is pledged as collateral security in connection with a Portfolio Financing.

“**Portfolio Financing**” means any debt incurred by an Affiliate of Seller that is secured only by a Portfolio.

“**Portfolio Financing Entity**” means any Affiliate of Seller that incurs debt in connection with any Portfolio Financing.

“**Prevailing Wage Requirement**” has the meaning set forth in Section 13.4(b).

“**Pro Rata**” means, for purposes of calculating a Project Participant’s Revised Liability Share, the ratio of (i) such Project Participant’s Initial Liability Share to (ii) the sum of the Initial Liability Shares of all of the Compliant Project Participants.

“**Product**” has the meaning set forth on the Cover Sheet.

“**Progress Report**” means a progress report including the items set forth in Exhibit E.

“**Project Labor Agreement**” has the meaning set forth in Section 13.4(b).

“**Project Participant**” means each Person identified in Exhibit S that shall execute a Buyer Liability Pass Through Agreement in the form set forth in Exhibit L.

“**Project Participant Approval**” means each Project Participant has obtained all necessary approvals from its board or governing authority necessary to execute a Buyer Liability Pass Through Agreement and the Project Participation Share Agreement, and that Buyer has delivered to Seller the Buyer Liability Pass Through Agreements and the Project Participation Share Agreement executed by each Project Participant and countersigned by Buyer.

“**Project Participant Payment Default**” means any failure by a Project Participant to pay any material amount under the Project Participation Share Agreement as and when due (without giving effect to any extensions of time, waivers or late notices), including monthly amounts collected to fund, or to reserve funds for, payment of Buyer’s obligations under this Agreement.

“**Project Participation Share Agreement**” means that certain Willow Rock Project Participation Share Agreement executed by and among Buyer and all of the Project Participants relating to their allocation among themselves of Buyer’s responsibilities and liabilities under this Agreement, and any successor agreement.

“**Prudent Operating Practice**” means (a) the applicable practices, methods and acts required by or consistent with applicable Laws and reliability criteria, and otherwise engaged in or approved by a significant portion of the electric industry during the relevant time period with respect to grid-interconnected, utility-scale energy storage facilities in the Western United States, and (b) any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Operating Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to acceptable practices, methods or acts generally accepted in the industry with respect to grid-interconnected, utility-scale energy storage facilities in the Western United States. Prudent Operating Practice shall include compliance with

applicable Laws, applicable safety and reliability criteria, and the applicable criteria, rules and standards promulgated in the National Electric Safety Code and the National Electrical Code, as they may be amended or superseded from time to time, including the criteria, rules and standards of any successor organizations.

“Qualifying Capacity” has the meaning set forth in the CAISO Tariff.

“RA Compliance Showing” means the (a) Local RAR compliance or advisory showings (or similar or successor showings), (b) RAR compliance or advisory showings (or similar or successor showings), and (c) Flexible RAR compliance or advisory showings (or similar successor showings), in each case, an entity is required to make to the CAISO pursuant to the CAISO Tariff, to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the Resource Adequacy Rulings, or to any Governmental Authority.

“RA Component” has the meaning set forth in Exhibit C.

“RA Deficiency Amount” has the meaning set forth in Exhibit C.

“RA Guarantee Date” means the Commercial Operation Date.

“RA Substitute Capacity” has the meaning set forth in the CAISO Tariff.

“Ramp Rate” means the ability of the Facility to change between power output levels, expressed in MW_{AC}/min.

“Receiving Party” has the meaning set forth in Section 18.2(a).

“Reliability Capacity Down” has the meaning set forth in the pending CAISO Tariff language available at <https://www.caiso.com/documents/pendingtariff/language-dame-edam-tariff-amendment-er23-2686.pdf> and approved by FERC in Cal. Indep. Sys. Operator Corp., 185 FERC ¶ 61,210 (2023) (December 2023 Order).

“Reliability Capacity Up” has the meaning set forth in the pending CAISO Tariff language available at <https://www.caiso.com/documents/pendingtariff/language-dame-edam-tariff-amendment-er23-2686.pdf> and approved by FERC in Cal. Indep. Sys. Operator Corp., 185 FERC ¶ 61,210 (2023) (December 2023 Order).

“Reliability Network Upgrades” has the meaning set forth in the CAISO Tariff.

“Remedial Action Plan” has the meaning set forth in Section 2.4.

“Replacement RA” has the meaning set forth in Exhibit C.

“Requested Confidential Information” has the meaning set forth in Section 18.2(c).

“Resource Adequacy Benefits” means the rights and privileges attached to the Facility that satisfy any entity’s Resource Adequacy Requirements, as those obligations are set forth in any ruling issue by a Governmental Authority, including the Resource Adequacy Rulings, or the

CAISO Tariff, and shall include RAR, Flexible RAR, and Local RAR, and any successor criteria applicable to the Facility, including any Resource Duration attributes.

“Resource Adequacy Plan” has the meaning set forth in the CAISO Tariff.

“Resource Adequacy Requirements” or **“RAR”** means the resource adequacy requirements applicable to an entity as established by the CAISO pursuant to the CAISO Tariff, by the CPUC pursuant to the Resource Adequacy Rulings, or by any other Governmental Authority.

“Resource Adequacy Resource” has the meaning set forth in the CAISO Tariff.

“Resource Adequacy Rulings” means any applicable CPUC ruling or decision relating to resource adequacy, or any other resource adequacy Law, rules or regulations enacted, adopted or promulgated by the CPUC or the CAISO, however described, as such decisions, rulings, Laws, rules or regulations may be amended or modified from time-to-time throughout the Contract Term.

“Resource Duration” means the number of continuous hours of discharge as set forth on the Cover Sheet.

“Revised Liability Share” means the sum of a Project Participant’s Initial Liability Share plus its Pro Rata portion of all Defaulted Liability Shares, [REDACTED]

“S&P” means the Standard & Poor’s Financial Services LLC (a subsidiary of S&P Global Inc.) or its successor.

“Scheduling Coordinator” or **“SC”** means an entity certified by the CAISO as qualifying as a Scheduling Coordinator pursuant to the CAISO Tariff for the purposes of undertaking the functions specified in “Responsibilities of a Scheduling Coordinator,” of the CAISO Tariff, as amended from time to time.

“Security Interest” has the meaning set forth in Section 8.9.

“Seller” has the meaning set forth on the Cover Sheet.

“Seller’s Indemnified Parties” has the meaning set forth in Section 16.1(b).

“Settlement Amount” means the Non-Defaulting Party’s Costs and Losses, on the one hand, netted against its Gains, on the other. If the Non-Defaulting Party’s Costs and Losses exceed its Gains, then the Settlement Amount shall be an amount owing to the Non-Defaulting Party. If the Non-Defaulting Party’s Gains exceed its Costs and Losses, then the Settlement Amount shall be zero dollars (\$0). The Settlement Amount shall not include consequential, incidental, punitive, exemplary or indirect or business interruption damages, unless such damages are part of a Party’s Gains, Losses or Costs as those terms are explicitly defined herein.

“Settlement Interval” has the meaning set forth in the CAISO Tariff.

“Settlement Period” has the meaning set forth in the CAISO Tariff.

“Shared Facilities” means the gen-tie lines, transformers, substations, or other equipment, permits, contract rights, and other assets and property (real or personal), in each case, as necessary to enable delivery of Charging Energy and Discharging Energy to and from the Delivery Point to the Facility (which is excluded from Shared Facilities), including the Interconnection Agreement itself, that are used in common with third parties or by Seller for electric generation or storage facilities owned by Seller other than the Facility.

“Showing Month” shall be a calendar month of the Delivery Term, commencing with the Showing Month that contains the RA Guarantee Date, that is the subject of the RA Compliance Showing, as set forth in the Resource Adequacy Rulings and outlined in the CAISO Tariff. For illustrative purposes only, pursuant to the CAISO Tariff and Resource Adequacy Rulings in effect as of the Effective Date, the monthly RA Compliance Showing made in June is for the Showing Month of August.

“Shown Unit” means the Facility or any unit providing Replacement RA specified by Seller in a Supply Plan.

“Site” means the real property on which the Facility is or will be located, as further described in Exhibit A, and as shall be updated by Seller at the time Seller provides an executed Construction Start Date certificate in the form of Exhibit J to Buyer; *provided*, that any such update to the Site that includes real property that was not originally contained within the Site boundaries described in Exhibit A shall be subject to Buyer’s approval of such updates in its sole discretion.

“Site Control” means that, for the Contract Term, Seller (or its Affiliate): (a) owns or, until Commercial Operation, has the option to purchase the Site; (b) is the lessee or, until Commercial Operation, has the option to lease the Site; or (c) is the holder of an easement or, until Commercial Operation, an option for an easement, right-of-way grant, or similar instrument with respect to the Site.

“Slice-of-Day” or **“SOD”** has the meaning set forth in the Resource Adequacy Rulings.

“Slice-of-Day Capacity” has the meaning set forth in Exhibit C.

“State of Charge” or **“SOC”** means the ratio of (a) the Stored Energy Level of the Facility to (b) the Effective Capacity multiplied by the Resource Duration, expressed as a percentage.

“Step-Up Event” means the forty-fifth (45th) day following the occurrence of a Project Participant Payment Default if such Project Participant Payment Default has not been cured by that date, regardless of whether or not notice was given to the Defaulted Project Participant under the Project Participation Share Agreement or otherwise or by Buyer hereunder.

“Storage RA Shortfall” has the meaning set forth in Exhibit C.

“Stored Energy Level” means, at a particular time, the amount of electric Energy in the Facility available to be discharged as Discharging Energy, expressed in MWh.

“**Subsequent Purchaser**” means the purchaser or recipient of Product from Buyer in any conveyance, re-sale or remarketing of Product by Buyer.

“**Supplementary Capacity Test Protocol**” has the meaning set forth in Exhibit O.

“**Supply Plan**” has the meaning set forth in the CAISO Tariff.

“**System Emergency**” means any condition that requires, as determined and declared by CAISO or the Transmission Provider, automatic or immediate action to (i) prevent or limit harm to or loss of life or property, (ii) prevent loss of transmission facilities or generation supply in the immediate vicinity of the Facility, or (iii) to preserve Transmission System reliability.

“**Tangible Net Worth**” means the tangible assets (for example, not including intangibles such as goodwill and rights to patents or royalties) that remain after deducting liabilities as determined in accordance with generally accepted accounting principles.

“**Tax**” or “**Taxes**” means all U.S. federal, state and local and any foreign taxes, levies, assessments, surcharges, duties and other fees and charges of any nature imposed by a Governmental Authority, whether currently in effect or adopted during the Contract Term, including ad valorem, excise, franchise, gross receipts, import/export, license, property, sales and use, stamp, transfer, payroll, unemployment, income, and any and all items of withholding, deficiency, penalty, additions, interest or assessment related thereto.

“**Tax Credits**” means any (a) federal production tax credit, depreciation benefit, tax deduction and/or investment tax credit, including the ITC, specific to investments in energy storage facilities and (b) any refundable credit, grant, or other cash payment in lieu of an incentive described in clause (a).

“**Terminated Transaction**” has the meaning set forth in Section 11.2(a).

“**Termination Payment**” has the meaning set forth in Section 11.3(b).

“**Throughput**” means, at any point in time during any day or Contract Year, as applicable, the total cumulative amount of Discharging Energy from the Facility at such point in time during such day or Contract Year, as applicable (expressed in MWh).

“**Transmission Provider**” means any entity or entities transmitting or transporting the Charging Energy and Discharging Energy, as applicable, on behalf of Seller or Buyer to or from the Delivery Point but excluding Seller or any Seller’s Affiliate responsible for operating any gen-tie line to any point of interconnection to a Transmission Provider’s transmission system or distribution system. For purposes of this Agreement, the Transmission Provider is set forth in Exhibit A.

“**Transmission System**” means the transmission facilities operated by the CAISO, now or hereafter in existence, which provide energy transmission service downstream from the Delivery Point.

“Ultimate Parent” means Hydrostor Inc., an Ontario business corporation registered in Ontario, Canada.

“Unplanned Outage” means a period during which the Facility is not capable of providing service due to the need to maintain or repair a component thereof or pursuant to Section 4.7, which period is not a Planned Outage.

Rules of Interpretation. In this Agreement, except as expressly stated otherwise or unless the context otherwise requires:

(a) headings and the rendering of text in bold and italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Agreement;

(b) words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders;

(c) the words “hereof”, “herein”, and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(d) a reference to an Article, Section, paragraph, clause, Party, or Exhibit is a reference to that Article, Section, paragraph, clause of, or that Party or Exhibit to, this Agreement unless otherwise specified;

(e) a reference to a document or agreement, including this Agreement shall mean such document, agreement or this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of such document, agreement or this Agreement;

(f) a reference to a Person includes that Person’s successors and permitted assigns;

(g) the terms “include” and “including” mean “include or including (as applicable) without limitation” and any list of examples following such term shall in no way restrict or limit the generality of the word or provision in respect of which such examples are provided;

(h) references to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom unless the context otherwise requires;

(i) in the event of a conflict, a mathematical formula or other precise description of a concept or a term shall prevail over words providing a more general description of a concept or a term;

(j) references to any amount of money shall mean a reference to the amount in United States Dollars;

(k) the expression “and/or” when used as a conjunction shall connote “any or all of”;

(l) words, phrases or expressions not otherwise defined herein that (i) have a generally accepted meaning in Prudent Operating Practice shall have such meaning in this Agreement or (ii) do not have well known and generally accepted meaning in Prudent Operating Practice but that have well known and generally accepted technical or trade meanings, shall have such recognized meanings; and

(m) each Party acknowledges that it was represented by counsel in connection with this Agreement and that it or its counsel reviewed this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

ARTICLE 2 TERM; CONDITIONS PRECEDENT

2.1 Contract Term.

(a) The term of this Agreement shall commence on the Effective Date and shall remain in full force and effect until the conclusion of the Delivery Term, subject to any early termination provisions set forth herein, including Section 2.1(b) (“Contract Term”); *provided*, Buyer’s obligations to pay for or accept any Product are subject to Seller’s completion of the conditions precedent pursuant to Section 2.2.

(b) Notwithstanding anything to the contrary in this Agreement, if Project Participant Approval of this Agreement is not obtained within one hundred twenty (120) days following the Effective Date, then either Party may terminate this Agreement upon written Notice to the other Party provided that such Notice is issued before Project Participant Approval occurs. Upon such termination, neither Party shall have any liability to the other Party, save and except for those obligations specified in Section 2.1(c), and Buyer shall promptly return to Seller any Development Security then held by Buyer, if any, less any amounts drawn in accordance with this Agreement.

(c) Applicable provisions of this Agreement shall continue in effect after termination, including early termination, to the extent necessary to enforce or complete the duties, obligations or responsibilities of the Parties arising prior to termination. [REDACTED]

Commercial Operation; Conditions Precedent. Seller shall provide Notice to Buyer of the expected Commercial Operation Date, which shall occur on the first day of the applicable calendar month for RA Compliance Showing purposes, at least sixty (60) days in advance of such date. Seller shall provide Notice to Buyer when Seller believes it has provided the required documentation to Buyer and met all the conditions precedent set forth below for achieving Commercial Operation. Following Buyer’s receipt of such Notice, Buyer shall have five (5) Business Days to approve or reject Seller’s request for confirmation of Commercial Operation,

which, if confirmed, shall be deemed to have occurred as of the date of such Notice. Upon Buyer's approval (or deemed approval) of Seller's achievement of Commercial Operation, Buyer shall provide Seller with written acknowledgement of the Commercial Operation Date. If Buyer fails to respond within such five (5) Business Day period, Buyer shall be deemed to have approved Commercial Operation.

(a) Seller has delivered to Buyer (i) a completion certificate from a Licensed Professional Engineer substantially in the form of Exhibit H and (ii) a certificate from a Licensed Professional Engineer substantially in the form of Exhibit I setting forth the Installed Capacity and Efficiency Rate on the Commercial Operation Date and demonstrating that the Installed Capacity is sufficient to provide no less Contract Capacity than [REDACTED] of the Guaranteed Contract Capacity (without giving effect to any adjustment pursuant to Section 5 of Exhibit B) to Buyer;

(b) A Participating Generator Agreement and a Meter Service Agreement between Seller and CAISO have been executed and delivered and are in full force and effect, and a copy of each such agreement has been delivered to Buyer;

(c) Seller has executed an Interconnection Agreement with the Transmission Provider, which shall be in full force and effect, and a copy of the Interconnection Agreement has been delivered to Buyer;

(d) All applicable regulatory authorizations, approvals and permits for operation of the Facility have been obtained and shall be in full force and effect, and all conditions thereof that are capable of being satisfied on the Commercial Operation Date have been satisfied and shall be in full force and effect, and Seller has delivered to Buyer an attestation certificate from an officer of Seller certifying to the satisfaction of this condition;

(e) Seller has Site Control;

(f) Seller has obtained CAISO Certification for the Facility, and a copy of the CAISO Certification has been delivered to Buyer;

(g) Seller has obtained Full Capacity Deliverability Status and all Delivery Network Upgrades are complete such that Seller can deliver the Guaranteed Storage RA Amount;

(h) The Facility has successfully completed all testing required by Prudent Operating Practice or any requirement of Law to operate the Facility;

(i) Seller has delivered the Performance Security to Buyer in accordance with Section 8.8;

(j) Insurance requirements for the Facility have been met, with evidence provided in writing to Buyer, in accordance with Section 17.1;

(k) Seller has paid Buyer for all amounts owing under this Agreement as of the Commercial Operation Date, if any, including Construction Delay Damages and Commercial Operation Delay Damages;

(l) Seller has taken all actions and executed all documents and instruments required to authorize Seller (or its designated agent) to act as Scheduling Coordinator under this Agreement, and Seller (or its designated agent) is authorized to act as Scheduling Coordinator and has full capability to schedule and dispatch the Facility; and

(m) The Facility is shown on the CAISO and CPUC NQC lists and is able to be shown on Buyer's Designees' RA Compliance Showings as of the Commercial Operation Date.

Development; Construction; Progress Reports. Within fifteen (15) days after the close of (i) each calendar quarter from the first calendar quarter following the Effective Date until the Construction Start Date, and (ii) each calendar month from the first calendar month following the Construction Start Date until the Commercial Operation Date, Seller shall provide to Buyer a Progress Report and agrees to regularly scheduled meetings between representatives of Buyer and Seller to review such reports and discuss Seller's construction progress. The form of the Progress Report is set forth in Exhibit E. Seller shall also provide Buyer with any reasonably requested documentation (subject to confidentiality restrictions) directly related to the achievement of Milestones within ten (10) Business Days of receipt of such request from Buyer. For the avoidance of doubt, Seller is solely responsible for the design and construction of the Facility, including the location of the Site, obtaining all permits and approvals to build the Facility, the Facility layout, and the selection and procurement of the equipment comprising the Facility.

Remedial Action Plan. If Seller misses a Milestone by more than [REDACTED] except as the result of Force Majeure Event or Buyer Default, Seller shall submit to Buyer, within ten (10) Business Days of the end of such [REDACTED] period following the missed Milestone completion date, a remedial action plan ("**Remedial Action Plan**"), which will describe in reasonable detail any delays (actual or anticipated) beyond the scheduled Milestone dates, including the cause of the delay (e.g., governmental approvals, financing, property acquisition, design activities, equipment procurement, project construction, interconnection, or any other factor), Seller's detailed description of its proposed course of action to achieve the missed Milestones and to achieve Commercial Operation by the Guaranteed Commercial Operation Date, as it may be extended pursuant to Exhibit B, *provided*, delivery of any Remedial Action Plan shall not relieve Seller of its obligation to provide Remedial Action Plans with respect to any subsequent Milestones and to achieve the Guaranteed Commercial Operation Date in accordance with the terms of this Agreement. Subject to the provisions of Exhibit B and except as provided in Section 11.1(b)(i), so long as Seller complies with its obligations under this Section 2.4, Seller shall not be considered in default of its obligations under this Agreement solely as a result of missing any Milestone; *provided*, in the event Seller misses any Milestone and Seller provides Notice to Buyer that it is not likely to be able to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date, as it may be extended pursuant to Exhibit B, then, unless such failure is the result of a Buyer Default, Buyer shall have the right to terminate this Agreement and retain the Development Security as liquidated damages. Such termination right must be exercised or reserved by Buyer in writing for due cause, if at all, within thirty (30) days after Buyer's receipt of Seller's Notice that it is not likely to be able to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date (as may be extended pursuant to Exhibit B). Failure of Buyer to exercise or reserve its termination right

within such deadline shall result in Buyer waiving its termination right until and unless Buyer has a termination right under this Agreement arising subsequent to such deadline.

ARTICLE 3 PURCHASE AND SALE

Purchase and Sale of Product. Subject to the terms and conditions of this Agreement, during each day of the Delivery Term, Buyer shall have the exclusive right to the Product associated with the Guaranteed Contract Capacity and the Contract Capacity. Seller represents and warrants that it will deliver the Product to Buyer free and clear of all liens, security interests, claims and encumbrances. Seller shall not substitute or purchase any energy storage capacity or Capacity Attributes from any other resource or the market for delivery hereunder except as provided in Exhibit C, nor shall Seller sell, assign or otherwise transfer any Capacity Attributes associated with the Contract Capacity, or any portion thereof, to any third party other than to Buyer or Buyer's Designees or the CAISO pursuant to this Agreement or as otherwise required by Law.

Sales Prior to Expected Commercial Operation Date. If Seller is able to achieve Commercial Operation and commence producing Product prior to the Expected Commercial Operation Date, Seller shall provide Notice to Buyer at least ninety (90) days prior to the date that Seller anticipates commencement of production of Product ("**Early Commercial Operation Date**") and shall offer to sell Product to Buyer under the terms and conditions of this Agreement as of the Early Commercial Operation Date. If Buyer rejects or fails to respond to such offer within ten (10) Business Days of Seller's Notice under this Section 3.2, Seller may sell all Product and otherwise participate in any available markets without liability to Buyer until the Expected Commercial Operation Date. If Buyer accepts such offer, the Delivery Term shall commence as of the Early Commercial Operation Date.

Capacity Attributes. Seller has received Full Capacity Deliverability Status for the Facility for the Expected Facility Capacity in the CAISO generator interconnection process. As between Buyer and Seller, Seller shall be responsible for the cost and installation of any Reliability Network Upgrades and/or Delivery Network Upgrades associated with obtaining such Full Capacity Deliverability Status.

(a) Throughout the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all the Capacity Attributes from the Facility associated with the Contract Capacity.

(b) Throughout the Delivery Term, Seller shall maintain Full Capacity Deliverability Status for the Facility from the CAISO and shall perform all actions necessary to ensure that the Facility qualifies to provide Resource Adequacy Benefits to Buyer or Buyer's Designees in the amount of the Guaranteed Contract Capacity. Throughout the Delivery Term, Seller hereby covenants and agrees to transfer all Resource Adequacy Benefits relating to the Contract Capacity from the Facility to Buyer or Buyer's Designees unless otherwise directed by Buyer.

(c) For the duration of the Delivery Term, Seller shall take all commercially reasonable actions, including complying with all applicable Laws, including registration and

reporting requirements, and execute all documents or instruments necessary to enable Buyer or Buyer's Designees, to use all of the Capacity Attributes committed by Seller to Buyer pursuant to this Agreement to allow (i) Buyer's or Buyer's Designees' rights to the Guaranteed Storage RA Amount of Product for the sole benefit of Buyer or Buyer's Designees and (ii) that Buyer or Buyer's Designees may use the Product to meet their Compliance Obligations. Such commercially reasonable actions shall include, without limitation, (1) cooperating with and providing, and causing each Shown Unit's SC, owner, or operator to cooperate with and provide, requested and supporting documentation to the CAISO or the CPUC, including such documentation to demonstrate that the Guaranteed Storage RA Amount can be delivered to the CAISO controlled grid for the Resource Duration, pursuant to the "deliverability" standards established by the CAISO or the CPUC, and (2) upon reasonable request of Buyer, providing additional information and documentation to Buyer to assist Buyer or Buyer's Designees to meet compliance with regulatory agency requests and requirements to document that the Facility and the Capacity Attributes meet the requirements of all existing or future compliance programs administered by any regulatory agency to which Buyer is accountable. If necessary, the Parties further agree to negotiate in good faith to amend this Agreement to conform to subsequent clarifications, revisions, or decisions rendered by CAISO or an applicable Governmental Authority to maintain the benefits of the Agreement.

[Reserved].

Resource Adequacy Failure. For each month in which there is a Storage RA Shortfall, Seller shall pay to Buyer the RA Deficiency Amount as liquidated damages as calculated pursuant to Exhibit C, in each case. Except as set forth in Sections 11.1(b)(ii), (iii), (v) and (vi), payment of the RA Deficiency Amount shall be the sole remedy for the Resource Adequacy Benefits Seller failed to convey to Buyer.

Buyer's Re-Sale of Product. Buyer shall have the exclusive right in its sole discretion to convey, use, market, or sell the Product, or any part of the Product, to any Subsequent Purchaser; and Buyer shall have the right to all revenues generated from the conveyance, use, re-sale or remarketing of the Product, or any part of the Product. If the CAISO or CPUC develops a centralized capacity market, Buyer shall have the exclusive right to offer, bid, or otherwise submit the Capacity Attributes for re-sale into such market, and Buyer shall retain and receive all revenues from such re-sale. Seller shall take all commercially reasonable actions and execute all documents or instruments reasonably necessary to allow Subsequent Purchasers to use such resold Product, but without increasing Seller's obligations or liabilities under this Agreement. If Buyer incurs any liability to a Subsequent Purchaser due to the failure of Seller to comply with this Section 3.6, Seller shall be liable to Buyer for the amounts Seller would have owed Buyer under this Agreement if Buyer had not resold the Product.

Compliance Expenditure Cap.

(a) The Parties acknowledge that an essential purpose of this Agreement is to provide Resource Adequacy Benefits associated with Buyer's Share of the Installed Capacity to Buyer and the Project Participants that comply with the Resource Adequacy Rulings. The Parties acknowledge that Governmental Authorities, including the CPUC and CAISO, may undertake actions to implement changes in Law. Seller agrees, subject to the provisions of this Section 3.7,

to use commercially reasonable efforts to take all Compliance Actions and to cooperate with respect to any future changes to this Agreement needed to satisfy requirements of Governmental Authorities associated with changes in Law to maximize benefits to Buyer, including: (i) the modification of the description of Capacity Attributes as may be required, including updating the Agreement to reflect any mandatory contractual language required by Governmental Authorities; or (ii) submission of any reports, data, or other information required by Governmental Authorities; *provided*, Seller shall have no obligation to modify this Agreement, or take other actions not required under this Agreement, if such modifications or actions would materially adversely affect, or could reasonably be expected to have or result in a material adverse effect on, any of Seller's rights, benefits, risks and/or obligations under this Agreement. If a change in Law occurring after the Effective Date has increased Seller's known or reasonably expected costs to obtain, maintain, convey or effectuate Buyer's use of any Resource Adequacy Benefits, then the Parties agree that the maximum aggregate amount of costs and expenses Seller shall be required to bear during the Contract Term to comply with all of such obligations shall be capped at [REDACTED] ("**Compliance Expenditure Cap**").

(b) Any actions required for Seller to comply with its obligations set forth in Section 3.7(a), the cost of which will be included in the Compliance Expenditure Cap, shall be referred to collectively as the "**Compliance Actions**."

(c) If Seller reasonably anticipates the need to incur out-of-pocket expenses in excess of the Compliance Expenditure Cap in order to take any Compliance Action, Seller shall provide Notice to Buyer of such anticipated out-of-pocket expenses.

(d) Buyer will have sixty (60) days to evaluate such Notice (during which time period Seller is not obligated to take any Compliance Actions described in the Notice) and shall, within such time, either (i) agree to reimburse Seller for all of the costs that exceed the Compliance Expenditure Cap (such Buyer-agreed upon costs, the "**Accepted Compliance Costs**"), or (ii) waive Seller's obligation to take such Compliance Actions, or any part thereof for which Buyer has not agreed to reimburse Seller. If Buyer does not respond to a Notice given by Seller under this Section 3.7 within sixty (60) days after Buyer's receipt of same, Buyer shall be deemed to have waived its rights to require Seller to take the Compliance Actions that are the subject of the Notice, and Seller shall have no further obligation to take, and no liability for any failure to take, these Compliance Actions for the remainder of the Contract Term.

(e) If Buyer agrees to reimburse Seller for the Accepted Compliance Costs, then Seller shall take such Compliance Actions covered by the Accepted Compliance Costs as agreed upon by the Parties and Buyer shall reimburse Seller for Seller's actual costs to effect the Compliance Actions, not to exceed the Accepted Compliance Costs, within sixty (60) days from the time that Buyer receives an invoice and documentation of such costs from Seller.

Change in Long Duration Storage Requirements. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

No Electrical Output. Neither the purchase of the Product nor receipt of the Energy Settlement Revenue confers to Buyer any right to the electrical output or Energy from the Facility. Rather, the Product includes Buyer's Share of the Capacity Attributes and Resource Adequacy Benefits from the Installed Capacity and the Energy Settlement Revenue which confers the right for Buyer to receive payments regardless of whether the Facility is charged or discharged. Specifically, no Energy or Ancillary Services associated with the Facility are required to be made available to Buyer, and Buyer shall not be responsible for compensating Seller for Seller's commitments to the CAISO required by this Agreement. Seller retains the right to sell any Capacity Attributes from the Facility other than those Capacity Attributes related to the Contract Capacity.

**ARTICLE 4
OBLIGATIONS AND DELIVERIES**

Delivery. Subject to the provisions of this Agreement, during the Delivery Term, Seller shall supply and deliver the Product to Buyer, and Buyer shall take delivery of the Product in accordance with the terms of this Agreement. Delivery to and receipt by Buyer's Designees of Buyer's Share of the Resource Adequacy Benefits shall fulfill Seller's delivery obligations under this Section 4.1 of this Agreement. Seller shall be responsible for paying or satisfying when due all costs or charges imposed in connection with the delivery of Product, any operation and maintenance charges imposed by the Transmission Provider directly relating to the Facility's operations, transmission line losses, and Imbalance Energy charges. Seller shall provide Buyer or Buyer's Designees with the Guaranteed Storage RA Amount of Product for each Showing Month consistent with the following:

(a) No later than the Notification Deadline corresponding to each Showing Month of the Delivery Term, Seller shall deliver the Guaranteed Storage RA Amount by submitting, or causing each Shown Unit's Scheduling Coordinator to submit, Supply Plans to identify the characteristics of the Shown Unit and confirm the Capacity Attributes provided to the Buyer or Buyer's Designees for each Showing Month, with each Project Participant being allocated its Entitlement Share of the Guaranteed Storage RA Amount, unless specifically requested not to do so by Buyer.

(b) Seller shall cause all Supply Plans to meet and be filed in conformance with the requirements of the CPUC and the CAISO Tariff. Seller shall submit, or cause each Shown Unit's SC to submit, on a timely basis with respect to each applicable Showing Month, Supply Plans in accordance with the CAISO Tariff and CPUC requirements to identify and confirm the Capacity Attributes delivered to the Project Participants for each Showing Month of the Delivery Period.

(c) Seller shall identify the Shown Unit(s) and Guaranteed Storage RA Amount for a Showing Month by providing Buyer with the specific Shown Unit information set forth in Exhibit M no later than the Notification Deadline for such Showing Month.

(d) If CAISO rejects either the Supply Plan or the Resource Adequacy Plan with respect to any part of the Guaranteed Storage RA Amount for the Shown Unit(s) in any Showing Month, Seller and Buyer shall confer, make such corrections as are necessary for acceptance, and resubmit the corrected Supply Plan or Resource Adequacy Plan for validation before the applicable deadline for the Showing Month.

(e) The Resource Adequacy Benefits are delivered and received when the CIRA Tool shows that the Supply Plan submitted in compliance with Buyer's instructions, including Buyer's instructions to withhold all or part of the Guaranteed Storage RA Amount from Seller's Supply Plan for any Showing Month during the Delivery Period, has been accepted for the Resource Adequacy Benefits from the Shown Unit(s) by CAISO. Seller has failed to deliver the Resource Adequacy Benefits if (i) Buyer has elected to submit the Resource Adequacy Benefits from the Shown Unit(s) in the applicable Resource Adequacy Plan and such submission is accepted by the CPUC and the CAISO but the Supply Plan and Resource Adequacy Plan are not matched in the CIRA Tool and are rejected by CAISO notwithstanding performance of Section 4.1(d) or (ii) Seller fails to submit the volume of Guaranteed Storage RA Amount for any Showing Month in such amount as instructed by Buyer for the applicable Showing Month. Buyer and the Project Participants will have received the Guaranteed Storage RA Amount if Seller's Supply Plan is accepted by the CAISO for the applicable Showing Month.

(f) Buyer is to receive and retain all revenues associated with the Guaranteed Storage RA Amount of Capacity Attributes during the Delivery Period, including any capacity and availability revenues from Imbalance Reserves, Reliability Capacity Up, and Reliability Capacity Down, or their successors. Seller shall promptly report receipt of any such revenues to Buyer. Seller shall pay to Buyer within thirty (30) days of receipt any such amounts received by Seller, or a Shown Unit's SC, owner, or operator. Without prejudice to its other rights, Buyer may set off and recoup any such amounts that are not paid to it against amounts owed to Seller under the Agreement.

(g) CAISO Requirements. During the Delivery Period, Seller shall comply with the CAISO Tariff and any Business Practice Manuals and shall perform all, or cause the Shown Unit's SC, owner, or operator to perform all, obligations under applicable law and the CAISO Tariff that are associated with the sale of the Product hereunder. Seller shall be solely responsible for any CAISO penalties, fines or costs related to this Agreement including those penalties, fines or costs imposed on Seller or the Shown Unit's SC, owner, or operator for noncompliance with the CAISO Tariff or any Business Practice Manuals.

Interconnection. Seller shall be responsible for all costs and charges associated with Interconnection Facilities and Network Upgrades necessitated by the interconnection of the Facility. Throughout the Delivery Term, Seller shall provide under the Interconnection Agreement interconnection capacity and rights to the Facility of not less than the Dedicated Interconnection Capacity.

Efficiency Rate. During the Delivery Term, Seller shall use reasonable commercial efforts consistent with Prudent Operating Practices to cause the Facility to maintain an Efficiency Rate, calculated pursuant to a Capacity Test, of no less than the Guaranteed Efficiency Rate. [REDACTED]

Capacity Test. Prior to the Commercial Operation Date, Seller shall schedule and complete a Commercial Operation Capacity Test in accordance with Exhibit O. Thereafter, Seller and Buyer shall have the right to run additional Capacity Tests in accordance with Exhibit O.

(a) Buyer shall have the right to send one or more representative(s) to witness all Capacity Tests. Alternatively, to the extent that any Capacity Tests are done remotely, and no representatives are needed on site, Seller shall arrange for both Parties to have access to all data and other information arising out of such tests. Seller shall notify Buyer no later than five (5) Business Days prior to any Capacity Test (or any shorter period reasonably acceptable to Buyer consistent with Prudent Operating Practices).

(b) Following each Capacity Test, Seller shall submit a testing report in accordance with Exhibit O. If the actual capacity or efficiency rate of the Facility determined pursuant to a Capacity Test varies from the then-current Effective Capacity and/or Efficiency Rate, as applicable, then the actual capacity and/or efficiency rate, as applicable, determined pursuant to such Capacity Test (not to exceed the Installed Capacity) shall become the new Effective Capacity and/or Efficiency Rate, as applicable, at the beginning of the day following the completion of the test for all purposes under this Agreement, including compensation under Exhibit C, until a revised Effective Capacity and/or Efficiency Rate, as applicable, is determined pursuant to a subsequent Capacity Test.

Resource Duration Augmentation. At any time during the Term of this Agreement, Buyer may request augmentation of the Facility to increase the Resource Duration of the Guaranteed Contract Capacity to up to twelve (12) hours. Buyer shall provide Notice to Seller requesting such augmentation and Seller shall provide a good faith estimate of the cost and timing for such augmentation and the impacts on Facility operation during construction within forty-five (45) days after receipt of such Notice. Buyer shall provide Notice to Seller within thirty (30) days after receipt of Seller's estimate to (i) commence negotiations based on Seller's good faith estimate or (ii) decline to move forward with the augmentation. If Buyer wishes to commence negotiations, the Parties shall negotiate in good faith on necessary amendments to this Agreement. If the Parties fail to reach agreement on such amendments, neither Party shall have any further obligation under this Section 4.5; provided however, that Buyer may make one request for augmentation per Contract Year during the Term.

4.6 **Outages**

(a) **Planned Outages.**

(i) No later than January 15, April 15, July 15 and October 15 of each Contract Year, and at least sixty (60) days prior to the Commercial Operation Date, Seller shall submit to Buyer Seller's schedule of proposed Planned Outages ("**Outage Schedule**") for the

following twelve (12)-month period in a form reasonably agreed to by Buyer. Within twenty (20) Business Days after its receipt of an Outage Schedule, Buyer shall give Notice to Seller of any reasonable request for changes to the Outage Schedule, and Seller shall, consistent with Prudent Operating Practices, use reasonable commercial efforts to accommodate Buyer's requests regarding the timing of any Planned Outage. Seller shall deliver to Buyer the final Outage Schedule no later than ten (10) days after receiving Buyer's comments.

(ii) If reasonably required in accordance with Prudent Operating Practices, Seller shall have the right, on no less than ninety (90) days advance Notice to Buyer, to propose changes to the Outage Schedule developed pursuant to Section 4.6(a)(i) and 4.6(b); *provided*, Seller shall schedule all Planned Outages within the time period determined by the CAISO for the Facility, as a Resource Adequacy Resource that is subject to the Availability Standards, to qualify for an "Approved Maintenance Outage" under the CAISO Tariff. Buyer may provide comments no later than ten (10) days after receiving Seller's Notice of proposed changes to the Outage Schedule and shall permit any changes if doing so would not have a material adverse impact on Buyer or Buyer's Designees and Seller agrees to reimburse Buyer for any costs or charges associated with such changes.

No Planned Outages During Summer Months. Notwithstanding anything in this Agreement to the contrary, no Planned Outages of the Facility shall be scheduled or planned from each May 1 through October 31 during the Delivery Term, unless approved by Buyer in writing in its sole discretion. In the event Seller has a previously Planned Outage that becomes coincident with a System Emergency that requires resources to be available for dispatch, Seller shall make all reasonable efforts to reschedule such Planned Outage.

(c) Planned Outage Timing. To the extent commercially reasonable, Seller shall schedule maintenance Outages (i) within a single month, rather than across multiple months, (ii) during periods in which CAISO does not require resource substitution or replacement, and (iii) otherwise in a manner to avoid reductions in the Resource Adequacy Benefits available from the Facility to Buyer.

(d) RA Substitute Capacity. Seller shall provide RA Substitute Capacity as required by CAISO in connection with Facility outages. Seller acknowledges and agrees that any failure by Seller to provide such RA Substitute Capacity may result in CAISO rejecting or cancelling Seller's request for CAISO to approve such Facility outage. If Seller fails to provide RA Substitute Capacity, then Buyer may elect to not include the Facility (or, if applicable, the portion of the Facility) in its Supply Plan and such failure shall be deemed an "RA Shortfall" for the purpose of Section 3.5 and Exhibit C.

Pro Rata Reductions. If an Outage of the Facility is only for a portion of the Effective Capacity of the Facility, Seller shall assign the reduction in deliveries of Product on no less than a pro rata basis to Buyer based on Buyer's Share of the Effective Capacity.

Reduction in Delivery Obligation.

Unplanned Outage. When Unplanned Outages of the Facility occur, Seller shall orally notify Buyer of the existence, nature, cause and expected duration of the Unplanned Outage as soon as

practical by contacting Buyer by telephone and shall use reasonable commercial efforts to provide such notice within twenty-four (24) hours after the Unplanned Outage commences. Seller shall, in accordance with Prudent Operating Practice, inform Buyer of material changes in the expected duration of the Unplanned Outage. Seller shall be permitted to reduce deliveries of Product during any Unplanned Outage. Seller shall provide Buyer with Notice and expected duration of (if known) and plans to remediate any Unplanned Outage within five (5) Business Days of the occurrence of the Unplanned Outage.

Force Majeure Event. Seller shall be permitted to reduce deliveries of RA Product during any Force Majeure Event.

Health and Safety. Seller shall be permitted to reduce deliveries of Product as necessary to maintain health and safety in the event of an Emergency or System Emergency ordered by the CAISO or Transmission Provider that requires the Facility to ramp down or shut off, with evidence thereof provided to Buyer, provided, however, that Seller's failure to deliver Product shall not be excused due to any Outage of the Facility due to an Emergency caused by Seller's negligence or willful misconduct.

ARTICLE 5 TAXES AND ENVIRONMENTAL COSTS

Allocation of Taxes and Charges. Seller shall pay or cause to be paid all Taxes on or with respect to the Facility or on or with respect to the sale and making available of Product to Buyer, that are imposed on Product prior to its delivery to Buyer at the time and place contemplated under this Agreement. Buyer shall pay or cause to be paid all Taxes on or with respect to the delivery to and purchase by Buyer of Product that are imposed on Product at and after its delivery to Buyer at the time and place contemplated under this Agreement (other than withholding or other Taxes imposed on Seller's income, revenue, receipts or employees). If a Party is required to remit or pay Taxes that are the other Party's responsibility hereunder, such Party shall promptly pay the Taxes due and then seek and receive reimbursement from the other for such Taxes.

Cooperation. Each Party shall use reasonable efforts to implement the provisions of and administer this Agreement in accordance with the intent of the Parties to minimize all Taxes, so long as no Party is materially adversely affected by such efforts. The Parties shall cooperate to minimize Tax exposure; *provided, however,* that neither Party shall be obligated to incur any financial or operational burden to reduce Taxes for which the other Party is responsible hereunder without receiving due compensation therefore from the other Party. All Product delivered by Seller to Buyer hereunder shall be a sale made at wholesale, with Buyer reselling such Product.

Environmental Costs. Seller shall be solely responsible for:

- (a) All Environmental Costs;
- (b) All taxes, charges or fees imposed on the Facility or Seller by a Governmental Authority for Greenhouse Gas emitted by or attributable to the Facility during the Delivery Term, but expressly excluding any taxes, charges or fees related to Greenhouse Gases imposed on Energy used to charge the Facility or Energy discharged from the Facility;

(c) Seller's obligations listed under "Compliance Obligation" in the GHG Regulations; and

(d) All other costs associated with the implementation and regulation of Greenhouse Gas emissions (whether in accordance with the California Global Warming Solutions Act of 2006, Assembly Bill 32 (2006) and the regulations promulgated thereunder, including the GHG Regulations, or any other current or future federal, state or local legislation, regulations, decisions or other action to address, offset or reduce any Greenhouse Gas emissions implemented and regulated by a Governmental Authority) with respect to the Facility and/or Seller.

ARTICLE 6 MAINTENANCE AND REPAIR OF THE FACILITY

6.1 Maintenance of the Facility.

(a) Seller shall comply with Law and Prudent Operating Practice relating to the operation and maintenance of the Facility, the delivery and sale of Product, and the disposal and recycling of any equipment associated with the Facility.

(b) Seller shall maintain accurate records with respect to all Capacity Tests.

(c) Seller shall maintain and make available to Buyer records, including logbooks, demonstrating that the Facility is operated in accordance with Prudent Operating Practices.

(d) Seller shall use reasonable commercial efforts consistent with Prudent Operating Practices (i) to promptly make all necessary repairs to the Facility, and any portion thereof, and (ii) to take all actions necessary in order to provide the Product to Buyer in accordance with the terms of this Agreement (and, at a minimum, the Guaranteed Contract Capacity and the Guaranteed Efficiency Rate).

Maintenance of Health and Safety. Seller shall take reasonable safety precautions consistent with Prudent Operating Practices with respect to the operation, maintenance, repair and replacement of the Facility. If Seller becomes aware of any circumstances relating to the Facility that create an imminent risk of damage or injury to any Person or any Person's property, Seller shall take prompt, reasonable action to prevent such damage or injury and shall give Notice to Buyer's emergency contact identified on Exhibit N of such condition. Such action may include disconnecting and removing all or a portion of the Facility or suspending the supply of Energy discharged from the Facility to the Delivery Point.

Shared Facilities. The Parties acknowledge and agree that certain of the Shared Facilities and Interconnection Facilities, and Seller's rights and obligations under the Interconnection Agreement, may be subject to certain shared facilities and/or co-tenancy agreements to be entered into among Seller, the Transmission Provider, Seller's Affiliates, and/or third parties. Seller agrees that any agreements regarding Shared Facilities shall permit Seller to perform or satisfy, and shall not purport to limit, Seller's obligations hereunder, including providing interconnection capacity for the Facility's sole use in an amount not less than the Dedicated Interconnection Capacity. Seller shall not, and shall not permit any Affiliate to, allocate to other Persons a share of the total

interconnection capacity under the Interconnection Agreement in excess of an amount equal to the total interconnection capacity under the Interconnection Agreement minus the Dedicated Interconnection Capacity.

ARTICLE 7 METERING

Metering. The Facility Meter will be operated pursuant to applicable CAISO-approved calculation methodologies and maintained at Seller's cost. The Facility Meter shall be kept under seal, such seals to be broken only when the Facility Meter is to be tested, adjusted, modified or relocated.

Meter Data. Seller hereby agrees to provide all Facility Meter data to Buyer in a form reasonably acceptable to Buyer, and consents to Buyer or Buyer's SC obtaining from CAISO the CAISO meter data directly relating to the Facility and all inspection, testing and calibration data and reports.

ARTICLE 8 INVOICING AND PAYMENT; CREDIT

Invoicing. Seller shall use commercially reasonable efforts to deliver an invoice to Buyer for Product within ten (10) days after the end of the prior monthly delivery period. Each invoice shall (a) include records of Day-Ahead Market LMP data, Capacity Attributes transaction data, and Replacement RA delivered to Buyer (if any) sufficient to document and verify the amount of Product delivered by the Facility for the preceding month; and (b) be in a format reasonably specified by Buyer, covering the Product delivered in the preceding month as determined in accordance with the applicable provisions of this Agreement. Seller shall, and shall cause its Scheduling Coordinator to, provide Buyer with all reasonable access (including, in real time, to the maximum extent reasonably possible) to any records, including invoices or settlement data from the CAISO and other information, all as may be necessary from time to time for Buyer to verify the accuracy of all invoices. The invoice shall be delivered by electronic mail in accordance with Exhibit N.

Payment. Buyer shall make payments to Seller for Product (and any other amounts due) by wire transfer or ACH payment to the bank account provided on each monthly invoice. Buyer shall pay undisputed invoice amounts within thirty (30) days of Buyer's receipt of Seller's invoices; *provided*, if such due date falls on a weekend or legal holiday, such due date shall be the next Business Day. Payments made after the due date will be considered late and will bear interest on the unpaid balance. If the amount due is not paid on or before the due date or if any other payment that is due and owing from one Party to another is not paid on or before its applicable due date, a late payment charge shall be applied to the unpaid balance and shall be added to the next billing statement. Such late payment charge shall be calculated based on an annual Interest Rate equal to the prime rate published on the date of the invoice in The Wall Street Journal (or, if The Wall Street Journal is not published on that day, the next succeeding date of publication), plus two percent (2%) not to exceed the maximum rate permitted by Law (the "**Interest Rate**"). If the due date occurs on a day that is not a Business Day, the late payment charge shall begin to accrue on the next succeeding Business Day.

Books and Records. To facilitate payment and verification, each Party shall maintain all books and records necessary for billing and payments, including copies of all invoices under this Agreement, for a period of at least two (2) years following their creation or as otherwise required by Law. Upon fifteen (15) days' Notice to the other Party, either Party shall be granted reasonable access to the accounting books and records within the possession or control of the other Party pertaining to all invoices generated pursuant to this Agreement. Seller acknowledges that in accordance with California Government Code Section 8546.7, Seller may be subject to audit by the California State Auditor with regard to Seller's performance of this Agreement because the compensation under this Agreement exceeds Ten Thousand Dollars (\$10,000).

Invoice Adjustments. Invoice adjustments shall be made if (a) there have been good faith inaccuracies in invoicing or payment that are not otherwise disputed under Section 8.5 or (b) an adjustment to an amount previously invoiced or paid is required due to a correction of data by the CAISO. If the required adjustment is in favor of Buyer, Buyer's next monthly payment shall be credited in an amount equal to the adjustment. If the required adjustment is in favor of Seller, Seller shall add the adjustment amount to Buyer's next monthly invoice. Adjustments in favor of either Buyer or Seller shall bear interest at the Interest Rate, until settled in full, in accordance with Section 8.2, accruing from the date on which the adjusted amount should have been due.

Billing Disputes. A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within five (5) Business Days of such resolution along with interest accrued at the Interest Rate from and including the original due date to but excluding the date paid. Inadvertent overpayments shall be returned via adjustments in accordance with Section 8.4. Any dispute with respect to an invoice is waived if the other Party is not notified in accordance with this Section 8.5 within twelve (12) months after the invoice is rendered or subsequently adjusted, except to the extent any misinformation was from a third party not affiliated with any Party and such third party corrects its information after the twelve-month period. If an invoice is not rendered within twelve (12) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

Netting of Payments. The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts owed by each Party to the other Party for the purchase and sale of Product during the monthly billing period under this Agreement or otherwise arising out of this Agreement, including any related damages calculated pursuant to Exhibits B and C, interest, and payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it.

Seller's Development Security. To secure its obligations under this Agreement, Seller shall deliver Development Security to Buyer within thirty (30) days of the Effective Date. Seller shall

maintain the Development Security in full force and effect and Seller shall within five (5) Business Days after any draw thereon replenish the Development Security in the event Buyer collects or draws down any portion of the Development Security for any reason permitted under this Agreement other than to satisfy a Damage Payment or a Termination Payment; provided, however, that the aggregate amounts of such replenishments shall not exceed the full amount of the Development Security. Upon the earlier of (a) Seller's delivery of the Performance Security, or (b) sixty (60) days after termination of this Agreement, Buyer shall return the Development Security to Seller, less the amounts drawn in accordance with this Agreement. If the Development Security is a Letter of Credit and the issuer of such Letter of Credit (i) fails to maintain the minimum Credit Rating specified in the definition of Letter of Credit, (ii) indicates its intent not to renew such Letter of Credit and such Letter of Credit expires prior to the Commercial Operation Date, or (iii) fails to honor Buyer's properly documented request to draw on such Letter of Credit by such issuer, Seller shall have ten (10) Business Days to either post cash or deliver a substitute Letter of Credit that meets the requirements set forth in the definition of Development Security; *provided, however*, if Seller has failed to provide Beneficiary with a substitute Letter of Credit or other acceptable instrument within thirty (30) days prior to such expiration date, Buyer shall have the right to draw on the full amount of the Letter of Credit.

Seller's Performance Security. To secure its obligations under this Agreement, Seller shall deliver Performance Security to Buyer on or before the Commercial Operation Date. Seller shall maintain the Performance Security in full force and effect, and Seller shall within five (5) Business Days after any draw thereon replenish the Performance Security in the event Buyer collects or draws down any portion of the Performance Security for any reason permitted under this Agreement other than to satisfy a Termination Payment, until the following have occurred: (a) the Delivery Term has expired or terminated early; and (b) all payment obligations of Seller due and payable under this Agreement, including compensation for penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting). Following the occurrence of both events, Buyer shall promptly return to Seller the unused portion of the Performance Security. If the Performance Security is a Letter of Credit and the issuer of such Letter of Credit (i) fails to maintain the minimum Credit Rating set forth in the definition of Letter of Credit, (ii) indicates its intent not to renew such Letter of Credit and such Letter of Credit expires prior to the Commercial Operation Date, or (iii) fails to honor Buyer's properly documented request to draw on such Letter of Credit by such issuer, Seller shall have ten (10) Business Days to either post cash or deliver a substitute Letter of Credit that meets the requirements set forth in the definition of Performance Security; *provided, however*, if Seller has failed to provide Beneficiary with a substitute Letter of Credit or other acceptable instrument within thirty (30) days prior to such expiration date, Buyer shall have the right to draw on the full amount of the Letter of Credit.

First Priority Security Interest in Cash or Cash Equivalent Collateral. To secure its obligations under this Agreement, and until released as provided herein, Seller hereby grants to Buyer a present and continuing first-priority security interest ("**Security Interest**") in, and lien on (and right to net against), and assignment of the Development Security, Performance Security, any other cash collateral and cash equivalent collateral posted pursuant to Sections 8.7 and 8.8 and any and all interest thereon or proceeds resulting therefrom or from the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of Buyer, and Seller agrees to take all action as Buyer reasonably requires in order to perfect Buyer's Security Interest in, and lien on

(and right to net against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

Upon or any time after the occurrence of an Event of Default caused by Seller, an Early Termination Date resulting from an Event of Default caused by Seller, or an occasion provided for in this Agreement where Buyer is authorized to retain all or a portion of the Development Security or Performance Security, Buyer may do any one or more of the following (in each case subject to the final sentence of this Section 8.9):

(a) Exercise any of its rights and remedies with respect to the Development Security and Performance Security, including any such rights and remedies under Law then in effect;

(b) Draw on any outstanding Letter of Credit issued for its benefit and retain any cash held by Buyer as Development Security or Performance Security; and

(c) Liquidate all Development Security or Performance Security (as applicable) then held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller.

Buyer shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Seller's obligations under this Agreement (Seller remains liable for any amounts owing to Buyer after such application), subject to Buyer's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

8.10 **Buyer Credit Arrangements.**

(a) To secure its obligations under this Agreement, Buyer shall deliver to Seller, within one hundred twenty (120) days after the Effective Date, Buyer Liability Pass Through Agreements from the Project Participants with Liability Shares as set forth on Exhibit S. Seller shall countersign each Buyer Liability Pass Through Agreement within ten (10) days of receipt of Buyer's delivery of each such Buyer Liability Pass Through Agreement executed by Buyer and the applicable Project Participant; *provided* that no delay in countersigning any such Buyer Liability Pass Through Agreement shall affect Seller's, Buyer's or the Project Participant's rights or obligations thereunder. Buyer shall maintain such Buyer Liability Pass Through Agreements in full force and effect until both of the following have occurred: (i) the Delivery Term has expired or terminated early; and (ii) all payment obligations of Buyer due and payable under this Agreement are paid in full (whether directly or indirectly such as through set-off or netting).

(b) Buyer may propose amendments to Exhibit S, including with respect to the identity of Project Participants and the amount of each Project Participant's Liability Share. Seller shall have ten (10) Business Days to evaluate any such proposed amendments to Exhibit S in its sole but good faith discretion. If Seller approves such proposed amendments to Exhibit S, Buyer shall have sixty (60) days to provide Seller with replacement Buyer Liability Pass Through Agreements with Liability Shares executed by Buyer and the applicable Project Participants that incorporate the Liability Shares set forth in the amended Exhibit S. Seller shall countersign each such Buyer Liability Pass Through Agreement executed by Buyer and the applicable Project Participant within ten (10) Business Days after Buyer's delivery of such Buyer Liability Pass

Through Agreements to Seller; *provided* that no delay in countersigning any such Buyer Liability Pass Through Agreement shall affect Seller's, Buyer's or the Project Participant's rights or obligations thereunder.

(c)

[REDACTED]

[REDACTED] Following the occurrence of a Step-Up Event, Seller and Buyer will amend Exhibit S to set forth the Revised Liability Shares of the remaining Project Participants.

ARTICLE 9 NOTICES

Addresses for the Delivery of Notices. Any Notice required, permitted, or contemplated hereunder shall be in writing, shall be addressed to the Party to be notified at the address set forth in Exhibit N or at such other address or addresses as a Party may designate for itself from time to time by Notice hereunder.

Acceptable Means of Delivering Notice. Each Notice required, permitted, or contemplated hereunder shall be deemed to have been validly served, given or delivered as follows:

(a) if sent by United States mail with proper first class postage prepaid, three (3) Business Days following the date of the postmark on the envelope in which such Notice was deposited in the United States mail;

(b) if sent by a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement with such carrier made for the payment of such fees, the next

Business Day after the same is delivered by the sending Party to such carrier;

(c) if sent by electronic communication (including electronic mail or other electronic means) at the time indicated by the time stamp upon delivery and, if after 5 p.m. PPT, on the next Business Day provided that in each case the sender does not receive a delivery failure notification; or

(d) if delivered in person, upon receipt by the receiving Party. Notwithstanding the foregoing, Notices of Outages or other scheduling or dispatch information or requests may be sent by electronic communication and shall be considered delivered upon successful completion of such transmission.

ARTICLE 10 FORCE MAJEURE

Definition.

(a) “**Force Majeure Event**” means any act or event that delays or prevents a Party from timely performing all or a portion of its obligations under this Agreement or from complying with all or a portion of the conditions under this Agreement if such act or event, despite the exercise of commercially reasonable efforts, cannot be avoided by and is beyond the reasonable control (whether direct or indirect) of and without the fault or negligence of the Party relying thereon as justification for such delay, nonperformance, or noncompliance.

(b) Without limiting the generality of the foregoing, so long as the following events, despite the exercise of reasonable efforts, cannot be avoided by, and are beyond the reasonable control (whether direct or indirect) of and without the fault or negligence of the Party relying thereon as justification for such delay, nonperformance or noncompliance, a Force Majeure Event may include an act of God or the elements, such as flooding, lightning, hurricanes, tornadoes, or ice storms; explosion; fire; volcanic eruption; flood; epidemic; landslide; mudslide; sabotage; terrorism; earthquake; or other cataclysmic events; an act of public enemy; war; blockade; civil insurrection; riot; civil disturbance; or strikes or other labor difficulties caused or suffered by a Party or any third party except as set forth below.

(c) Notwithstanding the foregoing, the term “**Force Majeure Event**” does not include (i) economic conditions or changes in Law that render a Party’s performance of this Agreement at the Contract Price unprofitable or otherwise uneconomic (including an increase in component or compliance costs for any reason, including foreign or domestic tariffs, Buyer’s ability to buy Product at a lower price, or Seller’s ability to sell the Product, or any component thereof, at a higher price, than under this Agreement); (ii) Seller’s inability to obtain permits or approvals of any type for the construction, operation, or maintenance of the Facility, except to the extent such inability is caused by a Force Majeure Event; (iii) the inability of a Party to make payments when due under this Agreement, unless the cause of such inability is an event that would otherwise constitute a Force Majeure Event as described above; (iv) a Curtailment Order; (v) Seller’s inability to obtain sufficient labor, equipment, materials, or other resources to build or operate the Facility, including the lack of wind, sun or other fuel source of an inherently intermittent nature, except to the extent such inability is caused by a Force Majeure Event; (vi) a

strike, work stoppage or labor dispute limited only to any one or more of Seller, Seller's Affiliates, Seller's contractors, their subcontractors thereof or any other third party employed by Seller to work on the Facility; (vii) any equipment failure except if such equipment failure is caused by a Force Majeure Event; (viii) events otherwise constituting a Force Majeure Event that prevents Seller from achieving Construction Start or Commercial Operation of the Facility, except to the extent expressly permitted as a Development Cure Period under this Agreement; or (ix) any action or inaction by any third party, including Transmission Provider, that delays or prevents the approval, construction or placement in service of any Interconnection Facilities or Reliability Network Upgrades, except to the extent expressly permitted as a Development Cure Period under this Agreement.

No Liability If a Force Majeure Event Occurs. Except as provided in Section 4 of Exhibit B, neither Seller nor Buyer shall be liable to the other Party in the event it is prevented from performing its obligations hereunder in whole or in part due to a Force Majeure Event. If a Force Majeure Event causes a partial Outage to the Facility, Seller shall assign the reduction in deliveries of Product on a pro rata basis to Buyer based on Buyer's Share of the Installed Capacity. Buyer shall not be obligated to make payments under this Agreement for any Product that is not delivered during a Force Majeure Event. The Party rendered unable to fulfill any obligation by reason of a Force Majeure Event shall take reasonable actions necessary to remove such inability with due speed and diligence. Nothing herein shall be construed as permitting that Party to continue to fail to perform after said cause has been removed. The obligation to use due speed and diligence shall not be interpreted to require resolution of labor disputes by acceding to demands of the opposition when such course is inadvisable in the discretion of the Party having such difficulty. Neither Party shall be considered in breach or default of this Agreement if and to the extent that any failure or delay in the Party's performance of one or more of its obligations hereunder is caused by a Force Majeure Event. Notwithstanding the foregoing, the occurrence and continuation of a Force Majeure Event shall not (a) suspend or excuse the obligation of Seller to achieve the Guaranteed Construction Start Date or the Guaranteed Commercial Operation Date beyond the extensions provided in Section 4 of Exhibit B, or (b) limit Buyer's right to declare an Event of Default pursuant to Section 11.1(b)(i) after all applicable extensions of the Guaranteed Construction Start Date and the Guaranteed Commercial Operation Date and receive a Damage Payment upon exercise of Buyer's remedies pursuant to Section 11.2.

Notice of Force Majeure Event. Within two (2) Business Days of the commencement of Force Majeure Event, the claiming Party shall provide the other Party with oral notice of the event of Force Majeure, and within two (2) weeks of the commencement of a Force Majeure Event the claiming Party shall provide the other Party with notice in the form of a letter describing in detail the occurrence giving rise to the Force Majeure Event, including the nature, cause, estimated date of commencement thereof, and the anticipated extent of any delay or interruption in performance. Failure to provide timely written notice constitutes a waiver of the Force Majeure Event. Upon written request from Buyer, Seller shall provide documentation demonstrating to Buyer's reasonable satisfaction that each day of the claimed delay was the result of a Force Majeure Event and did not result from Seller's actions or failure to exercise due diligence or take reasonable actions. The claiming party shall promptly notify the other Party in writing of the cessation or termination of such Force Majeure Event, all as known or estimated in good faith by the affected Party. The suspension of performance due to a claim of Force Majeure must be of no greater scope and of no longer duration than is required by the Force Majeure Event.

(d) **Termination Following Force Majeure Event.** If a Force Majeure Event has occurred after the Commercial Operation Date that has caused either Party to be wholly or partially unable to perform its obligations hereunder, and the impacted Party has claimed and received relief from performance of its obligations for a consecutive twelve (12) month period, then the non-claiming Party may terminate this Agreement upon Notice to the other Party. Upon any such termination, neither Party shall have any further liability to the other Party, save and except for those obligations specified in Section 2.1(c) and 11.6, as applicable, and Buyer shall promptly return to Seller any Performance Security then held by Buyer, less any amounts drawn in accordance with this Agreement.

ARTICLE 11 DEFAULTS; REMEDIES; TERMINATION

Events of Default. An “**Event of Default**” shall mean,

(a) with respect to a Party (the “**Defaulting Party**”) that is subject to the Event of Default the occurrence of any of the following:

(i) the failure by such Party to make, when due, any payment required pursuant to this Agreement and such failure is not remedied within ten (10) Business Days after Notice thereof;

(ii) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof (or such longer additional period, not to exceed an additional sixty (60) days, if the Defaulting Party is unable to remedy such default within such initial thirty (30)-day period despite exercising commercially reasonable efforts);

(iii) the failure by such Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default set forth in this Section 11.1, and except for failure to provide Resource Adequacy Benefits, the exclusive remedies for which are set forth in Exhibit C and Sections 11.1(b)(ii), (iii), (v) and (vi), and such failure is not remedied within thirty (30) days after Notice thereof (or such longer additional period, not to exceed an additional ninety (90) days, if the Defaulting Party is unable to remedy such default within such initial thirty (30) day period despite exercising best efforts);

(iv) such Party becomes Bankrupt;

(v) such Party assigns this Agreement or any of its rights hereunder other than in compliance with Article 14, if applicable; or

(vi) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of Law or pursuant to an agreement reasonably satisfactory to the other Party.

(b) with respect to Seller as the Defaulting Party, the occurrence of any of the following:

[REDACTED]

Remedies; Declaration of Early Termination Date. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party ("**Non-Defaulting Party**") shall have the following rights:

(a) to send Notice, designating a day, no earlier than the day such Notice is deemed to be received and no later than twenty (20) days after such Notice is deemed to be received, as an early termination date of this Agreement ("**Early Termination Date**") that terminates this Agreement (the "**Terminated Transaction**") and ends the Delivery Term effective as of the Early Termination Date;

(b) to accelerate all amounts owing between the Parties, and to collect as liquidated damages (i) the Damage Payment, or (ii) the Termination Payment, as applicable, in each case calculated in accordance with Section 11.3 below;

(c) to withhold any payments due to the Defaulting Party under this Agreement;

(d) to suspend performance; and

(e) to exercise any other right or remedy available at law or in equity, including specific performance or injunctive relief, except to the extent such remedies are expressly limited under this Agreement; *provided*, payment by the Defaulting Party of the Damage Payment or Termination Payment, as applicable, shall constitute liquidated damages and the Non-Defaulting Party's sole and exclusive monetary remedy for any Terminated Transaction and the Event of Default related thereto.

Damage Payment; Termination Payment. If an Early Termination Date has been declared, the Non-Defaulting Party shall calculate, in a commercially reasonable manner, the Damage Payment or Termination Payment, as applicable, in accordance with this Section 11.3.

(a) Damage Payment Prior to Commercial Operation Date. If the Early Termination Date occurs before the Commercial Operation Date, then the Damage Payment shall be calculated in accordance with this Section 11.3(a).

(i)

[REDACTED]

[REDACTED] The Parties agree that Buyer's damages in the event of an Early Termination Date prior to the Commercial Operation Date caused by Seller's Event of Default would be difficult or impossible to determine, that the damages set forth in this Section 11.3(a)(i) are liquidated damages and not a penalty, and are a reasonable approximation of Buyer's harm or loss.

(ii)

[REDACTED]

[REDACTED] The Parties agree that Seller's damages in the event of an Early Termination Date prior to the Commercial Operation Date caused by Buyer's default would be difficult or impossible to determine and that the damages set forth in this Section

11.3(a)(ii) are liquidated damages and not a penalty and are a reasonable approximation of Seller's harm or loss.

(b) Termination Payment On or After the Commercial Operation Date. The payment owed by the Defaulting Party to the Non-Defaulting Party for a Terminated Transaction occurring after the Commercial Operation Date ("**Termination Payment**") shall be the aggregate of all Settlement Amounts plus any and all other amounts due to or from the Non-Defaulting Party (as of the Early Termination Date) netted into a single amount. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for the Terminated Transaction as of the Early Termination Date. Without prejudice to the Non-Defaulting Party's duty to mitigate, the Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount. Each Party agrees and acknowledges that (i) the actual damages that the Non-Defaulting Party would incur in connection with a Terminated Transaction would be difficult or impossible to predict with certainty, (ii) the Termination Payment described in this Section 11.3(b) is a reasonable and appropriate approximation of such damages, and (iii) the Termination Payment described in this Section 11.3(b) is the exclusive remedy of the Non-Defaulting Party in connection with a Terminated Transaction but shall not otherwise act to limit any of the Non-Defaulting Party's rights or remedies if the Non-Defaulting Party does not elect a Terminated Transaction as its remedy for an Event of Default by the Defaulting Party.

Notice of Payment of Termination Payment or Damage Payment. As soon as practicable after a Terminated Transaction, but in no event later than sixty (60) days after the Early Termination Date (or such longer additional period, not to exceed an additional sixty (60) days, if the Non-Defaulting Party is unable, despite using commercially reasonable efforts, to calculate the Termination Payment or Damage Payment, as applicable, within such initial sixty (60)-day period despite exercising commercially reasonable efforts), Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Damage Payment or Termination Payment, as applicable, and whether the Termination Payment or Damage Payment, as applicable, is due to or from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such calculation. The Termination Payment or Damage Payment, as applicable, shall be made to or from the Non-Defaulting Party, as applicable, within ten (10) Business Days after such Notice is effective.

Disputes With Respect to Termination Payment or Damage Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment or Damage Payment, as applicable, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of the Non-Defaulting Party's calculation of the Termination Payment or Damage Payment, as applicable, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute. Disputes regarding the Termination Payment or Damage Payment, as applicable, shall be determined in accordance with Article 15.

[REDACTED]

[REDACTED]

Rights And Remedies Are Cumulative. Except where an express and exclusive remedy or measure of damages is provided, the rights and remedies of a Party pursuant to this Article 11 shall be cumulative and in addition to the rights of the Parties otherwise provided in this Agreement.

Mitigation. Any Non-Defaulting Party shall be obligated to use commercially reasonable efforts to mitigate its Costs, Losses and damages resulting from any Event of Default of the other Party under this Agreement.

Pass Through of Buyer Liability. Notwithstanding any other provision of this Agreement, if Buyer fails to make when due any payment required pursuant to this Agreement, and such failure is not remedied within ten (10) Business Days after Notice thereof, Seller may, without waiving any of its rights with respect to Buyer except as expressly provided herein, pursue remedies under any or all of the Buyer Liability Pass Through Agreements as provided therein. Seller hereby waives the right to recover directly from Buyer any Damage Payment or Termination Payment owed by Buyer that is not paid by Buyer pursuant to Sections 11.3 and 11.4, but the foregoing waiver does not apply to any other right or remedy of Seller under this Agreement, including the right to recover accrued amounts payable or reimbursable under this Agreement or any other amounts incurred or accrued prior to termination of this Agreement, and the right to terminate the Agreement as the result of an Event of Default by Buyer.

LIMITATION OF LIABILITY AND EXCLUSION OF WARRANTIES.

No Consequential Damages. EXCEPT TO THE EXTENT (A) PART OF AN EXPRESS REMEDY OR MEASURE OF DAMAGES HEREIN, (B) PART OF A THIRD-PARTY INDEMNITY CLAIM UNDER ARTICLE 16, (C) INCLUDED IN A LIQUIDATED DAMAGES CALCULATION, OR (D) RESULTING FROM A PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER OR ITS INDEMNIFIED PERSONS FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, INDIRECT, OR CONSEQUENTIAL DAMAGES, OR LOSSES OR DAMAGES FOR LOST REVENUE OR LOST PROFITS, WHETHER FORESEEABLE OR NOT, ARISING OUT OF, OR IN

CONNECTION WITH THIS AGREEMENT, BY STATUTE, IN TORT OR CONTRACT.

Waiver and Exclusion of Other Damages. EXCEPT AS EXPRESSLY SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. ALL LIMITATIONS OF LIABILITY CONTAINED IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE PERTAINING TO SELLER'S LIMITATION OF LIABILITY AND THE PARTIES' WAIVER OF CONSEQUENTIAL DAMAGES, SHALL APPLY EVEN IF THE REMEDIES FOR BREACH OF WARRANTY PROVIDED IN THIS AGREEMENT ARE DEEMED TO "FAIL OF THEIR ESSENTIAL PURPOSE" OR ARE OTHERWISE HELD TO BE INVALID OR UNENFORCEABLE.

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS AND EXCLUSIVE REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY. THE VALUE OF ANY TAX CREDITS, DETERMINED ON AN AFTER-TAX BASIS, LOST DUE TO BUYER'S DEFAULT (WHICH SELLER HAS NOT BEEN ABLE TO MITIGATE AFTER USE OF REASONABLE EFFORTS) AND AMOUNTS DUE IN CONNECTION WITH THE RECAPTURE OF TAX CREDITS, IF ANY, SHALL BE DEEMED TO BE DIRECT DAMAGES. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, INCLUDING UNDER SECTIONS 3.5, 11.2 AND 11.3, AND AS PROVIDED IN EXHIBIT B AND EXHIBIT C. THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, THAT OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THAT THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE ANTICIPATED HARM OR LOSS. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. THE PARTIES HEREBY WAIVE ANY RIGHT TO CONTEST SUCH PAYMENTS AS AN UNREASONABLE PENALTY.

THE PARTIES ACKNOWLEDGE AND AGREE THAT MONEY DAMAGES AND THE EXPRESS REMEDIES PROVIDED FOR HEREIN ARE AN ADEQUATE REMEDY FOR THE BREACH BY THE OTHER OF THE TERMS OF THIS AGREEMENT, AND EACH PARTY

WAIVES ANY RIGHT IT MAY HAVE TO SPECIFIC PERFORMANCE WITH RESPECT TO ANY OBLIGATION OF THE OTHER PARTY UNDER THIS AGREEMENT.

ARTICLE 13 REPRESENTATIONS AND WARRANTIES; COVENANTS

Seller's Representations and Warranties. As of the Effective Date, Seller represents and warrants as follows:

(a) Seller is a limited liability company, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and is qualified to conduct business in each jurisdiction where the failure to so qualify would have a material adverse effect on the business or financial condition of Seller.

(b) Seller has the power and authority to enter into and perform this Agreement and is not prohibited from entering into this Agreement or discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement. The execution, delivery and performance of this Agreement by Seller has been duly authorized by all necessary limited liability company action on the part of Seller and does not and will not require the consent of any trustee or holder of any indebtedness or other obligation of Seller or any other party to any other agreement with Seller.

(c) The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by Seller with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Law presently in effect having applicability to Seller, subject to any permits that have not yet been obtained by Seller, the documents of formation of Seller or any outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which Seller is a party or by which any of its property is bound.

(d) This Agreement has been duly executed and delivered by Seller. This Agreement is a legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

(e) The Facility will be located in the State of California.

(f) Seller shall maintain Site Control throughout the Contract Term.

(g) Seller will be responsible for obtaining all permits necessary to construct and operate the Facility and Seller will be the applicant on any CEQA documents, if applicable.

(h) As of the Effective Date, the Facility as designed is eligible to qualify as a Long Duration Storage resource.

(i) The Product is an incremental resource and includes the exclusive right of Buyer and Buyer's Designees, including the Project Participants, to claim the Capacity Attributes of the Facility as an incremental resource for purposes of CPUC Decision 21-06-03, as such

Decision may be revised, updated or amended from time to time.

(j) Seller will provide additional information and documentation to Buyer if necessary to enable Project Participants to demonstrate that the Product meets the procurement mandates set forth in CPUC Decision 21-06-035.

Buyer's Representations and Warranties. As of the Effective Date, Buyer represents and warrants as follows:

(a) Buyer is a joint powers authority validly existing and in good standing under the laws of the State of California and is qualified to conduct business pursuant to its duly authorized Joint Powers Agreement. All Persons making up the governing body of Buyer are appointed in their positions and hold their positions in good standing in accordance with the Joint Powers Agreement and other Law.

(b) Buyer has the power and authority to enter into and perform this Agreement and is not prohibited from entering into this Agreement or discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement, except where such failure does not have a material adverse effect on Buyer's performance under this Agreement. The execution, delivery and performance of this Agreement by Buyer has been duly authorized by all necessary action on the part of Buyer and does not and will not require the consent of any trustee or holder of any indebtedness or other obligation of Buyer or any other party to any other agreement with Buyer.

(c) The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by Buyer with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Law presently in effect having applicability to Buyer, the documents of formation of Buyer or any outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which Buyer is a party or by which any of its property is bound.

(d) This Agreement has been duly executed and delivered by Buyer. This Agreement is a legal, valid and binding obligation of Buyer enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

(e) Buyer warrants and covenants that with respect to its contractual obligations under this Agreement, it will not claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its revenues or assets from (1) suit, (2) jurisdiction of court (provided that such court is located within a venue permitted in Law and under the Agreement), (3) relief by way of injunction, order for specific performance or recovery of property, (4) attachment of assets, or (5) execution or enforcement of any judgment; *provided, however*, that nothing in this Agreement shall waive the obligations or rights set forth in the California Tort Claims Act (California Government Code Section 810 *et seq.*).

General Covenants. Each Party covenants that commencing on the Effective Date and continuing throughout the Contract Term:

(a) It shall continue to be duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation and to be qualified to conduct business in California and each jurisdiction where the failure to so qualify would have a material adverse effect on its business or financial condition;

(b) It shall maintain (or obtain from time to time as required) all regulatory authorizations necessary for it to legally perform its obligations under this Agreement; and

(c) It shall perform its obligations under this Agreement in compliance with all terms and conditions in its governing documents and in material compliance with any Law.

Seller's Covenants. Seller covenants that commencing on the Effective Date and continuing throughout the Contract Term:

(a) **Compliance with Laws.** To the extent applicable to Seller or the Facility, Seller shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, including, without limitation those related to employment discrimination and prevailing wage, non-discrimination and non-preference; conflict of interest; environmentally preferable procurement; single serving bottled water; gifts; and disqualification of former employees. Seller shall not discriminate against any employee or applicant for employment on the basis of the fact or perception of that person's race, color, religion, ancestry, national origin, age, sex (including pregnancy, childbirth or related medical conditions), legally protected medical condition, family care status, veteran status, sexual orientation, gender identity, transgender status, domestic partner status, marital status, physical or mental disability, or AIDS/HIV status.

(b) **Workforce Development.** Seller shall comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations and orders and decrees of any courts or administrative bodies or tribunals, including, without limitation, employment discrimination and prevailing wage laws. Although the Facility is not a public work as defined by California Labor Code Section 1720, any construction work contracted by Seller in furtherance of this Agreement shall (i) comply with California prevailing wage provisions applicable to public works projects, including but not limited to those set forth in California Labor Code Sections 1770, 1771, 1771.1, 1772, 1773, 1773.1, 1774, 1775, 1776, 1777.5, and 1777.6, as they may be amended from time to time ("**Prevailing Wage Requirement**"); and (ii) be conducted using a project labor agreement, community workforce agreement, work site agreement, collective bargaining agreement, or similar agreement providing for terms and conditions of employment with applicable labor organizations ("**Project Labor Agreement**").

(c) **Prohibition Against Forced Labor.** Seller represents and warrants that it has not and will not knowingly utilize equipment or resources for the construction, operation or maintenance of the Facility that rely on work or services exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily ("**Forced Labor**"). Consistent with the business advisory jointly issued by the U.S. Departments of State,

Treasury, Commerce and Homeland Security on July 1, 2020, equipment or resources sourced from the Xinjiang region of China are presumed to involve Forced Labor.

ARTICLE 14 ASSIGNMENT

General Prohibition on Assignments. Except as provided below in this Article 14, neither Party may assign this Agreement or its rights or obligations under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed. Any Change of Control of Seller (whether voluntary or by operation of law) will be deemed an assignment and will require the prior written consent of Buyer to the same extent that Buyer's consent to an assignment is required, which consent shall not be unreasonably withheld, conditioned or delayed. Any assignment made without the required written consent, or in violation of the conditions to assignment set out below, shall be null and void. Buyer will have no obligation to provide any consent, or enter into any agreement, that materially and adversely affects any of Buyer's rights, benefits, risks or obligations under this Agreement, or to modify the Agreement, except as set forth below. The assigning Party shall pay the other Party's reasonable expenses associated with the preparation, review, execution and delivery of documents in connection with any assignment of this Agreement by the assigning Party, including without limitation reasonable attorneys' fees.

Collateral Assignment. Subject to the provisions of this Section 14.2, Seller has the right to assign this Agreement as collateral for any financing or refinancing of the Facility. In connection with any financing or refinancing of the Facility by Seller, upon request of Seller, Buyer shall in good faith work with Seller and Lender to agree upon a consent to collateral assignment of this Agreement ("**Collateral Assignment Agreement**"). The Collateral Assignment Agreement shall include the following provisions:

(a) Buyer shall give Notice of an Event of Default by Seller to the Person(s) to be specified by Lender in the Collateral Assignment Agreement, before exercising its right to terminate this Agreement as a result of such Event of Default; provided that such notice shall be provided to Lender at the time such notice is provided to Seller and the cure period of Lender shall not commence until Lender has received notice of such Event of Default;

(b) Following an Event of Default by Seller under this Agreement, Buyer may require Seller or Lender to provide to Buyer a report concerning:

(i) The status of efforts by Seller or Lender to develop a plan to cure the Event of Default;

(ii) Impediments to the cure plan or its development;

(iii) If a cure plan has been adopted, the status of the cure plan's implementation (including any modifications to the plan as well as the expected timeframe within which any cure is expected to be implemented); and

(iv) Any other information which Buyer may reasonably require related to the development, implementation and timetable of the cure plan.

Seller or Lender must provide the report to Buyer within ten (10) Business Days after Notice from Buyer requesting the report. Buyer will have no further right to require the report with respect to a particular Event of Default after that Event of Default has been cured;

(c) Lender will have the right to cure an Event of Default on behalf of Seller, only if Lender sends a written notice to Buyer before the later of (i) the expiration of any cure period, and (ii) ten (10) Business Days after Lender's receipt of notice of such Event of Default from Buyer, indicating Lender's intention to cure. Lender must remedy or cure the Event of Default within the cure period under this Agreement and any additional cure periods agreed in the Collateral Assignment Agreement, which shall not exceed a maximum of sixty (60) days (or one hundred twenty (120) days in the event of a Bankruptcy of Seller, or any foreclosure or similar proceeding if required by Lender to cure any Event of Default);

(d) Lender will have the right to consent before any termination of this Agreement which does not arise out of an Event of Default;

(e) Lender will receive prior Notice of and the right to approve material amendments to this Agreement, which approval will not be unreasonably withheld, delayed or conditioned;

(f) If Lender, directly or indirectly, takes possession of, or title to the Facility (including possession by a receiver or title by foreclosure or deed in lieu of foreclosure), Lender must assume all of Seller's obligations arising under this Agreement and all related agreements (subject to such limits on liability as are mutually agreed to by Seller, Buyer, and Lender as set forth in the Collateral Assignment Agreement); *provided*, before such assumption, if Buyer advises Lender that Buyer will require that Lender cure (or cause to be cured) any Event of Default capable of being cured existing as of the possession date in order to avoid the exercise by Buyer (in its sole discretion) of Buyer's right to terminate this Agreement with respect to such Event of Default, then Lender at its option, and in its sole discretion, may elect to either:

- (i) Cause such Event of Default to be cured, or
- (ii) Not assume this Agreement;

(g) If Lender elects to sell or transfer the Facility (after Lender directly or indirectly, takes possession of, or title to the Facility), or sale of the Facility occurs through the actions of Lender (for example, a foreclosure sale where a third party is the buyer, or otherwise), then Lender shall cause the transferee or buyer to assume all of Seller's obligations arising under this Agreement and all related agreements as a condition of the sale or transfer. Such sale or transfer may be made only to an entity that (i) meets the definition of Permitted Transferee and (ii) is an entity that Buyer is permitted to contract with under applicable Law; and

(h) Subject to Lender's cure of any Events of Defaults under the Agreement in accordance with Section 14.2(f), if (i) this Agreement is rejected in Seller's Bankruptcy or otherwise terminated in connection therewith, Lender shall have the right to elect within thirty (30) days after such rejection or termination, to cause Buyer to enter into a replacement agreement with Seller having the same terms as this Agreement for the remaining term thereof, or (ii) if Lender or its designee, directly or indirectly, takes possession of, or title to, the Facility (including possession

by a receiver or title by foreclosure or deed in lieu of foreclosure) after any such rejection or termination of this Agreement, promptly after Buyer's written request, Lender must itself or must cause its designee to promptly enter into a new agreement with Buyer having the same terms as this Agreement for the remaining term thereof, provided that in the event a designee of Lender, directly or indirectly, takes possession of, or title to, the Facility (including possession by a receiver or title by foreclosure or deed in lieu of foreclosure), such designee shall be approved by Buyer, not to be unreasonably withheld.

Permitted Assignment. Except as may be precluded by, or would cause Buyer to be in violation of the Political Reform Act (California Government Code Section 81000 *et seq.*) or the regulations thereto, California Government Code Section 1090, or any other conflict of interest Law:

(a) Seller may, without the prior written consent of Buyer, transfer or assign this Agreement directly or indirectly to an Affiliate of Seller if, and only if:

(i) Seller has given Buyer Notice at least fifteen (15) Business Days before the date of such proposed assignment; and

(ii) Seller has provided Buyer with a written agreement signed by the Affiliate to which Seller wishes to assign its interests that provides that such Affiliate will assume all of Seller's obligations and liabilities under this Agreement upon such transfer or assignment.

(b) Seller may, without the prior written consent of Buyer, transfer or assign this Agreement to any Person succeeding to all, or substantially all, of the assets of Seller (whether voluntary or by operation of law), if, and only if:

(i) The assignee is a Permitted Transferee;

(ii) Seller has given Buyer Notice at least fifteen (15) Business Days before the date of such proposed assignment; and

(iii) Seller has provided Buyer a written agreement signed by the Person to which Seller wishes to assign its interests that (x) provides that such Person will assume all of Seller's obligations and liabilities under this Agreement upon such transfer or assignment and (y) certifies that such Person meets the definition of a Permitted Transferee.

(c) Notwithstanding the foregoing, any assignment by Seller, its successors or assigns under this Section 14.3 shall be of no force and effect unless and until such Notice and agreement by the assignee have been received and confirmed by Buyer.

(d) Buyer may, without the prior written consent of Seller, transfer or assign this Agreement to any member of Buyer that (i) has a Credit Rating of at least BBB- from S&P and Baa3 from Moody's, and (ii) is a load serving entity; *provided*, Buyer shall give Seller Notice at least fifteen (15) Business Days before the date of such proposed assignment and provide to Seller a written agreement signed by the Person to which Buyer wishes to assign its interests that provides that such Person will assume all of Buyer's obligations and liabilities under this Agreement upon such transfer or assignment. Notwithstanding the foregoing, any assignment by

Buyer, its successors or assigns under this Section 14.3(d) shall be of no force and effect unless and until such Notice and agreement by the assignee have been received and accepted by Seller.

Portfolio Financing. Buyer agrees and acknowledges that Seller may elect to finance all or any portion of the Facility or the Interconnection Facilities or the Shared Facilities (a) utilizing tax equity investment, and/or (b) through a Portfolio Financing, which may include cross-collateralization or similar arrangements. In connection with any financing or refinancing of the Facility, the Interconnection Facilities or the Shared Facilities by Seller or any Portfolio Financing, Buyer, Seller, Portfolio Financing Entity (if any), and Lender shall execute and deliver such further consents, approvals and acknowledgments as may be reasonable and necessary to facilitate such transactions; *provided*, Buyer shall not be required to agree to any terms or conditions which are reasonably expected to have a material adverse effect on Buyer and all reasonable attorney's fees incurred by Buyer in connection therewith shall be borne by Seller.

Buyer Financing Assignment. Buyer may assign this Agreement to a financing entity that will pre-pay all of Buyer's payment obligations under this Agreement with Seller's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned; *provided* that Seller reasonably determines that the terms and conditions of such pre-payment arrangements are satisfactory to Seller and its Lenders and do not adversely affect Seller or its arrangements with Lenders in any respect and that Seller is reimbursed for all costs and expenses incurred by Seller and its Lenders in connection with such transaction.

ARTICLE 15 DISPUTE RESOLUTION

Governing Law; Venue. This agreement and the rights and duties of the parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of Law. To the extent enforceable at such time, each party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this agreement. The Parties agree that any suit, action or other legal proceeding by or against any Party with respect to or arising out of this Agreement shall be brought in the federal or state courts located in the State of California in a location to be mutually chosen by Buyer and Seller, or in the absence of mutual agreement, the County of Sacramento.

Dispute Resolution. In the event of any dispute arising under this Agreement, within ten (10) days following the receipt of a Notice from either Party identifying such dispute, the Parties shall hold a meeting of executives (Vice President-level or above) to meet, negotiate and attempt, in good faith, to resolve the dispute quickly and informally without significant legal costs. If the Parties are unable to resolve a dispute arising hereunder within the earlier of either thirty (30) days of initiating such discussions, or within forty (40) days after Notice of the dispute, the Parties shall submit the dispute to mediation prior to seeking any and all remedies available to them at Law in or equity. The Parties shall cooperate in selecting a qualified neutral mediator selected from a panel of neutrals and in scheduling the time and place of the mediation as soon as reasonably possible, but in no event later than thirty (30) days after the request for mediation is made. The Parties agree to participate in the mediation in good faith and to share the costs of the mediation, including the mediator's fee, equally, but such shared costs shall not include each Party's own attorneys' fees

and costs, which shall be borne solely by such Party. If the mediation is unsuccessful, then either Party may seek any and all remedies available to it at law or in equity, subject to the limitations set forth in this Agreement.

Attorneys' Fees. In any proceeding brought to enforce this Agreement or because of the breach by any Party of any covenant or condition herein contained, the prevailing Party shall be entitled to reasonable attorneys' fees (including reasonably allocated fees of in-house counsel) in addition to court costs and any and all other costs recoverable in said action.

ARTICLE 16 INDEMNIFICATION

16.1 Indemnification.

(a) Seller agrees to indemnify, defend and hold harmless Buyer and its Affiliates, directors, officers, attorneys, employees, representatives and agents (collectively, the "**Buyer's Indemnified Parties**") from and against all third-party claims, demands, losses, liabilities, penalties, and expenses (including reasonable attorneys' fees and expert witness fees), howsoever described, to the extent arising out of, resulting from, or caused by (i) Seller's breach of this Agreement (including inaccuracy of any Seller representation of warranty made hereunder), (ii) a violation of applicable Laws by Seller or its Affiliates, including but not limited to violations of any laws in constructing or operating the Facility and failure to comply with the CAISO Tariff, or (iii) negligent or willful misconduct by Seller or its Affiliates, directors, officers, employees, or agents.

(b) Buyer agrees to indemnify, defend and hold harmless Seller and its Affiliates, directors, officers, attorneys, employees, representatives and agents (collectively, the "**Seller's Indemnified Parties**") from and against all third-party claims, demands, losses, liabilities, penalties, and expenses (including reasonable attorneys' fees and expert witness fees), howsoever described, to the extent arising out of, resulting from, or caused by (i) Buyer's breach of this Agreement (including inaccuracy of any representation of warranty made hereunder), (ii) a violation of applicable Laws by Buyer, or (iii) negligent or willful misconduct of Buyer .

(c) Notwithstanding any other provision of this Agreement, Seller shall indemnify, defend, and hold harmless Buyer's Indemnified Parties, from any claim, liability, loss, injury (including personal injury) or damage arising out of, or in connection with Environmental Costs and any environmental matters associated with the Facility, including the use, storage, release, disposal and transportation of Hazardous Substances, or the contamination of land, water, or air, including but not limited to the Site, with any Hazardous Substances resulting from or related to Seller's performance of this Agreement.

(d) Nothing in this Section 16.1 shall enlarge or relieve Seller or Buyer of any liability to the other for any breach of this Agreement. Neither Party shall be indemnified for its damages resulting solely from its own negligence, intentional acts or willful misconduct. These indemnity provisions shall not be construed to relieve any insurer of its obligation to pay claims consistent with the provisions of a valid insurance policy.

Claims. Promptly after receipt by a Party of any claim or Notice of the commencement of any

action, administrative, or legal proceeding, or investigation as to which an indemnity provided for in this Article 16 may apply, the Indemnified Party shall notify the Indemnifying Party in writing of such fact. The Indemnifying Party shall assume the defense thereof with counsel designated by the Indemnifying Party and satisfactory to the Indemnified Party, *provided*, if the defendants in any such action include both the Indemnified Party and the Indemnifying Party and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to, or inconsistent with, those available to the Indemnifying Party, the Indemnified Party shall have the right to select and be represented by separate counsel, at the Indemnifying Party's expense, unless a liability insurer is willing to pay such costs. If the Indemnifying Party fails to assume the defense of a claim meriting indemnification, the Indemnified Party may at the expense of the Indemnifying Party contest, settle, or pay such claim; *provided*, settlement or full payment of any such claim may be made only following consent of the Indemnifying Party or, absent such consent, written opinion of the Indemnified Party's counsel that such claim is meritorious or warrants settlement. Except as otherwise provided in this Article 16, in the event that a Party is obligated to indemnify and hold the other Party and its successors and assigns harmless under this Article 16, the amount owing to the Indemnified Party will be the amount of the Indemnified Party's damages net of any insurance proceeds received by the Indemnified Party following a reasonable effort by the Indemnified Party to obtain such insurance proceeds.

ARTICLE 17 INSURANCE

Insurance.

(a) **General Liability.** Seller shall maintain, or cause to be maintained at its sole expense, (i) commercial general liability insurance, including products and completed operations and personal injury insurance, in a minimum amount of [REDACTED] per occurrence, and an annual aggregate of not less than [REDACTED] endorsed to provide contractual liability in said amount, specifically covering Seller's obligations under this Agreement and including Buyer as an additional insured; and (ii) an umbrella insurance policy in a minimum limit of liability of [REDACTED]. Defense costs shall be provided as an additional benefit and not included within the limits of liability. Such insurance shall contain standard cross-liability and severability of interest provisions.

(b) **Employer's Liability Insurance.** Seller, if it has employees, shall maintain Employers' Liability insurance with limits of not less than [REDACTED] for injury or death occurring as a result of each accident. With regard to bodily injury by disease, the [REDACTED] policy limit will apply to each employee.

(c) **Workers' Compensation Insurance.** Seller, if it has employees, shall also maintain at all times during the Contract Term workers' compensation and employers' liability insurance coverage in accordance with applicable requirements of California Law.

(d) **Business Auto Insurance.** Seller shall maintain, or cause to be maintained, at all times during the Contract Term business auto insurance for bodily injury and property damage with limits of [REDACTED] per occurrence. Such insurance shall

cover liability arising out of Seller's or Seller's contractors and subcontractors, as applicable, use of all owned (if any), non-owned and hired vehicles, including trailers or semi-trailers in the performance of the Agreement and shall name Buyer as an additional insured and contain standard cross-liability and severability of interest provisions.

(e) Pollution Liability. Seller shall maintain or cause to be maintained during the construction of the Facility prior to the Commercial Operation Date, Pollution Legal Liability Insurance in the amount of [REDACTED] per occurrence and in the aggregate, naming Seller (and Lender if any) as additional named insured.

(f) Construction All-Risk Insurance. Seller shall maintain or cause to be maintained during the construction of the Facility prior to the Commercial Operation Date, construction all-risk form property insurance covering the Facility during such construction periods, and naming Seller (and Lender if any) as the loss payee.

(g) Subcontractor Insurance. Seller shall require all of its subcontractors to carry: (i) comprehensive general liability insurance with a combined single limit of coverage not less than [REDACTED] (ii) workers' compensation insurance and employers' liability coverage in accordance with applicable requirements of Law; and (iii) business auto insurance for bodily injury and property damage with limits of [REDACTED] per occurrence. All subcontractors shall name Seller as an additional insured to insurance carried pursuant to clauses (g)(i) and (g)(iii). All subcontractors shall provide a primary endorsement and a waiver of subrogation to Seller for the required coverage pursuant to this Section 17.1(g).

(h) Property Insurance. On and after the Commercial Operation Date, Seller shall maintain or cause to be maintained insurance against loss or damage from all causes under standard "all risk" property insurance coverage in amounts that are not less than the actual replacement value of the Facility; *provided*, however, with respect to property insurance for natural catastrophes, Seller shall maintain limits equivalent to a probable maximum loss amount determined by a firm with experience providing such determinations. Such insurance shall include business interruption coverage in an amount equal to [REDACTED] of expected revenue from this Agreement.

(i) Evidence of Insurance. Within ten (10) days after execution of the Agreement and upon annual renewal thereafter, Seller shall deliver to Buyer certificates of insurance evidencing such coverage with insurers with ratings comparable to A-VII or higher, and that are authorized to do business in the State of California, in form evidencing all coverages set forth above. Such certificates shall specify that Buyer shall be given at least thirty (30) days' prior Notice by Seller in the event of any material modification, cancellation or termination of coverage. Such insurance shall be primary coverage without right of contribution from any insurance of Buyer. Any other insurance maintained by Seller is for the exclusive benefit of Seller and shall not in any manner inure to the benefit of Buyer. The general liability, auto liability and workers' compensation policies shall be endorsed with a waiver of subrogation in favor of Buyer for all work performed by Seller, its employees, agents and sub-contractors.

ARTICLE 18
CONFIDENTIAL INFORMATION

Definition of Confidential Information. The following constitutes “**Confidential Information**”, whether oral or written which is delivered by Seller to Buyer or by Buyer to Seller including: (a) the terms and conditions of, and proposals and negotiations related to, this Agreement, and (b) information that either Seller or Buyer stamps or otherwise identifies as “confidential” or “proprietary” before disclosing it to the other. Confidential Information does not include (i) information that was publicly available at the time of the disclosure, other than as a result of a disclosure in breach of this Agreement; (ii) information that becomes publicly available through no fault of the recipient after the time of the delivery; (iii) information that was rightfully in the possession of the recipient (without confidential or proprietary restriction) at the time of delivery or that becomes available to the recipient from a source not subject to any restriction against disclosing such information to the recipient; and (iv) information that the recipient independently developed without a violation of this Agreement.

Duty to Maintain Confidentiality.

(a) The Party receiving Confidential Information (the “**Receiving Party**”) from the other Party (the “**Disclosing Party**”) shall not disclose Confidential Information to a third party (other than the Party’s members, employees, lenders or investors, counsel, accountants, directors or advisors, or any such representatives of a Party’s Affiliates, who have a need to know such information and have agreed to keep such terms confidential) except in order to comply with any applicable Law, regulation, to support RA Compliance Showings or to otherwise show it has met its Compliance Obligations, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding applicable to such Party or any of its Affiliates; *provided*, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation. The Parties agree and acknowledge that nothing in this Section 18.2 prohibits a Party from disclosing any one or more of the commercial terms of a transaction (other than the name of the other Party unless otherwise agreed to in writing by the Parties) to any industry price source for the purpose of aggregating and reporting such information in the form of a published energy price index.

(b) The Parties acknowledge and agree that the Agreement and any transactions entered into in connection herewith are subject to the requirements of the California Public Records Act (California Government Code Section 7920 *et seq.*). In order to designate information as confidential, the Disclosing Party must clearly stamp and identify the specific portion of the material designated with the word “Confidential.” The Parties agree not to over-designate material as Confidential Information. Over-designation includes stamping whole agreements, entire pages or series of pages as “Confidential” that clearly contain information that is not Confidential Information.

(c) Upon request or demand of any third person or entity not a Party hereto to Buyer pursuant to the California Public Records Act for production, inspection and/or copying of Confidential Information (“**Requested Confidential Information**”), Buyer shall as soon as practical notify Seller in writing via email that such request has been made. Seller shall be solely responsible for taking at its sole expense whatever legal steps are necessary to prevent release of the Requested Confidential Information to the third party by Buyer. If Seller takes no such action after receiving the foregoing notice from Buyer, Buyer shall, at its discretion, be permitted to

comply with the third party's request or demand and is not required to defend against it. If Seller does take or attempt to take such action, Buyer shall provide timely and reasonable cooperation to Seller, if requested by Seller, and Seller agrees to indemnify and hold harmless Buyer and Buyer's Indemnified Parties from any claims, liability, award of attorneys' fees, or damages, and to defend any action, claim or lawsuit brought against any of Buyer or Buyer's Indemnified Parties for Buyer's refusal to disclose any Requested Confidential Information.

Irreparable Injury; Remedies. Receiving Party acknowledges that its obligations hereunder are necessary and reasonable in order to protect Disclosing Party and the business of Disclosing Party and expressly acknowledges that monetary damages would be inadequate to compensate Disclosing Party for any breach or threatened breach by Receiving Party of any covenants and agreements set forth herein. Accordingly, Receiving Party acknowledges that any such breach or threatened breach will cause irreparable injury to Disclosing Party and that, in addition to any other remedies that may be available, in law, in equity or otherwise, Disclosing Party will be entitled to obtain injunctive relief against the threatened breach of this Agreement or the continuation of any such breach, without the necessity of proving actual damages.

Further Permitted Disclosure. Notwithstanding anything to the contrary in this Article 18, Confidential Information may be disclosed by the Receiving Party to any of its agents, consultants, contractors, trustees, or actual or potential financing parties (including, in the case of Seller, its Lender(s)), so long as such Person to whom Confidential Information is disclosed agrees in writing to be bound by confidentiality provisions that are at least as restrictive as this Article 18 to the same extent as if it were a Party.

Press Releases. Neither Party shall issue (or cause its Affiliates to issue) a press release regarding the transactions contemplated by this Agreement unless both Parties have agreed upon the contents of any such press release.

ARTICLE 19 MISCELLANEOUS

Entire Agreement; Integration; Exhibits. This Agreement, together with the Cover Sheet and Exhibits attached hereto constitutes the entire agreement and understanding between Seller and Buyer with respect to the subject matter hereof and supersedes all prior agreements relating to the subject matter hereof, which are of no further force or effect. The Exhibits attached hereto are integral parts hereof and are made a part of this Agreement by reference. The headings used herein are for convenience and reference purposes only. In the event of a conflict between the provisions of this Agreement and those of the Cover Sheet or any Exhibit, the provisions of first the Cover Sheet, and then this Agreement shall prevail, and such Exhibit shall be corrected accordingly. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.

Amendments. This Agreement may only be amended, modified or supplemented by an instrument in writing executed by duly authorized representatives of Seller and Buyer; *provided*, that, for the avoidance of doubt, this Agreement may not be amended by electronic mail communications.

No Waiver. Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default.

No Agency, Partnership, Joint Venture or Lease. Seller and the agents and employees of Seller shall, in the performance of this Agreement, act in an independent capacity and not as officers or employees or agents of Buyer. Under this Agreement, Seller and Buyer intend to act as energy seller and energy purchaser, respectively, and do not intend to be treated as, and shall not act as, partners in, co-venturers in or lessor/lessee with respect to the Facility or any business related to the Facility. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement) and/or, to the extent set forth herein, any Lender, Indemnified Party and/or Project Participant.

Severability. In the event that any provision of this Agreement is unenforceable or held to be unenforceable, the Parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby. The Parties shall, however, use their best endeavors to agree on the replacement of the void, illegal or unenforceable provision(s) with legally acceptable clauses which correspond as closely as possible to the sense and purpose of the affected provision and this Agreement as a whole.

Mobile-Sierra. Notwithstanding any other provision of this Agreement, neither Party shall seek, nor shall they support any third party seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior written agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956). Changes proposed by a non-Party or FERC acting *sua sponte* shall be subject to the most stringent standard permissible under applicable Law.

Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original.

Electronic Delivery. This Agreement may be duly executed and delivered by a Party by electronic format (including portable document format (.pdf)). Delivery of an executed counterpart in .pdf electronic version shall be binding as if delivered in the original. The words “execution,” “signed,” “signature,” and words of like import in this Agreement shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law.

Binding Effect. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

No Recourse to Members of Buyer. Buyer is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (California Government Code Section 6500 *et seq.*) pursuant to its Joint Powers Agreement and is a public entity separate from its constituent members. Except as set forth in Section 11.9 and any Buyer Liability Pass Through Agreements issued by one or more Project Participants pursuant to Section 8.10, Buyer shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement, and Seller shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Buyer's constituent members, or the employees, directors, officers, consultants or advisors of Buyer or its constituent members, in connection with this Agreement.

Forward Contract. The Parties acknowledge and agree that this Agreement constitutes a "forward contract" within the meaning of the U.S. Bankruptcy Code, and Buyer and Seller are "forward contract merchants" within the meaning of the U.S. Bankruptcy Code. Each Party further agrees that, for all purposes of this Agreement, each Party waives and agrees not to assert the applicability of the provisions of 11 U.S.C. § 366 in any Bankruptcy proceeding wherein such Party is a debtor. In any such proceeding, each Party further waives the right to assert that the other Party is a provider of last resort to the extent such term relates to 11 U.S.C. §366 or another provision of 11 U.S.C. § 101-1532.

Dodd-Frank Act. The Parties intend this Agreement to be a "Forward Capacity Transaction" within the meaning of Commodity Futures Trading Commission, *Final Order in Response to a Petition From Certain Independent System Operators and Regional Transmission Organizations To Exempt Specified Transactions Authorized by a Tariff or Protocol Approved by the Federal Energy Regulatory Commission*, 78 Fed. Reg. 19,880 (Apr. 2, 2013). Notwithstanding the prior sentence, if and to the extent that this Agreement and the performance of the Parties' obligations requires any reporting to the Commodity Futures Exchange Commission (together with any successor body, the "**CFTC**") pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, Seller shall be responsible for all such reporting (and Seller shall bear all costs and expenses associated therewith) and shall be the reporting counterparty for purposes of any applicable parts of the regulations of the CFTC promulgated under the Commodity Exchange Act. Buyer shall promptly provide information reasonably required by Seller for any such reporting and Seller shall be entitled to report and disclose information concerning all swaps transacted under this Agreement (including information regarding the economic terms and valuations of this Agreement) to any applicable Governmental Authority (or a third party swap data repository as required by a Governmental Authority), from time to time, to the extent required by any applicable Laws. Additionally, to the extent either Party needs additional information or details from the other Party in order to comply with any such applicable Laws (including information concerning such other Party's organization, corporate status, status under the CFTC's regulations and/or unique entity identifier), such other Party shall promptly provide such additional information or details to the first Party upon request. Buyer shall promptly reimburse Seller for any costs, fines or penalties Seller incurs as a result of Buyer's failure to comply with this Section 19.12. Seller shall promptly reimburse Buyer for any costs Buyer incurs as a result of Seller's failure to comply with this Section 19.12 and the Commodity Exchange Act, except to the extent such costs are a result of any action or omission of Buyer. Notwithstanding any provision of this Agreement to the contrary, no Event of Default, termination event, or other similar event shall be deemed to occur under this Agreement solely on the basis of a breach of any covenant or agreement in this Section 19.12 other

than the obligation to make reimbursement payments.

Further Assurances. Each of the Parties hereto agrees to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumption of obligations other than those provided for in this Agreement, to give full effect to this Agreement and to carry out the intent of this Agreement.

Change in Electric Market Design. If a change in the CAISO Tariff renders this Agreement or any provisions hereof incapable of being performed or administered, then any Party may request that Buyer and Seller enter into negotiations to make the minimum changes to this Agreement necessary to make this Agreement capable of being performed and administered, while attempting to preserve to the maximum extent possible the benefits, burdens, and obligations set forth in this Agreement as of the Effective Date. Upon delivery of such a request, Buyer and Seller shall engage in such negotiations in good faith. If Buyer and Seller are unable, within sixty (60) days after delivery of such request, to agree upon changes to this Agreement or to resolve issues relating to changes to this Agreement, then any Party may submit issues pertaining to changes to this Agreement to the dispute resolution process set forth in Article 15. Notwithstanding the foregoing, (i) a change in cost shall not in and of itself be deemed to render this Agreement or any of the provisions hereof incapable of being performed or administered, and (ii) all of the unaffected provisions of this Agreement shall remain in full force and effect during any period of such negotiation or dispute resolution.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Effective Date.

GEM A-CAES LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

CALIFORNIA COMMUNITY POWER, a California joint powers authority

By: _____
Name: _____
Title: _____

Approved as to form:

By: _____
Name: _____
Title: _____

EXHIBIT A

FACILITY DESCRIPTION

Site Name: Willow Rock Energy Storage Center

Site includes all or some of the following APNs: [REDACTED]

County: Kern County, California

Zip Code: 93501

Latitude and Longitude: [REDACTED]

Facility Description: The Facility will be a net 500 MW / 4,000 MWh compressed air energy storage facility located in Kern County, California. The Facility will be connected to the grid through the SCE Whirlwind Substation via an approximately nineteen (19)-mile long 220 kV generation tie (gen-tie) line.

Lead Permitting Agency: California Energy Commission

CEQA Lead Agency: California Energy Commission

Interconnection Point: Whirlwind Substation

Delivery Point: PNode

PNode: [REDACTED]

Transmission Provider: Southern California Edison Company

Additional Information: Site Plan and Single Line Diagram current as of the Effective Date follow. These are subject to adjustment.

Single Line Diagram

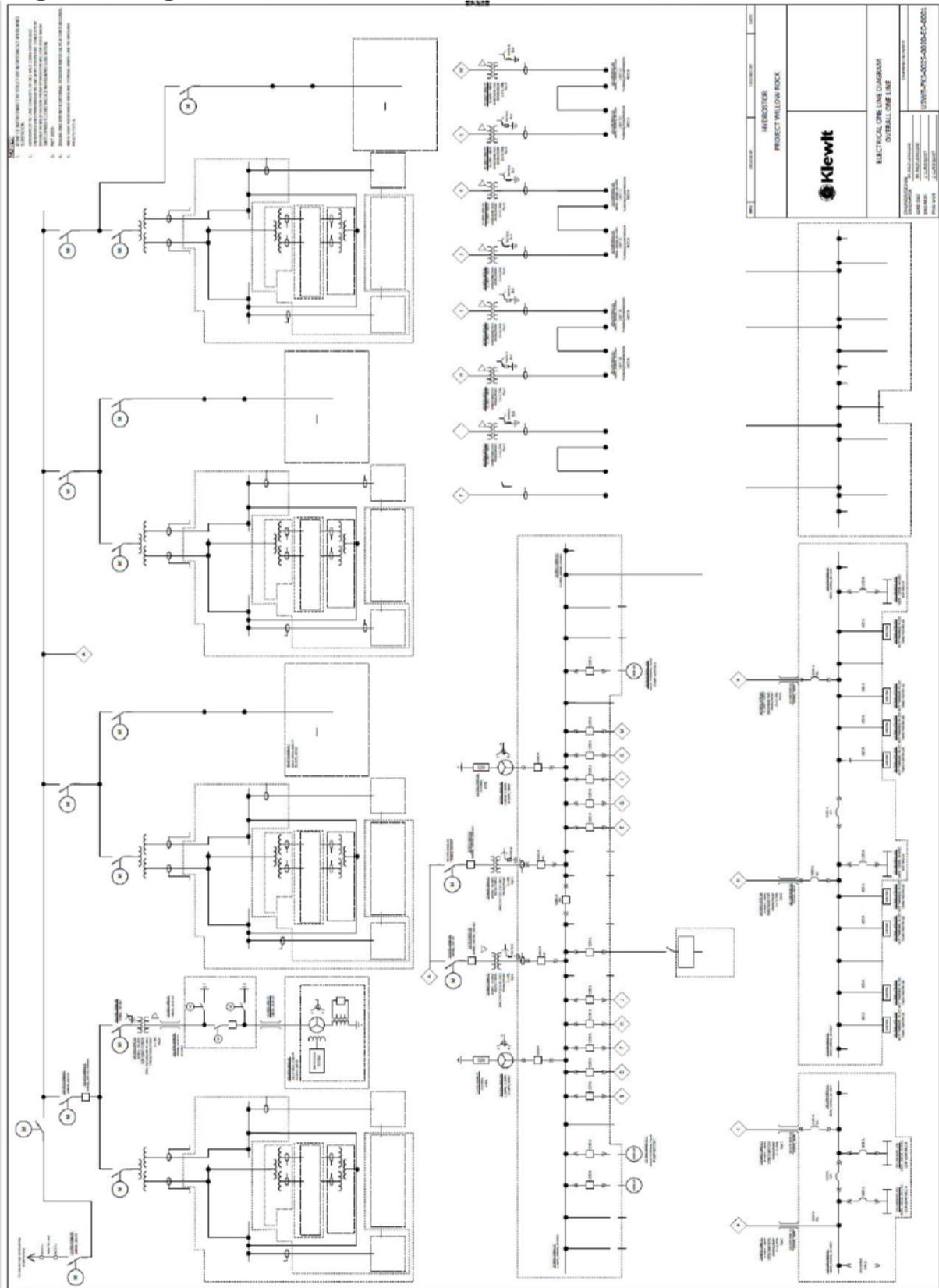


Exhibit A - 3

EXHIBIT B

MAJOR PROJECT DEVELOPMENT MILESTONES AND COMMERCIAL OPERATION

1. Construction of the Facility.

a. “**Construction Start**” will occur upon Seller’s acquisition of the conditional use permit and other applicable regulatory authorizations, approvals and permits for the construction of the Facility, and once Seller has executed an engineering, procurement, and construction contract and issued thereunder a notice to proceed that authorizes the contractor to mobilize to Site and begin physical construction (including, at a minimum, excavation for foundations or the installation or erection of improvements) at the Site. The date of Construction Start will be evidenced by and subject to Seller’s delivery to Buyer of a certificate substantially in the form attached as Exhibit J hereto, and the date certified therein shall be the “**Construction Start Date.**” Seller shall cause Construction Start to occur no later than the Guaranteed Construction Start Date, as may be extended by Seller’s payment of Construction Delay Damages pursuant to Section 1(b) of Exhibit B and/or a Development Cure Period pursuant to Section 4 of Exhibit B.

b. In addition to extensions pursuant to a Development Cure Period, Seller shall extend the Guaranteed Construction Start Date by paying Construction Delay Damages in advance to Buyer for each day Seller extends the Guaranteed Construction Start Date, not to exceed a total of [REDACTED] of extensions by such payment of Construction Delay Damages. If Seller extends the Guaranteed Construction Start Date, on or before the date that is ten (10) days prior to the then-current Guaranteed Construction Start Date, Seller shall provide notice and payment to Buyer of the Construction Delay Damages for the number of days of extension to the Guaranteed Construction Start Date. If Seller achieves Construction Start prior to the Guaranteed Construction Start Date, as extended by the payment of Construction Delay Damages, Buyer shall refund to Seller the Construction Delay Damages for each day Seller achieves Construction Start prior to the Guaranteed Construction Start Date times the Construction Delay Damages, not to exceed the total amount of Construction Delay Damages paid by Seller pursuant to this Section 1(b) of Exhibit B. Construction Delay Damages shall be refundable to Seller pursuant to Section 2(b) of Exhibit B.

2. Commercial Operation of the Facility. “**Commercial Operation**” means the condition existing when (i) Seller has fulfilled all of the conditions precedent in Section 2.2 of the Agreement and provided Notice to Buyer substantially in the form of Exhibit H (the “**COD Certificate**”) (ii) Seller has notified Buyer in writing that it has provided the required documentation to Buyer and met the conditions for achieving Commercial Operation, and (iii) Buyer has acknowledged to Seller in writing that Buyer agrees that Commercial Operation has been achieved in accordance with Section 2.2. The “**Commercial Operation Date**” shall be the later of (x) the Expected Commercial Operation Date, or (y) the date on which Commercial Operation is achieved.

- a. Seller shall cause Commercial Operation to occur no later than the Guaranteed Commercial Operation Date, as such date may be extended by Seller's payment of Commercial Operation Delay Damages pursuant to Section 2(b) of Exhibit B and/or a Development Cure Period pursuant to Section 4 of Exhibit B. Seller shall notify Buyer at least sixty (60) days before the anticipated Commercial Operation Date. If Seller achieves Commercial Operation for the Facility by the Guaranteed Commercial Operation Date, as may be extended by a Development Cure Period but not by the payment of Commercial Operation Delay Damages, all Construction Delay Damages paid by Seller shall be refunded to Seller. Seller shall include a request for refund of the Construction Delay Damages with the first invoice to Buyer after Commercial Operation.
 - b. In addition to extensions pursuant to a Development Cure Period, Seller shall extend the Guaranteed Commercial Operation Date by paying Commercial Operation Delay Damages in advance to Buyer for each day Seller extends the Guaranteed Commercial Operation Date, not to exceed a total of [REDACTED] of extensions by such payment of Commercial Operation Delay Damages. If Seller extends the Guaranteed Commercial Operation Date, on or before the date that is ten (10) days prior to the then-current Guaranteed Commercial Operation Date, Seller shall provide Notice and payment to Buyer of the Commercial Operation Delay Damages for the number of days of extension to the Guaranteed Commercial Operation Date. If Seller achieves Commercial Operation prior to the Guaranteed Commercial Operation Date, as extended by the payment of Commercial Operation Delay Damages, Buyer shall refund to Seller the Commercial Operation Delay Damages for each day Seller achieves Commercial Operation prior to the Guaranteed Commercial Operation Date times the Commercial Operation Delay Damages, not to exceed the total amount of Commercial Operation Delay Damages paid by Seller pursuant to this Section 2(b) of Exhibit B.
3. **Termination for Failure to Timely Achieve Construction Start and/or Commercial Operation.** If the Facility has not achieved Construction Start on or before the Guaranteed Construction Start Date (as may be extended hereunder), Buyer may elect to terminate this Agreement in accordance with Sections 11.1(b)(i) and 11.2. If the Facility has not achieved Commercial Operation on or before the Guaranteed Commercial Operation Date (as may be extended hereunder), Buyer may elect to terminate this Agreement in accordance with Sections 11.1(b)(i) and 11.2.
4. **Extension of the Guaranteed Dates.** The Guaranteed Construction Start Date and the Guaranteed Commercial Operation Date shall, subject to notice and documentation requirements set forth below, both be extended on a day-for-day basis (the "**Development Cure Period**") for the duration of any and all delays arising out of the following circumstances to the extent the following circumstances are not the result of Seller's failure to take all commercially reasonable actions to meet its requirements and deadlines:
 - a. a Force Majeure Event occurs; or

- b. Seller has not acquired the Material Permits by the Guaranteed Construction Start Date, despite the exercise of diligent and commercially reasonable efforts by Seller; or
- c. the Interconnection Facilities or Reliability Network Upgrades are not complete and ready for the Facility to connect and sell Product at the Delivery Point by the Guaranteed Commercial Operation Date despite the exercise of diligent and commercially reasonable efforts by Seller; or
- d. Buyer has not made all necessary arrangements to receive the Product at the Delivery Point by the Guaranteed Commercial Operation Date.

Notwithstanding anything in this Agreement to the contrary, the cumulative extensions granted under the Development Cure Period (other than the extensions granted pursuant to clause 4.d above) shall not exceed [REDACTED], for any reason, including a Force Majeure Event, and the cumulative extensions granted to the Guaranteed Commercial Operation Date by the payment of Commercial Operation Delay Damages and any Development Cure Period(s) (other than the extensions granted pursuant to clause 4.d above) shall not exceed [REDACTED] nor allow the Guaranteed Commercial Operation Date to extend beyond the Compliance Deadline. Notwithstanding anything to the contrary, no Development Cure Period extension shall be given if (i) the delay was the result of Seller’s failure to take all commercially reasonable actions to meet its requirements and deadlines, or (ii) Seller failed to provide requested documentation as provided below. Except as set forth in Section 10.3 regarding Force Majeure Event notice requirements, Seller shall provide prompt written notice to Buyer of a Development Cure Period delay, but in no case more than ten (10) Business Days after Seller became aware of such delay, except that in the case of a delay occurring within sixty (60) days of the Guaranteed Commercial Operation Date, or after such date, Seller must provide written notice within five (5) Business Days of Seller becoming aware of such delay. Upon request from Buyer, Seller shall provide documentation demonstrating to Buyer’s reasonable satisfaction that the delays described above did not result from Seller’s actions or failure to take commercially reasonable actions.

- 5. **Failure to Reach Guaranteed Contract Capacity.** If, at Commercial Operation, the Installed Capacity of the Facility is such that Seller is unable to satisfy the total aggregate quantity of Capacity Commitments for the Facility, Seller shall have [REDACTED] after the Commercial Operation Date to install additional capacity such that the Installed Capacity is sufficient to satisfy the Facility’s Capacity Commitments, including satisfying the Guaranteed Contract Capacity, and Seller shall provide to Buyer a new certificate substantially in the form attached as Exhibit I hereto specifying the new Installed Capacity. If Seller fails to increase the Installed Capacity by such date, Seller may elect to reduce the Guaranteed Contract Capacity [REDACTED] and identifying, in writing, the new adjusted Guaranteed Contract Capacity (the “**Adjusted Guaranteed Capacity**”). If Seller makes this election, then Seller shall pay “**Capacity Damages**” to Buyer, in an amount equal to [REDACTED]. Thereafter, the Guaranteed Contract Capacity

shall equal the Adjusted Guaranteed Capacity and applicable portions of the Agreement, including Exhibit Q, shall be adjusted accordingly.

6. **Compliance Deadline**. The Parties acknowledge and agree that the CPUC has currently established a deadline of June 1, 2031, for Buyer to procure and commence operations of a contracted new long-duration energy storage (as such date may be extended by the CPUC, the “**Compliance Deadline**”). Notwithstanding Seller’s right to extend the Development Cure Period and the Guaranteed Commercial Operation Date, in the event that the Commercial Operation Date has not occurred by the Compliance Deadline, Buyer may terminate this Agreement and collect the Damage Payment on written notice to Seller issued prior to the Commercial Operation Date; provided, however, Buyer shall not be permitted to exercise this termination right if, prior to the Compliance Deadline, the CPUC has adopted mitigation or alternate compliance options that do not require the Project Participants to be deemed in non-compliance for satisfying Buyer’s obligation to procure long-duration energy storage, and Seller agrees in writing to reimburse Buyer for the costs or penalties associated with such mitigation or alternate compliance options. Any new Compliance Deadline determined by the CPUC shall be the Compliance Deadline for purposes of this Paragraph 6.

EXHIBIT C
COMPENSATION

Buyer shall compensate Seller for the Product in accordance with this Exhibit C.

(a) Monthly Capacity Payment. Each month of the Delivery Term, Buyer shall pay Seller a Monthly Capacity Payment minus the Monthly Energy Settlement Amount for such month. Such payment constitutes the entirety of the amount due to Seller from Buyer for the Product. If the Contract Capacity and/or Efficiency Rate are adjusted pursuant to a Capacity Test effective as of a day other than the first day of a calendar month, payment shall be calculated separately for each portion of the month in which the different Contract Capacity and/or Efficiency Rate are applicable. The Monthly Capacity Payment shall be calculated as follows:

$$\text{Monthly Capacity Payment} = \text{Arbitrage Component} + \text{RA Component}$$

Where:

$$\text{Arbitrage Component} = (A \times \text{Contract Capacity} \times B \times 1000)$$

$$\text{RA Component} = (A \times \text{Guaranteed Contract Capacity} \times C \times 1000)$$

A = Contract Price

B = Contract Capacity

C = Guaranteed Contract Capacity

(b) Monthly Settlement Amount. The “Monthly Energy Settlement Amount” is calculated as follows to account, on a daily basis, for the Day-Ahead Market LMPs associated with the top four (4) hours of prices associated with discharging and the bottom number of hours equal to four (4) divided by the Guaranteed Efficiency Rate; provided, that if there would be no or negative value associated with energy arbitrage tied to an incremental hour of discharging and the commensurate incremental hours of charging, that such hours be omitted from the energy arbitrage calculation for such day:

$$\text{Monthly Energy Settlement Amount} = \text{ES} = \sum_{i=1}^D S_i$$

where,

D = the number of days in month

S_i = Daily Energy Settlement of i^{th} day in a month (\$)

$$\text{Daily Energy Settlement} = S_i = B \times \left\{ \sum_{n=1}^N \max \left[\left(P_n^H - \int_j^J P_j^L dj \right), 0 \right] \right\}$$

where,

B = Contract Capacity (MW)

n = n^{th} hour of N

N = financial settlement discharging duration (4 hours)

$j = (n - 1) / RTE$

$J = n / RTE$

dj = the fraction of the hour j for which price P_j^L applies

P_n^H = The n^{th} highest Day-Ahead Market LMPs (\$/MWh) within day i

P_j^L = The j^{th} lowest Day-Ahead Market LMP (\$/MWh) within day i required to charge the Facility for discharge during P_n^H

RTE = Guaranteed Efficiency Rate

Day-Ahead Market LMP = the LMP reported by the CAISO at the PNode associated with the Project for each Settlement Period in a day during the Day-Ahead Market.

(c) RA Shortfall Damages Calculation.

The following definitions shall apply to this Exhibit C:

“**Administrative NQC Reduction**” means a reduction in the maximum achievable Net Qualifying Capacity of the Facility that cannot be avoided by and is beyond the reasonable control of and without the fault or negligence of Seller for each hour of the Resource Duration due to a reduction that has been generally applied to resources materially similar to the Facility in terms of technology type, market and operational characteristics (including those characteristics specified in the CPUC Master Resource Database), including any methodology that incorporates fleet averages or other average outage rates. If an Administrative NQC Reduction occurs, Seller shall assign the reduction in NQC on a pro rata basis to the Facility based on Buyer’s Share of the Installed Capacity. Notwithstanding anything herein to the contrary, Seller shall not be required to modify the Facility in order to mitigate the effects of an event that otherwise qualifies as an Administrative NQC Reduction.

“**Delivered Storage RA**” means an amount, expressed in MW, calculated for the applicable Showing Month as the lesser of (i) the amount of the Net Qualifying Capacity of the Facility and any Replacement RA for such Showing Month made available by Seller to be shown for each hour of the Resource Duration on Buyer or Buyer’s Designees’ monthly Resource Adequacy Plans to the CAISO, and (ii) the Slice-of-Day Capacity that Seller makes available to be shown from the Facility and any Replacement RA for each hour of the Resource Duration in such Showing

Month to the CPUC and is able to be counted as Resource Adequacy Benefits by both the CAISO and CPUC.

“Guaranteed Storage RA Amount” means, for any Showing Month, an amount of Qualifying Capacity that may be shown for each hour of the Resource Duration, expressed in MW, equal to the Guaranteed Contract Capacity minus the Administrative NQC Reduction, if any, in the applicable Showing Month.

“Replacement RA” means Resource Adequacy Benefits from a Resource Adequacy Resource that are equivalent in all material respects to that which would have been provided by the Facility with respect to the applicable Showing Month in which an RA Deficiency Amount would be due to Buyer, including, as applicable, Flexible RAR, the same Slice-of-Day generation profile and related characteristics, any successor criteria applicable to the Facility, and any Local RAR, unless Buyer consents to accept Replacement RA from another facility that provides non-equivalent Resource Adequacy Benefits. In addition, if the CPUC requires Replacement RA to be provided by an incremental resource for purposes of CPUC Decision 21-06-035 in order for Buyer’s purchase of the Product to comply with the requirements of CPUC Decision 21-06-035, then the Replacement RA must also be provided by an incremental resource, including any sub-category attributes of D.21-06-035, to the extent required, if such sub-categories are contracted for under the Agreement.

“Slice-of-Day Capacity” means the maximum amount of Resource Adequacy capacity that can be shown on the Slice-of-Day Resource Adequacy Plan filing to the CPUC, assuming that the Resource Duration is constant, but subject to the Efficiency Rate. The Slice-of-Day Capacity shall be calculated as follows:

$SODC = NQC \times (ER/GE)$, where:

SODC = Slice-of-Day Capacity

NQC = Net Qualifying Capacity

ER = Efficiency Rate

GE = Guaranteed Efficiency Rate

“Storage RA Shortfall” means, for a given Showing Month, the difference, expressed in MW, of (a) the Guaranteed Storage RA Amount minus (b) Delivered Storage RA. If the result of the calculation is a negative number, the Storage RA Shortfall shall be deemed to be zero (0) MW for such Showing Month.

Commencing on the RA Guarantee Date, for any Showing Month during the Delivery Term, commencing with the Showing Month that contains the RA Guarantee Date, during which there is a Storage RA Shortfall, Seller shall pay to Buyer an amount (the **“RA Deficiency Amount”**) equal to [REDACTED]

[REDACTED]

If Seller anticipates it will have an RA Deficiency Amount in any month of the Delivery Term due to an Outage of the Facility, Seller may, as an alternative to paying RA Deficiency Amounts, provide Replacement RA up to the anticipated Storage RA Shortfall; provided, any Replacement RA capacity shall be communicated by Seller to Buyer with Replacement RA product information in a written notice substantially in the form of Exhibit M at least [REDACTED] before the applicable Showing Month, and further provided, that the aggregate Replacement RA capacity shall not exceed [REDACTED]

[REDACTED]

(d) Tax Credits. [REDACTED]

[REDACTED]

(e) Effect of Force Majeure. [REDACTED]

[REDACTED]

(f) Effect of Health and Safety Outage. [REDACTED]

[REDACTED]

EXHIBIT D
[RESERVED]

EXHIBIT E

PROGRESS REPORTING FORM

Each Progress Report must include the following items:

1. Executive Summary.
2. Facility description.
3. Site plan of the Facility.
4. Description of any material planned changes to the Facility or the Site.
5. Gantt chart schedule showing progress on achieving each of the Milestones.
6. Summary of activities during the previous calendar quarter or month, as applicable, including any OSHA labor hour reports.
7. Forecast of activities scheduled for the current calendar quarter.
8. Written description about the progress relative to Seller's Milestones, including whether Seller has met or is on target to meet the Milestones.
9. List of issues that are reasonably likely to affect Seller's Milestones.
10. A status report of start-up activities including a forecast of activities ongoing and after start-up, a report on Facility performance including performance projections for the next twelve (12) months.
11. A detailed description of all actions taken by Seller to comply with Prevailing Wage Requirement and Project Labor Agreement requirements of this Agreement.
12. Progress and schedule of all material agreements, contracts, permits (including Material Permits), approvals, technical studies, financing agreements and Major Equipment purchase orders showing the start dates, completion dates, and completion percentages.
13. Pictures, in sufficient quantity and of appropriate detail, in order to document construction and startup progress of the Facility, the interconnection into the Transmission System and all other interconnection utility services.
14. Workforce Development reporting (if applicable). Format to be provided by Buyer.
15. Any other documentation reasonably requested by Buyer.

EXHIBIT F
[RESERVED]

EXHIBIT G
[RESERVED]

Exhibit G - 1

EXHIBIT H

FORM OF COMMERCIAL OPERATION DATE CERTIFICATE

This certification ("**Certification**") of Commercial Operation is delivered by [REDACTED] ("**Engineer**") to California Community Power, a California joint powers authority ("**Buyer**") in accordance with the terms of that certain Resource Adequacy and TB4 Agreement dated [REDACTED] ("**Agreement**") by and between [REDACTED] and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

As of [REDACTED], Engineer hereby certifies and represents to Buyer the following:

1. The Facility is fully operational, interconnected, and synchronized with the Transmission System in accordance with the Interconnection Agreement.
2. Seller has installed equipment for the Facility with an Installed Capacity sufficient to permit Seller to provide no less than [REDACTED] of the Guaranteed Contract Capacity (without giving effect to any adjustments pursuant to Section 5 of Exhibit B).
3. Seller has demonstrated that the actual Efficiency Rate is equal to or greater than [REDACTED]
4. Seller has commissioned all equipment in accordance with its respective manufacturer's specifications.
5. Authorization to parallel the Facility was obtained by the Transmission Provider, [Name of Transmission Provider as appropriate] on [REDACTED].
6. The Transmission Provider has provided documentation supporting full unrestricted release for Commercial Operation on [REDACTED].
7. The CAISO has provided notification supporting Commercial Operation, in accordance with the CAISO Tariff on [REDACTED].

EXECUTED by [LICENSED PROFESSIONAL ENGINEER]
this _____ day of _____, 20__.

[LICENSED PROFESSIONAL ENGINEER]
By: _____
Its: _____
Date: _____

EXHIBIT I

FORM OF INSTALLED CAPACITY AND EFFICIENCY RATE TEST CERTIFICATE

This certification ("**Certification**") of Installed Capacity and Efficiency Rate is delivered by [REDACTED] ("**Engineer**") to California Community Power, a California joint powers authority ("**Buyer**") in accordance with the terms of that certain Resource Adequacy and TB4 Agreement dated [REDACTED] ("**Agreement**") by and between [REDACTED] and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

I hereby certify the following:

(a) The Capacity Test conducted on [REDACTED] demonstrated a maximum dependable operating capability that can be sustained for [REDACTED] consecutive hours to discharge electric energy of __ MW AC to the Delivery Point, in accordance with the testing procedures, requirements and protocols set forth in Exhibit O (the "**Installed Storage Capacity**"); and

(b) The Capacity Test conducted on [REDACTED] demonstrated an Efficiency Rate of __%, all in accordance with the testing procedures, requirements and protocols set forth in Exhibit O.

EXECUTED by [REDACTED]

this [REDACTED] day of [REDACTED], 20[REDACTED].

[REDACTED]

By: _____

Printed Name: _____

EXHIBIT J

FORM OF CONSTRUCTION START DATE CERTIFICATE

This certification of Construction Start Date (“**Certification**”) is delivered by [REDACTED] (“**Seller**”) to California Community Power, a California joint powers authority (“**Buyer**”) in accordance with the terms of that certain Resource Adequacy and TB4 Agreement dated [REDACTED] (“**Agreement**”) by and between Seller and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

Seller hereby certifies and represents to Buyer the following:

- (1) Construction Start (as defined in Exhibit B of the Agreement) has occurred, and a copy of the notice to proceed that Seller issued to its contractor as part of Construction Start is attached hereto.
- (2) the Construction Start Date occurred on _____ (the “**Construction Start Date**”); and
- (3) the precise Site on which the Facility is located is, which must be within the boundaries of the previously identified Site:

_____.

IN WITNESS WHEREOF, the undersigned has executed this Certification on behalf of Seller as this [REDACTED] day of [REDACTED], 20[REDACTED].

[REDACTED]

By: _____

Printed Name: _____

Title: _____

EXHIBIT K
FORM OF LETTER OF CREDIT

[Issuing Bank Letterhead and Address]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [XXXXXXXX]

Date:

Bank Ref.:

Amount: US\$[XXXXXXXXXX]

Beneficiary:

California Community Power,
a California joint powers authority
[Address]

Ladies and Gentlemen:

By the order of _____ (“Applicant”), we, [insert bank name and address] (“Issuer”) hereby issue our Irrevocable Standby Letter of Credit No. [XXXXXXXX] (the “Letter of Credit”) in favor of California Community Power, a California joint powers authority (“Beneficiary”), [Address], for an amount not to exceed the aggregate sum of U.S. \$[XXXXXXXX] (United States Dollars [XXXXXX] and 00/100) (the “Available Amount”), pursuant to that certain Resource Adequacy and TB4 Agreement dated as of _____ and as amended (the “Agreement”) between Applicant and Beneficiary. This Letter of Credit shall become effective immediately and shall be of no further force or effect at 5:00 p.m., California time, on [Date] or, if such day is not a Business Day (as hereinafter defined), on the next Business Day (as may be extended pursuant to the terms of this Letter of Credit, the “Expiration Date”).

For the purposes hereof, “Business Day” shall mean any day on which commercial banks are not authorized or required to close in Sacramento, California.

Funds under this Letter of Credit are available to Beneficiary by valid presentation on or before 5:00 p.m. California time, on or before the Expiration Date of a copy of this Letter of Credit No. [XXXXXXXX] and all amendments accompanied by Beneficiary’s dated statement purportedly signed by Beneficiary’s duly authorized representative, in the form attached hereto as Exhibit A, containing one of the two alternative paragraphs set forth in paragraph 2 therein.

Any full or partial drawing hereunder may be requested by transmitting copies of the requisite documents as described above to the Issuer by facsimile at [facsimile number for draws] or such other number as specified from time-to-time by the Issuer.

Exhibit K - 1

The facsimile transmittal shall be deemed delivered when received. Drawings made by facsimile transmittal are deemed to be the operative instrument without the need of originally signed documents.

Issuer hereby agrees that all drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the Issuer before the Expiration Date. All correspondence and any drawings (other than those made by facsimile) hereunder are to be directed to [Issuer address/contact]. Issuer undertakes to make payment to Beneficiary under this Standby Letter of Credit within three (3) business days of receipt by Issuer of a properly presented Drawing Certificate. The Beneficiary shall receive payment from Issuer by wire transfer to the bank account of the Beneficiary designated in the Drawing Certificate.

Partial draws are permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance; *provided*, the Available Amount shall be reduced by the amount of each such drawing.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one year period (or, if such period ends on a day that is not a Business Day, until the next Business Day thereafter) beginning on the present Expiration Date hereof and upon each anniversary for such date (or, if such period ends on a day that is not a Business Day, until the next Business Day thereafter), unless at least ninety (90) days prior to any such Expiration Date Issuer has sent Beneficiary written notice by overnight courier service at the address provided below that Issuer elects not to extend this Letter of Credit, in which case it will expire on its then current Expiration Date. No presentation made under this Letter of Credit after such Expiration Date will be honored.

Notwithstanding any reference in this Letter of Credit to any other documents, instruments or agreements, this Letter of Credit contains the entire agreement between Beneficiary and Issuer relating to the obligations of Issuer hereunder.

Except so far as otherwise stated, this Letter of Credit is subject to the International Standby Practices ISP98 (also known as ICC Publication No. 590), or revision currently in effect (the "ISP"). As to matters not covered by the ISP, the laws of the State of California, without regard to the principles of conflicts of laws thereunder, shall govern all matters with respect to this Letter of Credit.

Please address all correspondence regarding this Letter of Credit to the attention of the Letter of Credit Department at [insert bank address information], referring specifically to Issuer's Letter of Credit No. [XXXXXXXX]. For telephone assistance, please contact Issuer's Standby Letter of Credit Department at [XXX-XXX-XXXX] and have this Letter of Credit available.

All notices to Beneficiary shall be in writing and are required to be sent by certified letter, overnight courier, or delivered in person to: California Community Power, a California joint powers authority, Attn: General Manager, 901 H Street, Suite 120, PMB 157, Sacramento, CA 95814. Only notices to Beneficiary meeting the requirements of this paragraph shall be considered valid. Any notice to Beneficiary which is not in accordance with this paragraph shall be void and of no force or effect.

[Bank Name]

[Insert officer name]
[Insert officer title]

EXHIBIT A

(DRAW REQUEST SHOULD BE ON BENEFICIARY’S LETTERHEAD)

Drawing Certificate

[Insert Bank Name and Address]

Ladies and Gentlemen:

The undersigned, a duly authorized representative of California Community Power, [ADDRESS], as beneficiary (the “Beneficiary”) of the Irrevocable Letter of Credit No. [XXXXXXXX] (the “Letter of Credit”) issued by [insert bank name] (the “Bank”) by order of _____ (the “Applicant”), hereby certifies to the Bank as follows:

1. Applicant and Beneficiary are party to that certain Resource Adequacy and TB4 Agreement dated as of _____, 20__ (the “Agreement”).
2. Beneficiary is making a drawing under this Letter of Credit in the amount of U.S. \$_____ because a Seller Event of Default (as such term is defined in the Agreement) has occurred or other occasion provided for in the Agreement where Beneficiary is authorized to draw on the letter of credit has occurred.

or

Beneficiary is making a drawing under this Letter of Credit in the amount of U.S. \$_____, which equals the full available amount under the Letter of Credit, because Applicant is required to maintain the Letter of Credit in force and effect beyond the expiration date of the Letter of Credit but has failed to provide Beneficiary with a replacement Letter of Credit or other acceptable instrument within thirty (30) days prior to such expiration date.

3. The undersigned is a duly authorized representative of [] and is authorized to execute and deliver this Drawing Certificate on behalf of Beneficiary.

You are hereby directed to make payment of the requested amount to [] by wire transfer in immediately available funds to the following account:

[Specify account information]

[]

Name and Title of Authorized Representative

Date _____

EXHIBIT L

BUYER LIABILITY PASS THROUGH AGREEMENT

This Buyer Liability Pass Through Agreement (this “**BLPTA**”) is entered into as of [Effective Date] (the “**BLPTA Effective Date**”) by and between the [Member Name], a California [joint powers authority] (together with its successors and permitted assigns “**Project Participant**”), California Community Power, a California joint powers authority (“**CC Power**”), and GEM A-CAES LLC, a Delaware limited liability company (together with its successors and permitted assigns “**Seller**”). Seller, CC Power, and Project Participant are sometimes referred to herein individually as a “**Party**” and jointly as the “**Parties**.”

RECITALS

WHEREAS, CC Power and Seller have entered into that certain Resource Adequacy and TB4 Agreement (as amended, restated or otherwise modified from time to time, the “**Offtake Agreement**”) dated as of [Offtake Agreement Effective Date];

WHEREAS, Project Participant is entering into this BLPTA to secure, in part, California Community Power’s obligations under the Offtake Agreement;

WHEREAS, Project Participant is named as a Project Participant under the Offtake Agreement and will derive substantial direct and indirect benefits from the execution and delivery of the Offtake Agreement;

WHEREAS, Seller and CC Power will derive substantial and direct benefits from the execution and delivery of this BLPTA; and

WHEREAS, initially capitalized terms used but not defined herein have the meaning set forth in the Offtake Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

AGREEMENT

1. Project Participant Covenants. For value received, Project Participant does hereby unconditionally, absolutely, and irrevocably guarantee, as obligor and not as a surety, to Seller the complete and prompt payment of [Project Participation Entitlement Share]% (the “**Liability Share**”), as the same may be adjusted pursuant to Section 4, of all obligations and liabilities for payment now or hereafter owing from CC Power to Seller under the Offtake Agreement, including liabilities for Monthly Capacity Payments, the Damage Payment or Termination Payment, as applicable, and any other damage payments or reimbursement amounts (each such obligation or liability of CC Power under the Offtake Agreement, a “**Guaranteed Amount**”). Any payment made directly from CC Power to Seller under the Offtake Agreement shall reduce Project Participant’s liability hereunder by reducing the total amount that is used to calculate the Guaranteed Amount pursuant to the preceding sentence. This BLPTA is an

irrevocable, absolute, unconditional, and continuing guarantee of the punctual payment and performance, and not of collection, of Project Participant's Liability Share of the Guaranteed Amount. In the event CC Power shall fail to duly, completely, or punctually pay any amount owed by Buyer pursuant to the terms and conditions of the Offtake Agreement, and such failure is not remedied within ten (10) Business Days after Notice thereof pursuant to Sections 11.1 or 11.4 of the Offtake Agreement, as applicable, Project Participant shall promptly pay Project Participant's Liability Share of the Guaranteed Amount, as required herein.

2. Seller Waiver. In consideration of the foregoing, Seller unconditionally waives all right to recover directly from CC Power any Damage Payment or Termination Payment that is not paid by CC Power pursuant to Sections 11.3 and 11.4 of the Offtake Agreement, but the foregoing waiver does not apply to any other right or remedy of Seller under the Offtake Agreement, including the right to recover accrued Monthly Capacity Payments, other amounts payable or reimbursable under the Offtake Agreement or any other amounts incurred or accrued prior to termination of the Offtake Agreement and the right to terminate the Offtake Agreement as the result of an Event of Default by Buyer.

3. Demand Notice. For avoidance of doubt, Seller may demand payment from Project Participant for purposes of this BLPTA only when and if a payment is not duly, completely, or punctually paid by CC Power pursuant to the terms and conditions of the Offtake Agreement and such failure is not remedied by CC Power within ten (10) Business Days after Notice thereof is issued pursuant to Sections 11.1 or 11.4 of the Offtake Agreement, as applicable. If CC Power fails to pay any amount when due pursuant to the Offtake Agreement, and such failure is not remedied by CC Power within ten (10) Business Days after Notice thereof, then Seller may exercise its rights under this BLPTA and make a payment demand upon Project Participant to pay Project Participant's Liability Share of the unpaid Guaranteed Amount (a "**Payment Demand**"). A Payment Demand shall be in writing and shall reasonably specify (a) in what manner and what amount CC Power has failed to pay, (b) an explanation of why such payment is due and owing, (c) a calculation of the Guaranteed Amount due from Project Participant, and (d) a specific statement that Seller is requesting that Project Participant pay its Guaranteed Liability Share of the unpaid Guaranteed Amount under this BLPTA. Project Participant shall, within fifteen (15) Business Days following its receipt of the Payment Demand, pay to Seller Project Participant's Liability Share of the unpaid Guaranteed Amount.

4. Step-Up Events. Within thirty (30) days after the occurrence of a Step-Up Event, Project Participant and CC Power will tender to Seller a duly executed and binding replacement Buyer Liability Pass Through Agreement in the same form as this Agreement, but for a Liability Share equal to the Project Participant's Revised Liability Share. Upon receipt of such executed replacement Buyer Liability Pass Through Agreement, Seller will cancel this Buyer Liability Pass Through Agreement, effective upon the effectiveness of the replacement Buyer Liability Pass Through Agreement. For the avoidance of doubt, the cancellation of an existing Buyer Liability Pass Through Agreement shall not be effective unless and until the replacement Buyer Liability Pass Through Agreement has become effective and binding. Following delivery of such replacement Buyer Liability Pass Through Agreement and cancellation of this Buyer Liability Pass Through Agreement, Exhibit S to the Offtake Agreement will be deemed amended to reflect the Project Participant's Revised Liability Share; *provided* that the Project Participant's Revised Liability Share shall not exceed one hundred twenty-five percent (125%) of the Project

Participant's Initial Liability Share.

5. Scope and Duration of BLPTA. The obligations under this BLPTA are independent of the obligations of CC Power under the Offtake Agreement, and an action may be brought to enforce this BLPTA whether or not action is brought against CC Power under the Offtake Agreement. This BLPTA shall continue in full force and effect from the BLPTA Effective Date until both of the following have occurred: (a) the Delivery Term of the Offtake Agreement has expired or terminated early, and (b) either (i) all payment obligations of CC Power due and payable under the Offtake Agreement are paid in full (whether directly or indirectly such as through set-off or netting) or (ii) Project Participant has paid the maximum Guaranteed Amount (i.e. based on its maximum Revised Liability Share as provided in Section 4) in full. This BLPTA shall also continue to be effective or be reinstated, as the case may be, if at any time any payment of any Guaranteed Amount by CC Power is rescinded or must otherwise be returned by Seller upon the insolvency, bankruptcy or reorganization of CC Power or similar proceeding, all as though such payment had not been made, and Project Participant's Liability Share of such Guaranteed Amount shall be subject to payment following a Payment Demand issued pursuant to this BLPTA. Without limiting the generality of the foregoing, and to the extent that the Project Participant has not paid its maximum Guaranteed Amount in full, the obligations of the Project Participant hereunder shall not be released, discharged, or otherwise affected, and this BLPTA shall not be invalidated or impaired or otherwise affected for the following reasons:

(a) The extension of time for the payment of any Guaranteed Amount; or

(b) Any amendment, modification or other alteration of the Offtake Agreement;

or

(c) Any insurance that may be available to cover any loss, except to the extent insurance proceeds are used to satisfy the Guaranteed Amount; or

(d) Any voluntary or involuntary liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting CC Power, including but not limited to any rejection or other discharge of CC Power's obligations under the Offtake Agreement imposed by any court, trustee or custodian or any similar official or imposed by any law, statute or regulation, in each such event in any such proceeding; or

(e) Any reorganization of CC Power or Project Participant, or any merger or consolidation of CC Power or Project Participant into or with any other Person; or

(f) The receipt, release, modification or waiver of, or failure to pursue or seek relief under or with respect to, any other BLPTA, guaranty, collateral, pledge or security device whatsoever; or

(g) CC Power's inability to pay any Guaranteed Amount or perform its obligations under the Offtake Agreement; or

(h) Any other event or circumstance that may now or hereafter constitute a defense to payment of the Guaranteed Amount, including, without limitation, statute of frauds and

accord and satisfaction; *provided* that Project Participant reserves the right to assert for itself any defenses, setoffs or counterclaims that CC Power is or may be entitled to assert against Seller, including with respect to disputes regarding the calculation of a Guaranteed Amount.

6. Waivers by Project Participant. Project Participant hereby unconditionally waives as a condition precedent to the performance of its obligations hereunder, with the exception of the requirements in Paragraphs 2 and 3, (a) notice of acceptance, presentment or protest, notice of any of the events described in Paragraph 5, or any other notice or demand of any kind with respect to the Guaranteed Amounts and this BLPTA, (b) any requirement that Seller pursue or exhaust any right, power or remedy or proceed against CC Power under the Offtake Agreement or against any other Person, including any obligation to pursue any other BLPTAs, or to marshal assets, (c) any defense based on any of the matters described in Paragraph 4, (d) all rights of subrogation or other rights to pursue CC Power for payments made under this BLPTA until all amounts owing under the Offtake Agreement have been paid in full, and (e) any duty of Seller to disclose any information or other matters relating to the business, operations or finances or other condition of CC Power or any other Person who has provided a BLPTA or other security or guaranty with respect to the Offtake Agreement now or hereafter known to Seller. Project Participant further acknowledges and agrees that it is and will be bound by actions taken and elections made by CC Power under the Offtake Agreement and waives any defense based on CC Power's authority or lack thereof or the validity, regularity or advisability of the actions taken or elections made.

7. Project Participant Representations and Warranties. Project Participant hereby represents and warrants that (a) it has all necessary and appropriate powers and authority and the legal right to execute and deliver, and perform its obligations under, this BLPTA, (b) this BLPTA constitutes its legal, valid and binding obligations enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting enforcement of creditors' rights or general principles of equity, (c) the execution, delivery and performance of this BLPTA does not and will not contravene Project Participant's organizational documents, any applicable Law or any contractual provisions binding on or affecting Project Participant, (d) there are no actions, suits or proceedings pending before any court, governmental agency or arbitrator, or, to the knowledge of the Project Participant, threatened, against or affecting Project Participant or any of its properties or revenues which may, in any one case or in the aggregate, adversely affect the ability of Project Participant to enter into or perform its obligations under this BLPTA, and (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority, and no consent of any other Person (including, any member of the Project Participant), that has not heretofore been obtained is required in connection with the execution, delivery, performance, validity or enforceability of this BLPTA by Project Participant. Project Participant agrees that, solely to the extent it is acting in its capacity as a Community Choice Aggregator, it will not claim governmental immunity to avoid its contractual obligations under this BLPTA. Project Participant agrees that the courts identified in Section 11 have jurisdiction to enforce this BLPTA. Notwithstanding the foregoing, any claims against Project Participant shall be filed in accordance with the California Government Claims Act (Cal. Gov't Code § 810 et. seq.), as applicable. Except as provided in the first sentence, Project Participant retains all other immunities and defenses against claims alleging its breach of this BLPTA.

8. Seller Representations and Warranties. Seller hereby represents and warrants that (a) it has all necessary and appropriate powers and authority and the legal right to execute and deliver, and perform its obligations under, this BLPTA, (b) this BLPTA constitutes its legal, valid and binding obligations enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting enforcement of creditors' rights or general principles of equity, (c) the execution, delivery and performance of this BLPTA does not and will not contravene Seller's organizational documents, any applicable Law or any contractual provisions binding on or affecting Seller, (d) there are no actions, suits or proceedings pending before any court, governmental agency or arbitrator, or, to the knowledge of Seller, threatened, against or affecting Seller or any of its properties or revenues which may, in any one case or in the aggregate, adversely affect the ability of Seller to enter into or perform its obligations under this BLPTA, (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority, and no consent of any other Person (including, any stockholder or creditor of Seller), that has not heretofore been obtained is required in connection with the execution, delivery, performance, validity or enforceability of this BLPTA by Seller, and (f) Seller agrees that the courts identified in Section 11 have jurisdiction to enforce this BLPTA.

9. CC Power Representations and Warranties. CC Power hereby represents and warrants that (a) it has all necessary and appropriate powers and authority and the legal right to execute and deliver, and perform its obligations under, this BLPTA, (b) this BLPTA constitutes its legal, valid and binding obligations enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting enforcement of creditors' rights or general principles of equity, (c) the execution, delivery and performance of this BLPTA does not and will not contravene CC Power's organizational documents, any applicable Law or any contractual provisions binding on or affecting CC Power, (d) there are no actions, suits or proceedings pending before any court, governmental agency or arbitrator, or, to the knowledge of the CC Power, threatened, against or affecting CC Power or any of its properties or revenues which may, in any one case or in the aggregate, adversely affect the ability of CC Power to enter into or perform its obligations under this BLPTA, and (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority, and no consent of any other Person (including, any member of CC Power), that has not heretofore been obtained is required in connection with the execution, delivery, performance, validity or enforceability of this BLPTA by CC Power.

10. Notices. Notices under this BLPTA shall be deemed received if sent to the address specified below: (i) on the day received if served by overnight express delivery, and (ii) four (4) Business Days after mailing if sent by certified, first-class mail, return receipt requested. Any Party may change its address or facsimile to which notice is given hereunder by providing notice of the same in accordance with this Paragraph 10.

If delivered to Seller:

Attn: Jordan Cole, Chief Commercial Officer
333 Bay Street, Suite 520
Toronto, ON M5H 2R2, Canada
Phone: +1 (416) 409-8549

Email: jordan.cole@hydrostor.ca

If delivered to Project Participant:

[Project Participant Notice Provisions]

If delivered to CC Power:

Attn: General Manager California Community Power
901 H Street, Suite 120
PMB 157
Sacramento, CA 95814
Phone: 310-617-3441
amorris@cacommunitypower.org
with cc to: joshua.nelson@bbklaw.com

11. Governing Law and Forum Selection. This BLPTA shall be governed by, and interpreted and construed in accordance with, the laws of the United States and the State of California, excluding choice of law rules. The Parties agree that any suit, action or other legal proceeding by or against any Party (or its affiliates or designees) with respect to or arising out of this BLPTA shall be brought in the federal courts of the United States or the courts of the State of California sitting in the county of **[Sacramento] [San Francisco]**.

12. Miscellaneous. This BLPTA shall be binding upon the Parties and their respective successors and assigns and shall inure to the benefit of the Parties and their successors and permitted assigns. No provision of this BLPTA may be amended or waived except by a written instrument executed by Seller, CC Power, and Project Participant. No provision of this BLPTA confers, nor is any provision intended to confer, upon any third party (other than the Parties' successors and permitted assigns) any benefit or right enforceable at the option of that third party. This BLPTA embodies the entire agreement and understanding of the Parties hereto with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and understandings of the Parties hereto, verbal or written, relating to the subject matter hereof. If any provision of this BLPTA is determined to be illegal or unenforceable (i) such provision shall be deemed restated in accordance with applicable Laws to reflect, as nearly as possible, the original intention of the Parties hereto, and (ii) such determination shall not affect any other provision of this BLPTA and all other provisions shall remain in full force and effect. This BLPTA may be executed in any number of separate counterparts, each of which when so executed shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This BLPTA may be executed and delivered by electronic means with the same force and effect as if the same was a fully executed and delivered original manual counterpart.

13. Assignment. Except as provided below in this Paragraph 13, no Party may assign this BLPTA or its rights or obligations under this BLPTA, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld, conditioned or delayed. Seller may, without the prior written consent of Project Participant and CC Power, transfer or assign this BLPTA to any Person to whom Seller may assign its rights or obligations under the Offtake

Agreement, including assignments for financing purposes, including a Portfolio Financing; *provided*, Seller shall give Project Participant and CC Power Notice at least fifteen (15) Business Days before the date of such proposed assignment and, except in the case of a collateral assignment or other assignment for financing purposes, provide Project Participant and CC Power a written agreement signed by the Person to which Seller wishes to assign its interests that provides that such Person will fully assume all of Seller's obligations and liabilities under this BLPTA, including obligations and liabilities that arose prior to the date of transfer or assignment, upon such transfer or assignment. Project Participant may, without the prior written consent of Seller and CC Power, transfer or assign this BLPTA to any member of CC Power that (A) has a Credit Rating of at least BBB- from S&P or Baa3 from Moody's, and (B) is a load serving entity; *provided*, Project Participant shall give Seller and CC Power Notice at least fifteen (15) Business Days before the date of such proposed assignment and provide to Seller and CC Power a written agreement signed by the Person to which Project Participant wishes to assign its interests that provides that such Person will fully assume all of Project Participant's obligations and liabilities, including obligations and liabilities that arose prior to the date of transfer or assignment, under this BLPTA upon such transfer or assignment.

14. No Recourse to Members of Project Participant. Project Participant is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (California Government Code Section 6500 *et seq.*) pursuant to its joint powers agreement and is a public entity separate from its constituent members. Project Participant shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this BLPTA. Seller and CC Power shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Project Participant's constituent members, or the officers, directors, advisors, contractors, consultants or employees of Project Participant or its constituent members, in connection with this BLPTA.

15. No Recourse to Members of CC Power. CC Power is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (California Government Code Section 6500 *et seq.*) pursuant to its Joint Powers Agreement and is a public entity separate from its constituent members. Except as expressly set forth in the Offtake Agreement and this BLPTA, CC Power shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this BLPTA, and as such, Seller and Project Participant shall have no rights and shall not make any claims, take any actions or assert any remedies against any of CC Power's constituent members, or the officers, directors, advisors, contractors, consultants or employees of Project Participant or its constituent members, in connection with this BLPTA.

16. CleanPowerSF as Project Participant. Paragraph 14 shall not apply if CleanPowerSF is the Project Participant, but the following shall apply:

(a) **Designated Fund.** CleanPowerSF payment obligations under this BLPTA are special limited obligations of CleanPowerSF payable solely from the revenues of CleanPowerSF. CleanPowerSF's payment obligations under this BLPTA are not a charge upon the revenues or general fund of the San Francisco Public Utility Commission ("**SFPUC**") or the City and County of San Francisco or upon any non-CleanPowerSF moneys or other property of the SFPUC or the City and County of San Francisco ("**San Francisco**").

(b) Controller Certification. CleanPowerSF's obligations hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification. Except as may be provided by laws governing emergency procedures, officers and employees of CleanPowerSF are not authorized to request, and CleanPowerSF is not required to reimburse Seller for, commodities or services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law. Officers and employees of CleanPowerSF are not authorized to offer or promise, nor is CleanPowerSF required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

(c) Biennial Budget Process. For each City and County of San Francisco biennial budget cycle during the term of this BLPTA, CleanPowerSF agrees to take all necessary action to include the maximum amount of its annual payment obligations under this BLPTA in its budget submitted to the City and County of San Francisco's Board of Supervisors for each year of that budget cycle.

(d) Compliance with Laws. Each Party shall keep itself fully informed of all applicable federal, state, and local laws in any manner affecting the performance of its obligations under this BLPTA, and must at all times materially comply with such applicable laws as they may be amended from time to time.

(e) Prohibition on Political Activity with City Funds. In performing any services required under this BLPTA, Seller shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by San Francisco for this BLPTA from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure in San Francisco.

(f) Non-discrimination in Contracts. Seller shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Seller shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Seller is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(g) Non-discrimination in the Provision of Employee Benefits. San Francisco Administrative Code 12B.2. Seller does not as of the date of this BLPTA, and will not during the term of this BLPTA, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for San Francisco elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

(h) Submitting False Claims. Pursuant to San Francisco Administrative Code §21.35, any contractor or subcontractor who submits a false claim shall be liable to San Francisco for the statutory penalties set forth in that section. A contractor or subcontractor will be deemed to have submitted a false claim to San Francisco if the contractor or subcontractor: (1) knowingly

presents or causes to be presented to an officer or employee of San Francisco a false claim or request for payment or approval; (2) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by San Francisco; (3) conspires to defraud San Francisco by getting a false claim allowed or paid by San Francisco; (4) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to San Francisco; or (5) is a beneficiary of an inadvertent submission of a false claim to San Francisco, subsequently discovers the falsity of the claim, and fails to disclose the false claim to San Francisco within a reasonable time after discovery of the false claim.

(i) Consideration of Salary History. Seller shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or “Pay Parity Act.” Seller is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this BLPTA or in furtherance of this BLPTA, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in San Francisco or on San Francisco property.

(j) Consideration of Criminal History in Hiring and Employment Decisions. Seller agrees to comply fully with and be bound by all of the provisions of Chapter 12T, “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” of the San Francisco Administrative Code, including the remedies provided, and implementing regulations, as may be amended from time to time. The requirements of Chapter 12T shall only apply to Seller’s operations to the extent those operations are in furtherance of the performance of this BLPTA, shall apply only to applicants and employees who would be or are performing work in furtherance of this BLPTA, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within San Francisco. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

(k) Conflict of Interest. By executing this BLPTA, Seller certifies that it does not know of any fact which constitutes a violation of Section 15.103 of San Francisco’s Charter; Article III, Chapter 2 of City’s Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify San Francisco if it becomes aware of any such fact during the term of this BLPTA.

(l) Campaign Contributions. By executing this BLPTA, Seller acknowledges its obligations under Section 1.126 of San Francisco’s Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of San Francisco for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any

time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date San Francisco approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Seller's board of directors; Seller's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than ten percent (10%) in Seller; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Seller. Seller shall inform the relevant persons of the limitation on contributions imposed by Section 1.126.

(m) MacBride Principles – Northern Ireland. Pursuant to San Francisco Administrative Code § 12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride principles.

(n) Tropical Hardwood and Virgin Redwood Ban. The City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood or virgin redwood product. If this order is for wood products or a service involving wood products, (a) Chapter 8 of San Francisco's Environment Code is incorporated herein and by reference made a part hereof as though fully set forth; (b) except as expressly permitted by the application of Sections 802(B), 803(B), and 804(B) of San Francisco's Environment Code, Seller shall not provide any items to San Francisco in performance of this BLPTA which are tropical hardwoods, tropical hardwood products, virgin redwood or virgin redwood products; and (c) failure of Seller to comply with any of the requirements of Chapter 8 of San Francisco's Environment Code shall be deemed a material breach of contract.

(o) Effect on Payment Obligations. The Parties agree that, although breach of an obligation set forth in Sections 16(d) through 16(n) may result in Seller incurring liability for such breach, any such liability will be independent of Project Participant's liability hereunder, and no breach of or default by Seller under Sections 16(d) through 16(n) will relieve Project Participant of its liability for its Liability Share of all Guaranteed Amounts, nor may any such breach or default, or claim of breach or default, be permitted or asserted as a defense to or offset against payment of any amounts owed by Project Participant to Seller hereunder.

17. City of San José (San José Clean Energy) as Project Participant. Paragraph 14 shall not apply if the City of San José, as administrator of San José Clean Energy ("**SJCE**") is the Project Participant, but the following shall apply:

(a) Designated Fund. The City of San José is a municipal corporation and is precluded under the California State Constitution and applicable law from entering into obligations that financially bind future governing bodies without an appropriation for such obligation, and, therefore, nothing in the Agreement shall constitute an obligation of future legislative bodies of the City of San José to appropriate funds for purposes of the Agreement; *provided, however*, that the City of San José has created and set aside a designated fund (being the San Jose Energy Operating Fund established pursuant to City of San Jose Municipal Code, Title 4, Part 63, Section 4.80.4050 *et. seq.*) ("**Designated Fund**") for payment of its obligations under its agreements

including this BLPTA. Subject to the requirements and limitations of applicable law and taking into account other available money specifically authorized by the San José City Council and allocated and appropriated to the SJCE's obligations, SJCE agrees to establish rates and charges that are sufficient to maintain revenues in the Designated Fund necessary to pay its obligations under this BLPTA.

(b) Limited Obligations. SJCE's payment obligations under this BLPTA are special limited obligations of the SJCE payable solely from the Designated Fund and are not a charge upon the revenues or general fund of the City of San José or upon any non- San José Clean Energy moneys or other property of the Community Energy Department or the City of San José.

(c) Nondiscrimination/Non-Preference. In performing its obligations under this BLPTA, Seller shall not, and shall not cause or allow its subcontractors to, discriminate against or grant preferential treatment to any person on the basis of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity or national origin. This prohibition applies to recruiting, hiring, demotion, layoff, termination, compensation, fringe benefits, advancement, training, apprenticeship and other terms, conditions, or privileges of employment, subcontracting and purchasing. Seller will inform all subcontractors of these obligations. This prohibition is subject to the following conditions: (i) the prohibition is not intended to preclude Seller from providing a reasonable accommodation to a person with a disability; (ii) the City of San José's Compliance Officer may require Seller to file, and cause any Seller's subcontractor to file, reports demonstrating compliance with this section. Any such reports shall be filed in the form and at such times as the City of San José's Compliance Officer designates. They shall contain such information, data and/or records as the City of San José's Compliance Officer determines is needed to show compliance with this provision.

(d) Conflict of Interest. Seller represents that it is familiar with the local and state conflict of interest laws and agrees to comply with those laws in performing this BLPTA. Seller certifies that, as of the Effective Date, it was unaware of any facts constituting a conflict of interest or creating an appearance of a conflict of interest. Seller shall avoid all conflicts of interest or appearances of conflicts of interest in performing this BLPTA. Seller has the obligation of determining if the manner in which it performs any part of this BLPTA results in a conflict of interest or an appearance of a conflict of interest and shall immediately notify SJCE in writing if it becomes aware of any facts giving rise to a conflict of interest or the appearance of a conflict of interest. Seller's violation of this subsection (d) is a material breach.

(e) Environmentally Preferable Procurement Policy. Seller shall perform its obligations under this BLPTA in conformance with San José City Council Policy 1-19, entitled "Prohibition of City Funding for Purchase of Single serving Bottled Water," and San José City Council Policy 4-6, entitled "Environmentally Preferable Procurement Policy," as those policies may be amended from time to time. The Parties acknowledge and agree that in no event shall a breach of this Section 17(e) be a material breach of this BLPTA or otherwise give rise to an Event of Default or entitle SJCE to terminate this BLPTA.

(f) Gifts Prohibited. Seller represents that it is familiar with Chapter 12.08 of the San José Municipal Code, which generally prohibits a City of San José officer or designated employee from accepting any gift. Seller shall not offer any City of San José officer or designated

employee any gift prohibited by Chapter 12.08. Seller's violation of this subsection (iv) is a material breach.

(g) Disqualification of Former Employees. Seller represents that it is familiar with Chapter 12.10 of the San José Municipal Code, which generally prohibits a former City of San José officer and former designated employee from providing services to the City of San José connected with his/her former duties or official responsibilities. Seller shall not use either directly or indirectly any officer, employee or agent to perform any services if doing so would violate Chapter 12.10.

(h) Effect on Payment Obligations. The Parties agree that, although breach of an obligation set forth in Sections 17(d) through 17(g) may result in Seller incurring liability for such breach, any such liability will be independent of Project Participant's liability hereunder, and no breach of or default by Seller under Sections 17(c) through 17(h) will relieve Project Participant of its liability for its Liability Share of all Guaranteed Amounts, nor may any such breach or default, or claim of breach or default, be permitted or asserted as a defense to or offset against payment of any amounts owed by Project Participant to Seller hereunder.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have caused this BLPTA to be duly executed and delivered by their duly authorized representatives on the date first above written.

**[PROJECT PARTICIPANT],
a California [joint powers authority]**

By: _____

Printed Name: _____

Title: _____

**CALIFORNIA COMMUNITY POWER,
a California joint powers authority**

By: _____

Printed Name: _____

Title: _____

**GEM A-CAES LLC,
a Delaware limited liability company**

By: _____

Printed Name: _____

Title: _____

EXHIBIT M

FORM OF REPLACEMENT RA NOTICE

This Replacement RA Notice (this “**Notice**”) is delivered by [REDACTED] (“**Seller**”) to California Community Power, a California joint powers authority (“**Buyer**”) in accordance with the terms of that certain Resource Adequacy and TB4 Agreement dated [REDACTED] (“**Agreement**”) by and between Seller and Buyer. All capitalized terms used in this Notice but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

Pursuant to Exhibit C of the Agreement, Seller hereby provides the below Replacement RA product information:

Unit Information¹

Name	
Location	
CAISO Resource ID	
Unit SCID	
Prorated Percentage of Unit Factor	
Resource Type	
Point of Interconnection with the CAISO Controlled Grid (“substation or transmission line”)	
Path 26 (North or South)	
LCR Area (if any)	
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment	
Run Hour Restrictions	
Delivery Period	

Month	Unit CAISO NQC (MW)	Unit Contract Quantity (MW)
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

¹ To be repeated for each unit if more than one.

[REDACTED]

By: _____

Its: _____

Date: _____

EXHIBIT N

NOTICES

GEM A-CAES LLC, a Delaware limited liability company (“Seller”)	California Community Power, a California joint powers authority (“Buyer”)
[REDACTED]	[REDACTED]

GEM A-CAES LLC, a Delaware limited liability company (“Seller”)	California Community Power, a California joint powers authority (“Buyer”)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

EXHIBIT O

CAPACITY TESTS

A. Commercial Operation Capacity Test(s). Upon no less than ten (10) Business Days' prior Notice to Buyer, Seller shall schedule and complete a Commercial Operation Capacity Test prior to the Commercial Operation Date. Such initial Commercial Operation Capacity Test (and any subsequent Commercial Operation Capacity Test permitted in accordance with Section 5 of Exhibit B) shall be performed in accordance with this Exhibit O and shall establish the initial Installed Capacity and initial Efficiency Rate hereunder based on the actual capacity and efficiency rate of the Facility determined by such Commercial Operation Capacity Test(s).

B. Subsequent Capacity Tests. Following the Commercial Operation Date, Buyer may request an additional Capacity Test once in each Contract Year. Upon no less than ten (10) Business Days after receipt of Notice from Buyer, Seller shall schedule and complete a Capacity Test. In addition, Buyer shall have the right to require a retest of the Capacity Test at any time upon no less than five (5) Business Days' prior Notice to Seller. Seller shall have the right to run a retest of any Capacity Test upon five (5) Business Days' prior Notice to Buyer (or any shorter period reasonably acceptable to Buyer consistent with Prudent Operating Practice). The Parties shall use reasonable commercial efforts to perform no more Capacity Tests than are reasonably necessary and to coordinate Capacity Tests with Capacity Tests being performed in connection with other contracts to which the Facility is subject.

C. Test Results and Re-Setting of Effective Capacity and Efficiency Rate. No later than ten (10) Business Days following any Capacity Test, Seller shall submit a testing report detailing results and findings of the test. The report shall include Facility Meter readings and plant log sheets verifying the operating conditions and output of the Facility. In accordance with Section 4.4 of the Agreement, the actual Efficiency Rate and Effective Capacity determined pursuant to a Capacity Test (up to, but not in excess of, the Installed Capacity) and Efficiency Rate determined pursuant to such Capacity Test shall become the new Effective Capacity and Efficiency Rate at the beginning of the day following the completion of the test for calculating the Monthly Capacity Payment and all other purposes under this Agreement.

Capacity Test Procedures

PART I. GENERAL.

- A. Each Capacity Test shall be conducted in accordance with Prudent Operating Practices, the Operating Restrictions, and the provisions of this Exhibit O. For ease of reference, a Capacity Test is sometimes referred to in this Exhibit O as a "**CT**". Buyer or its representative may be present for the CT and may, for informational purposes only, use its own metering equipment (at Buyer's sole cost).
- B. Conditions Prior to Testing.
- (1) EMS Functionality. The EMS shall be successfully configured to receive data from the Storage Management System (SMS), exchange DNP3 data

with the Buyer SCADA device, and transfer data to the database server for the calculation, recording and archiving of data points.

- (2) Communications. The Remote Terminal Unit (RTU) testing should be successfully completed prior to any testing. The interface between CAISO's RTU and the Facility SCADA System should be fully tested and functional prior to starting any testing, including verification of the data transmission pathway between CAISO's RTU and Seller's EMS interface and the ability to record SCADA System data.
- (3) Commissioning Checklist. Commissioning shall be successfully completed per manufacturer guidance on all applicable installed Facility equipment, including verification that all controls, set points, and instruments of the EMS are configured.

PART II. REQUIREMENTS APPLICABLE TO ALL CAPACITY TESTS.

Note: Seller shall have the right and option in its sole discretion to install storage capacity in excess of the Expected Facility Capacity; provided, for all purposes of this Agreement, the amount of Buyer's Share of the Installed Capacity shall never be deemed to exceed the Guaranteed Contract Capacity, and all SOC measurements associated with a Capacity Test shall be based on the Buyer's Share of the Installed Capacity without taking into account any capacity that exceeds the Guaranteed Contract Capacity.

- A. Test Elements. Each CT shall include at least the following individual test elements, which must be conducted in the order prescribed in Part III of this Exhibit O, unless the Parties mutually agree to deviations therefrom. The Parties acknowledge and agree that should Seller fall short of demonstrating one or more of the Test Elements as specified below, the CT will still be deemed "complete," and any adjustments necessary to the Effective Capacity or to the Efficiency Rate resulting from such CT, if applicable, will be made in accordance with this Exhibit O.
 - (1) The measurement of Charging Energy, as measured by the Facility Meter, that is required to charge the Facility from the Minimum Stored Energy Level up to the Maximum Stored Energy Level.
 - (2) The measurement of Discharging Energy, as measured by the Facility Meter, that is required to discharge the Facility from the Maximum Stored Energy Level down to the Minimum Stored Energy Level.
 - (3) Amount of time between the Facility's electrical output going from 0 to Maximum Discharging Capacity.
 - (4) Amount of time between the Facility's electrical input going from 0 to Maximum Charging Capacity.

- B. Parameters. During each CT, the following parameters shall be measured and recorded simultaneously for the Facility, at two (2) second intervals:
- (1) Time;
 - (2) The amount of Discharging Energy measured by the Facility Meters (MWh) (i.e., to each measurement device making up the Facility Meter);
 - (3) The amount of Charging Energy measured by the Facility Meters (MWh) (i.e., from each measurement device making up the Facility Meter); and
 - (4) Stored Energy Level (MWh).
- C. Site Conditions. During each CT, the following conditions at the Site shall be measured and recorded simultaneously at thirty (30) minute intervals:
- (1) Relative humidity (%);
 - (2) Barometric pressure (inches Hg) near the horizontal centerline of the Facility; and
 - (3) Ambient air temperature (°F).
- D. Test Showing. Each CT shall record and report the following datapoints:
- (1) That the CT successfully started;
 - (2) The Maximum Discharging Capacity sustained for the number of consecutive hours corresponding to the Resource Duration;
 - (3) The Maximum Charging Capacity sustained for the number of consecutive hours equal to the Resource Duration divided by the Minimum Efficiency Rate (or such lesser time as is required to reach 100% SOC);
 - (4) Amount of time between the Facility's electrical output going from 0 to the Maximum Discharging Capacity registered during the CT (for purposes of calculating the Ramp Rate);
 - (5) Amount of time between the Facility's electrical input going from 0 to the Maximum Charging Capacity registered during the CT (for purposes of calculating the Ramp Rate);
 - (6) Amount of Charging Energy, registered at the Facility Meter, to go from 0% SOC to 100% SOC; and
 - (7) Amount of Discharging Energy, registered at the Facility Meter, to go from 100% SOC to 0% SOC.
- E. Test Conditions.

- (1) General. At all times during a CT, the Facility shall be operated in compliance with Prudent Operating Practices, the Operating Restrictions, and all operating protocols recommended, required or established by the manufacturer for the Facility.
 - (2) Abnormal Conditions. If abnormal operating conditions prevent the testing or recordation of any required parameter during a CT, Seller may postpone or reschedule all or part of such CT in accordance with Part II.F below.
 - (3) Instrumentation and Metering. Seller shall provide all instrumentation, metering and data collection equipment required to perform the CT. The instrumentation, metering and data collection equipment electrical meters shall be calibrated in accordance with Prudent Operating Practice and, as applicable, the CAISO Tariff.
- F. Incomplete Test. If any CT is not completed in accordance herewith, Buyer may in its sole discretion: (i) accept the results up to the time the CT stopped without any modification to the Effective Capacity or Efficiency Rate pursuant to Section I below; (ii) require that the portion of the CT not completed, be completed within a reasonable specified time period; or (iii) require that the CT be entirely repeated within a reasonable specified time period. Notwithstanding the above, if Seller is unable to complete a CT due to a Force Majeure Event or the actions or inactions of the CAISO or the Transmission Provider, Seller shall be permitted to reconduct such CT on dates and at times reasonably acceptable to the Parties.
- G. Test Report. Within ten (10) Business Days after the completion of any CT, Seller shall prepare and submit to Buyer a written report of the results of the CT, which report shall include:
- (1) A record of the personnel present during the CT that served in an operating, testing, monitoring or other such participatory role;
 - (2) The measured and calculated data for each parameter set forth in Part II.A through D, including copies of the raw data taken during the test; and
 - (3) Seller's statement of either Seller's acceptance of the CT or Seller's rejection of the CT results and reason(s) therefore.

Within ten (10) Business Days after receipt of such report, Buyer shall notify Seller in writing of either Buyer's acceptance of the CT results or Buyer's rejection of the CT and reason(s) therefore. If either Party rejects the results of any CT, such CT shall be repeated in accordance with Part II.F.

- H. Supplementary Capacity Test Protocol. No later than sixty (60) days prior to Construction Start, Seller shall deliver to Buyer for its review and approval (such approval not to be unreasonably delayed or withheld) a supplement to this Exhibit O with additional and supplementary details, procedures and requirements applicable to Capacity Tests based on the then current design of the Facility

(“**Supplementary Capacity Test Protocol**”). Thereafter, from time to time, Seller may deliver to Buyer for its review and approval (such approval not to be unreasonably delayed or withheld) any Seller recommended updates to the then-current Supplementary Capacity Test Protocol. The initial Supplementary Capacity Test Protocol (and each update thereto), once approved by Buyer, shall be deemed an amendment to this Exhibit O.

I. Adjustment to Effective Capacity and Efficiency Rate. The Effective Capacity and Efficiency Rate shall be updated as follows:

- (1) The total amount of the Discharging Energy delivered to the Delivery Point (expressed in MWh AC) at the Maximum Discharging Capacity during the first Resource Duration number of hours of discharge (up to, but not in excess of, the product of (i) the Expected Facility Capacity as of the Effective Date, multiplied by (ii) the Resource Duration) shall be divided by the Resource Duration number of hours to determine the Effective Capacity, which shall be expressed in MW AC, and shall be the new Effective Capacity in accordance with Section 4.4(b) of the Agreement.
- (2) The total amount of Discharging Energy (as reported under Section II.D(7) above) divided by the total amount of Charging Energy (as reported under Section II.D(6) above), and expressed as a percentage, shall be recorded as the new Efficiency Rate.

J. Partial Capacity Tests. To the extent that a Capacity Test is being performed solely for Buyer that is not part of a Capacity Test applicable to the full Facility, the Parties will cooperate, acting reasonably and in good faith, to adjust the requirements and calculations to reflect testing of at least Buyer’s share of the Installed Capacity.

PART III. INITIAL SUPPLEMENTARY CAPACITY TEST PROTOCOL.

A. **Effective Capacity and Efficiency Rate Test**

• Procedure:

- (1) System Starting State: The Facility will be in the on-line state at 0% SOC.
- (2) Record the initial value of the SOC.
- (3) Command a real power charge that results in an AC power of Facility’s Maximum Charging Capacity and continue charging until the earlier of (a) the Facility has reached 100% SOC or (b) the number of hours equal to the Resource Duration divided by the Minimum Efficiency elapsed since the Facility commenced charging.

- (4) Record and store the SOC after the earlier of (a) the Facility has reached 100% SOC or (b) number of hours equal to the Resource Duration divided by the Minimum Efficiency of continuous charging.
 - (5) Record and store the amount of Charging Energy, registered at the Facility Meter, to go from 0% SOC to 100% SOC.
 - (6) Following an agreed-upon rest period, command a real power discharge that results in an AC power output of the Facility's Maximum Discharging Capacity and maintain the discharging state until the earlier of (a) the Facility has discharged at the Maximum Discharging Capacity for the number of consecutive hours corresponding to the Resource Duration, or (b) the Facility has reached 0% SOC.
 - (7) Record and store the SOC and Discharging Energy after the number of hours corresponding to the Resource Duration of continuous discharging.
 - (8) If the Facility has not reached 0% SOC pursuant to Section III.A(6), continue discharging the Facility at Maximum Discharging Capacity until it reaches a 0% SOC.
 - (9) Record and store the Discharging Energy as measured at the Facility Meter from the commencement of discharging pursuant to Section III.A(6) until the Facility has reached a 0% SOC pursuant to either Section III.A(7) or Section III.A(8), as applicable.
- Test Results:
 - (1) The resulting Effective Capacity measurement is the sum of the total of Discharging Energy as reported under Section III.A(7) above at the Facility Meter divided by the Resource Duration, not to exceed the Expected Facility Capacity.
 - (2) The total amount of Discharging Energy (as reported under Section III.A(9) above) divided by the total amount of Charging Energy (as reported under Section III.A(5) above), and expressed as a percentage, shall be recorded as the new Efficiency Rate.

EXHIBIT P
MAJOR EQUIPMENT

Owner-Furnished Equipment

- o Turbomachinery
- o Shell and Tube Heat Exchangers

Electrical and I&C

- o Electrical Enclosures
- o GSU Transformers
- o Main Auxiliary Transformers
- o Generator Circuit Breaker
- o Compressor Transformers
- o Emergency Diesel Generator
- o Iso Phase Bus Duct
- o Battery/UPS System
- o Distributed Control System

Mechanical

- o Air Cooled Heat Exchangers
- o Compressed Air System
- o Oil Water Separators
- o HP Air Trim Cooler
- o Fire Pumps
- o General Service Pumps
- o Fire Protection
- o Cold Thermal Fluid Pumps
- o Shop Fabricated Tanks

- o Field Erected Tanks (Cylindrical and Spherical)
- o Nitrogen Generation
- o Piping
- o Expansion Joints
- o Silencers
- o Generation Conduit Gate Valve
- o Butterfly Valves
- o Sanitary Waste Tank

Structural

- o Building
- o Structural Steel

Substation

- o HV Breakers
- o Structures/Equipment
- o Relay Panels

Bulks

Transmission

- o Steel Structures
- o Conductors

EXHIBIT Q

OPERATING RESTRICTIONS

The Parties will develop and finalize the Operating Restrictions prior to the Commercial Operation Date; *provided*, the Operating Restrictions (i) may not be materially more restrictive of the operation of the Facility than as set forth below, unless agreed to by Buyer in writing, and (ii) will, at a minimum, include the rules, requirements and procedures set forth in this Exhibit Q.

File Update Date:	[TBD]
Technology:	Advanced Compressed Air Energy Storage (“A-CAES”) Technology
Storage Unit Name:	Willow Rock Energy Storage Center
A. Contract Capacity	
Expected Facility Capacity (MW):	500
Guaranteed Contract Capacity (MW):	50
Contract Capacity (MW)	[TBD]
B. Total Unit Dispatchable Range Information	
Interconnect Voltage (kV):	220 kV
Maximum State of Charge (SOC) during Charging:	100%
Minimum State of Charge (SOC) during Discharging:	0%
Maximum Stored Energy Level (MWh):	4,000 MWh
Minimum Stored Energy Level (MWh):	0 MWh
Maximum Charging Capacity (MW):	500 MW
Maximum Discharging Capacity (MW):	500 MW
C. Maximum Throughput	
Maximum Daily Throughput:	4,000 MWh
Maximum Annual Throughput:	1,460,000 MWh
D. Charge and Discharge Rates	
	Ramp Rate (MW/minute) Description
Energy:	[REDACTED]
	[REDACTED]
	[REDACTED]
	[REDACTED]
E. Ancillary Services	
Spinning reserve is included:	No
Non-spinning reserve is included:	No
Regulation up is included:	No
Regulation down is included:	No
Black start is included:	No
F. Other Services	
Voltage support is included:	No

EXHIBIT R
[RESERVED]

EXHIBIT S

PROJECT PARTICIPANTS AND LIABILITY SHARES

Project Participant	Liability Share
CleanPowerSF (CPSF)	23.00%
Peninsula Clean Energy (PCE)	30.00%
Redwood Coast Energy Authority (RCEA)	6.20%
San Jose Clean Energy (SJCE)	24.00%
Silicon Valley Clean Energy Authority (SVCE)	11.40%
Valley Clean Energy Authority (VCE)	5.40%
Total	100.00%

EXHIBIT T
MATERIAL PERMITS

<i>No.</i>	<i>Permits</i>
1	Application for Certification for the Facility by the California Energy Commission.
2	Underground Injection Control Permit for the shafts by the U.S. Environmental Protection Agency

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2026- _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING THE FOLLOWING AGREEMENTS AND ANY NECESSARY ANCILLARY DOCUMENTS FOR THE WILLOW ROCK LONG DURATION STORAGE PROJECT AND AUTHORIZING THE GENERAL MANAGER IN CONSULTATION WITH LEGAL COUNSEL TO FINALIZE AND EXECUTE THE AGREEMENTS: 1) PROJECT PARTICIPATION SHARE AGREEMENT BETWEEN VALLEY CLEAN ENERGY ALLIANCE, CALIFORNIA COMMUNITY POWER AND OTHER PARTICIPATING CCAs, 2) BUYER LIABILITY PASS THROUGH AGREEMENT BETWEEN VALLEY CLEAN ENERGY ALLIANCE, CALIFORNIA COMMUNITY POWER AND GEM A-CAES LLC

WHEREAS, VCE is a member of California Community Power (CC Power) joint powers authority; and

WHEREAS, CC Power in coordination with VCE and other CCAs conducted a request for proposals for clean energy and reliability projects and engaged in negotiations for the Willow Rock project; and

WHEREAS, CC Power seeks to execute agreements to effectuate its purchase of its storage resource from the Willow Rock long duration storage (LDS) project based on the project’s desirable offering of products, pricing and terms; and

WHEREAS, the Willow Rock project will contribute to the regulatory requirement to procure LDS for each of the CCAs that are participating in this project through CC Power by providing energy storage resources for a term of twenty years starting on or about July 1, 2030; and

WHEREAS, staff is presenting to the Board for its review the Resource Adequacy and TB4 Agreement, Buyer Liability Pass Through Agreement and the Project Participation Share Agreement.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance reaffirms the following:

1. The Executive Officer is authorized to execute the Agreements and any ancillary documents with GEM A-CAES LLC, California Community Power, and participating CCAs with the terms generally consistent with those presented, in a form approved by legal counsel.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of _____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 19

TO: Board of Directors

FROM: Mitch Sears, Chief Executive Officer
Edward Burnham, CFO
Alisa Lembke, VCE Board Clerk/Administrative Analyst

SUBJECT: Consider Appointment to vacant County of Yolo seat on Community Advisory Committee

DATE: February 12, 2025

RECOMMENDATION

1. Consider appointment to vacant County of Yolo seat (Class 2) - term expires in June 2026.

BACKGROUND/ANALYSIS

The Board at their September 9, 2021 meeting, adopted a [revised Community Advisory Committee \(CAC\) structure](#) with eleven total members: eight jurisdictional members (two per jurisdiction) and three additional seats for At-large members intended to fill specific subject matter expertise/experience areas.

VCE has experienced unsuccessful recruitment(s) with a focus on unincorporated Yolo County, leaving the role unfilled. The county of Yolo jurisdiction includes city jurisdictions, and VCE would like to consider filling the appointment from the existing pool of applicants.

Several applications were on file from residents of Davis and Woodland who had previously applied for CAC seats. One resident, Mark Murray, expressed interest in being considered for appointment to the County of Yolo seat.

Mr. Murray's application is summarized below:

- Mark Murray is interested in expanding and promoting the community's efforts to be the model for clean energy; he is a proponent and participant of solar energy, electric vehicles, electric heat pump, and the promotion of the economic benefits for homeowners to go electric; and, he has over 35 years of experience in researching, developing, advocating and monitoring public policy in the environmental, waste reduction and recycling realms and has served on numerous advisory bodies.

///

Consistent with past practice, staff provided Mr. Murray's application to the jurisdiction Board Members (County of Yolo) for their review and consideration for recommendation.

CONCLUSION

Staff recommend the Board consider appointment of Mark Murray to the vacant County of Yolo seat (Class 2) - term expires in June 2026.

Attachment

1. CAC Application (Mark Murray) - Redacted



Received

5/16/24 AM Lembke

Re

Valley Clean Energy
600 Second Street
Davis CA 95616

VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE
OFFICE

PERSONAL DATA SHEET

Name _____
Last First Middle

Are you at least 18 years old _____

Home address _____
Street/Street City/State/Zip

Email address _____
Daytime phone Evening/weekend phone

Business title or Organization _____

Company/Organization _____

Address _____
Street address City/State and Zip

Do you Valley Clean Energy jurisdiction do you reside in
 City of Davis City of Yuba County of Yuba City of others

If you do not reside in Valley Clean Energy's jurisdiction please include a separate state email address if you are applying for this office

Are you seeking a position on the Sea? Yes No

Background Information:

Do you wish to serve as a member of the VCE Community Advisory Committee

Case/series/observational study or the case report/series professional and related professional literature for articles in this section

Please copy your reviews and recommendations and indicate the possibility and dates

is a copy of the article you have made to be ready for the service

Do you have any interests or associations with any of the research organizations listed below?
If yes, please email:

and you are your submission:

and you see as some of the significant issues that the company in the next 5 years may
interact with Valley Clean Energy's Core Energy Advisory Committee

I understand and agree to accept this as a full-time position

I am aware of the obligations and responsibilities of this committee and am willing and able to fulfill this commitment should I be appointed: (Initial here: _____)

Please attach your resume or any additional information or statements which you feel would be helpful to the Valley Clean Energy Board of Directors in reviewing your qualifications.

ORIGINAL COPY RELEASE

I understand that this application or appointment information contained herein is made available to the general public and I further understand that I may be required to file the same with the state and pay the associated recording fees or other applicable disclosure fees.

Please Sign Here

Date

NOTE: This document is a public record and may be disclosed/released pursuant to the California Public Records Act.

FOR OFFICIAL USE ONLY 5/16/2026

Applicant's name _____ for _____ years is a California resident _____

Date of application _____ Valley Clean Energy Card # _____ N/A

Applicant's address _____ N/A

Is this a re-application? _____ N/A