Western Community Energy
Joint Meeting of the
Board of Directors and
Technical Advisory Committee

AGENDA

Wednesday, August 12, 2020
1:00 p.m.

Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501

WRCOG’s OFFICE IS CURRENTLY CLOSED TO THE PUBLIC DUE TO COVID-19 AND STAFF ARE WORKING REMOTELY

Members of the public are encouraged to participate in this meeting via Zoom (see meeting information below)

Join Zoom Meeting
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Meeting ID: 839 1604 8736
Password: 067320

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+16699009128,,83916048736##0#,067320# U.S. (San Jose)
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+1 253 215 8782 U.S. (Tacoma)

SPECIAL NOTICE – COVID-19 RELATED PROCEDURES IN EFFECT

Due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19), Governor Newsom has issued Executive Order N-29-20 (issued March 17, 2020) in which Section 3 supersedes Paragraph 11 of Executive Order N-25-20 (issued on March 12, 2020). This new order states that WRCOG does not need to make a physical location available for members of the public to observe a public meeting and offer public comment. The Order allows WRCOG to hold Committee meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically.
To follow the Order issued by the Governor, the WCE Joint Meeting of the Board of Directors and Technical Advisory Committee scheduled for Wednesday, August 12, 2020, at 1:00 p.m. will be held via teleconference and any members of the public can attend electronically. Members of the public may send public comments by emailing snelson@wrcog.us, or calling (951) 405-6703 before or during the meeting, prior to the close of public comment.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Suzy Nelson prior to Monday, August 10, 2020, at 1:00 p.m. at (951) 405-6703 or at snelson@wrcog.us.

The Board of Directors may take any action on any item listed on the agenda, regardless of the Requested Action.

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENTS

At this time members of the public can address the Board of Directors regarding any items within the subject matter jurisdiction of the Board of Directors that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agendized items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Board of Directors in writing and only pertinent points presented orally.

4. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Board of Directors, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Board of Directors request specific items be removed from the Consent Calendar.

<table>
<thead>
<tr>
<th>Requested Action</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Summary Minutes from the July 8, 2020, Joint Meeting of the Board of Directors and Technical Advisory Committee are Available for Consideration.</td>
<td></td>
</tr>
</tbody>
</table>

Requested Action: 1. Approve the Summary Minutes from the July 8, 2020, Joint Meeting of the Board of Directors and Technical Advisory Committee.

B. Financial Summary Update | Andrew Ruiz, WRCOG


C. Program Schedule Update | Tyler Masters, WRCOG


D. Regulatory and Legislative Activities Update | Ani Dhruva, WRCOG


E. Marketing Update and Outreach Activities Update | Avie Barron, WRCOG

Requested Action: 1. Authorize the Executive Director to enter into a 2nd Amendment to the Professional Services Agreement between Western Community Energy and The Creative Bar for Marketing and Outreach Services, not to exceed $90,000, through June 1, 2021.
F. Amendment to WCE Conflict of Interest Code  

**Requested Actions:**  
1. Adopt Resolution No. 2020-13; A Resolution of the Board of Directors of Western Community Energy adopting an amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.  
2. Direct that such amendment be submitted to the Riverside County Board of Supervisors as WCE’s Code-reviewing body (Gov. Code § 82011), requesting approval of the amendment as required under Government Code Section 87303.

G. WCE Enabling Agreement to Add Energy Provider  

**Requested Actions:**  
1. Adopt Resolution No. 2020-15; A Resolution of the Board of Directors of Western Community Energy approving Master Power Purchase Agreements.  
2. Approve the Edison Electric Institute Master Agreement (“Master Agreement”) between Western Community Energy and Constellation / Exelon and authorize the Executive Director, or designee, to execute the Master Agreement, in substantially similar form as approved by Legal Counsel.  
3. Approve the Edison Electric Institute Master Agreement (“Master Agreement”) between Western Community Energy and 3 Phase Renewable and authorize the Executive Director, or designee, to execute the Master Agreement, in substantially similar form as approved by Legal Counsel.

5. REPORTS / DISCUSSION

A. Program Launch Update  

**Requested Action:**  
1. Receive and file.

B. Non-Residential Client Engagement and Outreach Update  

**Requested Action:**  
1. Receive and file.

C. WCE’s 2020 Integrated Resource Plan  

**Requested Action:**  
1. Adopt Resolution No. 2020-14; A Resolution of the Board of Directors of Western Community Energy adopting Western Community Energy’s Integrated Resource Plan (IRP) and authorize staff to submit the IRP, in substantially similar form, to the CPUC by September 1, 2020.

6. REPORT FROM THE EXECUTIVE DIRECTOR  

**Rick Bishop**

7. ITEMS FOR FUTURE AGENDAS  

**Members**

Members are invited to suggest additional items to be brought forward for discussion at future Board of Directors meetings.

8. GENERAL ANNOUNCEMENTS  

**Members**

Members are invited to announce items / activities which may be of general interest to the Board of Directors.
9. **NEXT MEETING:** The next Joint Meeting of the Board of Directors and Technical Advisory Committee is scheduled for Wednesday, September 9, 2020, at 1:00 p.m., via Zoom platform.

10. **ADJOURNMENT**
1. CALL TO ORDER

The Joint Meeting of the Board of Directors and Technical Advisory Committee was called to order at 1:03 p.m. by Chair Ben Benoit on the Zoom virtual platform.

2. ROLL CALL

Board of Directors present:

Todd Rigby, City of Eastvale
Russ Brown, City of Hemet
Chris Barajas, City of Jurupa Valley
Ted Hoffman, City of Norco (1:09 p.m. arrival)
Rita Rogers, City of Perris (1:06 p.m. arrival)
Ben Benoit, City of Wildomar (Chair)

Technical Advisory Committee Members present:

Bryan Jones, City of Eastvale (1:26 p.m. arrival)
Rod Butler, City of Jurupa Valley
Andy Okoro, City of Norco
Ken Phung, City of Perris

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Ryan Barron, Legal Counsel, Best Best & Krieger
Rick Bishop, WRCOG Executive Director
Barbara Spoonhour, WRCOG Deputy Executive Director - Operations
Andrew Ruiz, WRCOG Chief Financial Officer
Tyler Masters, WRCOG Director of Western Community Energy
Casey Dailey, WRCOG Director of Energy & Environmental Programs
Princess Hester, RCHCA Director of Administration
Janis Leonard, WRCOG Administrative Services Manager
Don Ries, WRCOG Program Manager
Avie Barron, WRCOG Senior Analyst
Kyle Rodriguez, WRCOG Staff Analyst
Daniel Soltero, WRCOG Staff Analyst
Suzy Nelson, WRCOG Administrative Assistant
Ani Dhruva, WRCOG Intern

Guests present:

Craig Martin, Pilot Power
Denis Vermette, Pilot Power
Todd Warden, South Coast Air Quality Management District
James Muraca, Zen Ecosystems
James McPhail, Zen Ecosystems

3. PUBLIC COMMENTS

There were no public comments.
4. CONSENT CALENDAR – (Jurupa Valley / Norco) 6 yes; 0 no; 0 abstention. Items 4.A through 4.E were approved. The City of Canyon Lake was not present.

A. Summary Minutes from the June 10, 2020, Joint Meeting of the Board of Directors and Technical Advisory Committee are Available for Consideration.

   **Action:** 1. Approved the Summary Minutes from the June 10, 2020, Joint Meeting of the Board of Directors and Technical Advisory Committee.

B. Financial Summary Update

   **Action:** 1. Received and filed.

C. Program Schedule Update

   **Action:** 1. Received and filed.

D. Regulatory and Legislative Activities Update

   **Action:** 1. Received and filed.

E. Single Signature Authority Report

   **Action:** 1. Received and filed.

5. REPORTS / DISCUSSION – Note: Items will be taken out of order, and one vote for all action items will be taken at the conclusion of all presentations.

A. Program Launch Update

Tyler Masters reported that the current opt-out rate is 4.71% regionally, still well under the projected proformas and assumptions. This week, there have been six organic opt-ups for a total of 40 customers who have opted-up from the default of 37% renewable energy rate up to the Choice Plus Plan, which is the 100% green sources energy rate plan. The Joint Rate Comparison (JRC) mailer was mailed at the end of June and provides a side-by-side comparison of WCE and Southern California Edison generation rates. Notice of any rate changes to either agency is to be posted to both agency’s websites within 60 days of the effective rate change. JRC mailers are also prepared and sent to all customers every July.

   **Action:** 1. Received and filed.

B. Non-Residential Client Engagement and Outreach Update

Don Ries reported that for commercial businesses which have multiple meters will have their bills combined into one. As of June 24, 2020, there have only been 466 customers opt-out of WCE for total rate of 3.2%. Over half of the top-tier clients and nine of the lower clients have committed to staying with WCE. Staff are actively working with the consultants to bring a savings calculator online.

Southern California Edison is heading towards additional rate changes which will become effective October 1, 2020, and another in January 1, 2021.

   **Action:** 1. Received and filed.

C. Emergency Customer Protections due to COVID-19

Andrew Ruiz reported that the California Public Utilities Commission (CPUC) passed a resolution requiring
utility service providers to enact emergency customer protections. Some of the protections Southern California Edison (SCE) has adopted includes a payment plan, suspending disconnection due to non-payment, and discuss with CCAs its roles and responsibilities.

SCE has submitted a letter to the CPUC requesting to withdraw emergency protections for medium and large commercial customers, since the CPUC's original requirement did not require that. WCE, along with other CCAs, protested this, as well as more equitable payment share received by SCE. SCE indicated that it would submit a separate proposal for medium and large commercial customers, excluding small commercial and residential customers, therefore WCE withdrew its protest.

Barbara Spoonhour indicated that staff continue to have ongoing meetings with SCE every two weeks. The customer protections end April 2021 and SCE is developing a payment plan process.

Technical Advisory Committee member Andy Okoro asked if late payment penalties still apply and does WCE get a portion.

Mr. Ruiz responded that currently there are no late payment penalties.

**Action:**

1. Received and filed.

**D. WCE Smart Thermostat Program Update**

Tyler Masters reported that WCE customers who participate in SCE’s income-qualified programs will still be able to participate in SCE’s programs, with the exception of SCE’s Smart Thermostat Program, formally known as the Smart Energy Program.

WCE enrolled nearly 1,300 customers who participate in SCE’s Smart Energy Program into WCE service. WCE’s Board directed staff to release a Request for Proposal to create a Smart Thermostat Program for WCE. A total of 11 proposals were received, and the top four were interviewed. Autogrid with Franklin Energy received the highest evaluation scores. It is anticipated that Autogrid could develop and launch the Program by the summer of 2021.

Moving forward with a formal Smart Thermostat Program (Option 1) would allow customers to participate in energy programs, and future Program expansion could include, for example, additional devices such as smart water heaters, energy battery storage, etc. The cost in moving forward with a formal Program is a little more costly that what was anticipated.

Moving forward with an informal Program (Option 2) would cost one-quarter of the formal Program, but WCE would not have full control over customers’ thermostats, which could greatly lessen participation. This option would also allow staff time to research additional funding opportunities. In an informal Program, electricity savings are unable to be captured and quantified. There would also be no incentives for participation and would not allow the Program to expand to other technologies.

Lastly, staff can do nothing and wait (Option 3) and return to this Board in 2022.

Chairman Ben Benoit indicated perhaps the third option of wait and see is best.

Director Ted Hoffman indicated that if WCE waits to create a program, it will likely lose customers.

Director Rita Rogers indicated that WCE needs to create a program, as customers were told that WCE would have comparable programs to what SCE offers. Option 2 is more affordable.

Chairman Benoit asked if there is a savings to the overall cost for procuring energy.

Mr. Masters responded that there would be small savings.

Director Chris Barajas suggested Option 3 and informing the customers that WCE is still working on creating a
program and will apply $10/month credit for 4 months for total of $40 cumulative to customers’ bills next year.

Director Todd Rigby asked what the cost savings are in WCE controlling customers’ thermostats.

Mr. Masters indicated that as part of the mass enrollment process, WCE also sent courtesy letters to SCE Smart Thermostat Program customers indicating that WCE would be providing a monthly credit of $10 for four months (total $40 credit) and that WCE would be looking into creating a comparable program.

Craig Martin indicated that SCE will be increasing its rates again in January 2021, while WCE is not currently expecting to unless SCE’s rates impact WCE’s.

Director Russ Brown indicated that customers were informed that WCE would be exploring the creation of an energy program. It would be a gesture of good faith to again provide customers a $10 credit for four months while WCE is exploring its options for an energy program. Option 2 or 3 are favorable options.

Denis Vermette indicated that it is important to demonstrate to suppliers and bankers that WCE is building its reserves. WCE is also going to be making a balloon payment to SCE in July 2021 for Resource Adequacy, as SCE is procuring it on WCE’s behalf.

Director Hoffman suggested additional research on Options 2 and 3.

Director Rigby suggested that WCE continue focusing on its reserves.

Director Benoit suggested option 3 and that staff continue to look for options to move forward with energy programs without having to fund the entire cost out of WCE reserves.

Mr. Masters indicated that staff will develop a letter to send to the affected 1,300 customers indicating that WCE is researching options for an energy program, and that the customers will receive a $40 cumulative credit for four months during the 2020/2021 Fiscal Year.

Action: 1. Received and filed.

6. REPORT FROM THE EXECUTIVE DIRECTOR

Rick Bishop indicated that this is Barbara Spoonhour's last Board meeting prior to retirement.

Ms. Spoonhour expressed her pleasure in WCE launching.

Board members shared their thanks and appreciation.

7. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

8. GENERAL ANNOUNCEMENTS

There were no general announcements.

9. NEXT MEETING: The next Joint Meeting of the Board of Directors and Technical Advisory Committee is scheduled for Wednesday, August 12, 2020, at 1:00 p.m., via Zoom platform.

10. ADJOURNMENT: The Joint Meeting of the Board of Directors and Technical Advisory Committee adjourned at 2:08 p.m.
Western Community Energy
Joint Meeting of the
Board of Directors and
Technical Advisory Committee

STAFF REPORT

Subject: Financial Summary Update

Contact: Andrew Ruiz, WRCOG Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740

Date: August 12, 2020

The purpose of this item is to provide the Financial Report summary through April 2020.

REQUESTED ACTION:

1. Receive and file.


Update on WCE’s Bad Debt Policy: In May 2020, the Board adopted a revised Bad Debt and Collections Policy due to the impacts COVID-19. Staff will return in September 2020, with an update on WCE’s outstanding receivables.

PRIOR ACTION:

July 8, 2020: The Board of Directors received and filed.

FISCAL IMPACT:

This item is for informational purposes only; therefore, there is no fiscal impact.

ATTACHMENT:

Item 4.B
Financial Summary Update

Attachment 1
Financial Report summary – April 2020
# Monthly Budget to Actuals
## For the Month Ending April 30, 2020

### Revenues and Transfers In

<table>
<thead>
<tr>
<th>Description</th>
<th>Approved Budget</th>
<th>Thru Actual</th>
<th>Remaining Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance Carryover</td>
<td>410,452</td>
<td>410,452</td>
<td>-</td>
</tr>
<tr>
<td>Transfers in from WRCOG</td>
<td>635,000</td>
<td>635,000</td>
<td>-</td>
</tr>
<tr>
<td>WCE Energy Revenue</td>
<td>15,424,603</td>
<td>998,272</td>
<td>(14,426,331)</td>
</tr>
<tr>
<td>Opt Up Revenue</td>
<td>156,840</td>
<td>10,255</td>
<td>(146,585)</td>
</tr>
<tr>
<td>Doubtful Account Reserve</td>
<td>(154,220)</td>
<td>(9,983)</td>
<td>144,237</td>
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<tr>
<td><strong>Total Revenues Transfers</strong></td>
<td><strong>16,472,675</strong></td>
<td><strong>2,043,997</strong></td>
<td><strong>(14,428,678)</strong></td>
</tr>
</tbody>
</table>

### Expenditures

#### General Operations

<table>
<thead>
<tr>
<th>Description</th>
<th>Approved Budget</th>
<th>Thru Actual</th>
<th>Remaining Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Legal Services</td>
<td>100,000</td>
<td>162,286</td>
<td>(62,286)</td>
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<tr>
<td>Bank Fees</td>
<td>69,138</td>
<td>14,297</td>
<td>54,841</td>
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<tr>
<td>Stipends</td>
<td>-</td>
<td>4,950</td>
<td>(4,950)</td>
</tr>
<tr>
<td>Program/Office Supplies</td>
<td>1,678</td>
<td>5,441</td>
<td>(3,763)</td>
</tr>
<tr>
<td>Event Support</td>
<td>126</td>
<td>626</td>
<td>(500)</td>
</tr>
<tr>
<td>Parking Validations</td>
<td>690</td>
<td>690</td>
<td>-</td>
</tr>
<tr>
<td>Membership Dues</td>
<td>1,500</td>
<td>1,500</td>
<td>-</td>
</tr>
<tr>
<td>Meeting Support Services</td>
<td>656</td>
<td>656</td>
<td>-</td>
</tr>
<tr>
<td>Postage</td>
<td>175</td>
<td>-</td>
<td>175</td>
</tr>
<tr>
<td>Other Household Expense</td>
<td>-</td>
<td>500</td>
<td>(500)</td>
</tr>
<tr>
<td>Insurance - Gen/Bus Liab</td>
<td>7,000</td>
<td>275</td>
<td>6,725</td>
</tr>
<tr>
<td>Seminars/Conferences</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Travel - Mileage Reimbursement</td>
<td>1,500</td>
<td>519</td>
<td>981</td>
</tr>
<tr>
<td>Travel - Ground Transportation</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Travel - Airfare</td>
<td>1,900</td>
<td>205</td>
<td>1,695</td>
</tr>
<tr>
<td>Lodging</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>Meals</td>
<td>500</td>
<td>323</td>
<td>177</td>
</tr>
<tr>
<td>Other Incidentalis</td>
<td>1,000</td>
<td>174</td>
<td>826</td>
</tr>
<tr>
<td>Reimbursement for Services</td>
<td>344,727</td>
<td>218,665</td>
<td>126,062</td>
</tr>
<tr>
<td>Consulting Labor</td>
<td>1,092,842</td>
<td>374,352</td>
<td>718,490</td>
</tr>
<tr>
<td>System Energy</td>
<td>10,504</td>
<td>-</td>
<td>10,504</td>
</tr>
<tr>
<td>Hedged Energy</td>
<td>8,113,320</td>
<td>-</td>
<td>8,113,320</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>1,160,610</td>
<td>92,085</td>
<td>1,068,525</td>
</tr>
<tr>
<td>Resource Adequacy - System</td>
<td>2,531,527</td>
<td>654,237</td>
<td>1,877,290</td>
</tr>
<tr>
<td>Resource Adequacy - Local</td>
<td>3,079,369</td>
<td>1,660,392</td>
<td>1,418,977</td>
</tr>
<tr>
<td>CAISO Charges</td>
<td>1,045,598</td>
<td>267,082</td>
<td>778,516</td>
</tr>
<tr>
<td>IOU Charges</td>
<td>48,020</td>
<td>-</td>
<td>48,020</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>17,616,380</strong></td>
<td><strong>3,459,255</strong></td>
<td><strong>14,157,125</strong></td>
</tr>
</tbody>
</table>
Western Community Energy
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STAFF REPORT

Subject: Program Schedule Update

Contact: Tyler Masters, Director of Western Community Energy, tmasters@wrcog.us, (951) 405-6732

Date: August 12, 2020

The purpose of this item is to provide an update on the Program Schedule and major milestones for WCE through October 2020.

REQUESTED ACTION:

1. Receive and file.

Background: The following highlights future Board of Directors meeting topics for discussion, as well as WCE Program updates, through October 2020.

2020 Board Meeting and Program Schedule

August 2020
- Board Meeting
- Approve WCE’s Integrated Resource Plan
- Review of customer service calls and opt-outs
- Financial Update
- Program Update
- Continued marketing and outreach
- Legislative update

September 2020
- Board Meeting
- Discuss customer bill protection on customers’ transition to time-of-use rates
- Review of customer service calls and opt-outs
- Financial Update
- Bad Debt and Collection 60-day update
- Program Update
- Continued marketing and outreach
- Legislative update
- Energy program funding opportunities
- WRCOG Energy Resiliency Plan

October 2020
- Board Meeting
- Review of customer service calls and opt-outs
- Financial Update
- Program Update
- Continued marketing and outreach
- Legislative update

PRIOR ACTION:

July 8, 2020: The Board of Directors received and filed.
**FISCAL IMPACT:**

This item is for informational purposes only; therefore, there is no fiscal impact.

**ATTACHMENT:**

None.
The purpose of this item is to provide an update on recent regulatory and legislative activities that have occurred that may affect WCE and other CCAs.

**REQUESTED ACTION:**

1. Receive and file.

Below is an extensive table of bills that CalCCA is tracking. In addition, if the CalCCA Board has taken a position, it is also annotated.

<table>
<thead>
<tr>
<th>Bill</th>
<th>Author(s)</th>
<th>Description</th>
<th>Status</th>
<th>CalCCA Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>SB 45</td>
<td>Allen</td>
<td>Proposes the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, subject to voter approval in the November 3, 2020, statewide general election. This bill proposes the issuance of $5.51 billion in general obligation bonds to implement its provisions.</td>
<td>01/30/20: In Assembly. Read first time. Held at Desk.</td>
<td>Support</td>
</tr>
<tr>
<td>SB 255</td>
<td>Bradford</td>
<td>Requires ESPs, including CCAs, with revenues of $1,000,000 or more to report to the CPUC their current contracting statuses and future annual procurement contracting plans with local Diverse Business Enterprises (DBEs).</td>
<td>10/02/2019: Chaptered by Secretary of State. Chapter 407, Statutes of 2019.</td>
<td>Support</td>
</tr>
<tr>
<td>SB 364</td>
<td>Mitchell</td>
<td>Caps property taxes for Veterans over 65, attempting to mitigate factors that lead to homelessness for veterans.</td>
<td>06/18/19</td>
<td>Support</td>
</tr>
<tr>
<td>SB 378</td>
<td>Wiener</td>
<td>Establishes the California Public Utilities Commission’s (CPUC) regulatory authority over public utilities, including electrical corporations. Requires each electrical corporation to annually prepare</td>
<td>06/18/20: Referred to Committee on Utilities &amp; Energy.</td>
<td>Support</td>
</tr>
</tbody>
</table>
and submit a wildfire mitigation plan to the CPUC for review and approval, as specified. Requires a wildfire mitigation plan of an electrical corporation to include, among other things, protocols for de-energizing portions of the electrical distribution system that consider the associated impacts on public safety, as well as protocols related to mitigating the public safety impacts of those protocols, including impacts on critical first responders and on health and communications infrastructure.

<table>
<thead>
<tr>
<th>Bill</th>
<th>Sponsor</th>
<th>Description</th>
<th>Date, Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>SB 605</td>
<td>Hueso</td>
<td>This bill requires numerous provisions related to an electrical investor-owned utility’s (IOU) decision to proactively shut off power, including requiring reimbursements of specified costs, specified penalties for shutting off power, and other reporting.</td>
<td>06/29/20: Referred to Committee on Utilities &amp; Energy.</td>
</tr>
<tr>
<td>SB 633</td>
<td>Stern</td>
<td>This bill would establish the California Electric Vehicle Authority within the Governor’s Office. This authority will be responsible for funding and financing programs that accelerate or boost the transition to a zero-emissions based transportation system. Under this bill the authority will be required to coordinate with local agencies, including CCAs in transitioning to an emissions-free transportation system.</td>
<td>07/27/20: Amended in Assembly Support, as amended</td>
</tr>
<tr>
<td>SB 702</td>
<td>Hill</td>
<td>Authorizes a retail seller the option to rely on the contracts or ownership agreements entered into prior to January 1, 2019, directly by its nonprofit educational institution end-use customer to help satisfy the long-term procurement requirement in the state’s renewable portfolio standard.</td>
<td>06/18/20: Referred to Committee on Utilities &amp; Energy.</td>
</tr>
<tr>
<td>SB 801</td>
<td>Glazer</td>
<td>Requires an electrical corporation to deploy backup electrical resources or provide financial assistance for backup electrical resources to a customer receiving a medical baseline allowance if the customer meets those conditions.</td>
<td>06/18/20: Referred to Committee on Utilities &amp; Energy.</td>
</tr>
<tr>
<td>SB 802</td>
<td>Glazer</td>
<td>Require an air district to adopt a rule or revise its existing rules to allow a health facility to construct and operate an emergency backup generator during a deenergization event without having that usage count toward any time limitation.</td>
<td>05/12/20: Referral to Senate Committee on Environment, Utilities, and Communications. Rescinded due to the shortened 2020 Legislative Calendar.</td>
</tr>
<tr>
<td>Bill No.</td>
<td>Sponsor</td>
<td>Description</td>
<td>Action Notes</td>
</tr>
<tr>
<td>---------</td>
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</tr>
<tr>
<td>SB 804</td>
<td>Wiener</td>
<td>Allows publicly owned electric utilities to issue rate reduction bonds, a type of financing mechanism already used by public water and wastewater agencies and, in some cases, investor-owned electric utilities. Rate reduction bonds can help utilities invest in projects such as clean energy development, equipment upgrades, and more in a cost-effective manner that saves ratepayers money.</td>
<td>05/12/20: Referral to Senate Energy, Utilities, and Communications Committee. Rescinded due to the shortened 2020 Legislative Calendar.</td>
</tr>
<tr>
<td>SB 862</td>
<td>Dodd</td>
<td>This bill would require an electrical corporation, as a part of its public safety mitigation protocols, to include protocols that deal specifically with access and functional need individuals, as defined, including those individuals who are enrolled in the California Alternative Rates for Energy program. This bill would recast those provisions to authorize the electrical corporation to deploy backup resources to a customer, including an individual with an access of functional need, as defined, and would delete the requirement that the customer not be eligible for backup electrical resources from the other providers.</td>
<td>06/29/20: Referred to Committee on Utilities &amp; Energy.</td>
</tr>
<tr>
<td>SB 917</td>
<td>Wiener</td>
<td>Transitions PG&amp;E to a publicly owned utility over a five-year span.</td>
<td>05/12/20: Referral to Senate Committees on Government and Finance and Judicial. Rescinded due to the shortened 2020 Legislative Calendar.</td>
</tr>
<tr>
<td>SB 942</td>
<td>Wilk</td>
<td>Codifies an existing regulation that authorizes the CEC to approve community solar projects for housing projects to comply with legislation that requires new home construction to include solar and storage systems.</td>
<td>02/20/20: Referred to Senate Rules Committee.</td>
</tr>
<tr>
<td>SB 947</td>
<td>Dodd</td>
<td>Directs the CPUC to study performance-based rates for IOUs and report back to the Legislature.</td>
<td>03/16/20: March 17 hearing postponed by Senate Energy, Utilities, and Communications Committee.</td>
</tr>
<tr>
<td>SB 953</td>
<td>Wiener</td>
<td>Prevents discriminatory and/or unreasonable fees for customer sited energy and storage systems.</td>
<td>03/16/20: March 17 hearing postponed by Senate Energy, Utilities, and Communications Committee.</td>
</tr>
<tr>
<td>SB 1035</td>
<td>Rubio</td>
<td>Establishes the Climate Pollution Reduction in Low-Income Homes Initiative to provide financial assistance for low carbon emitting appliances.</td>
<td>02/27/20: Referred to Senate Energy, Utilities, and Communications Committee.</td>
</tr>
<tr>
<td>SB 1059</td>
<td>Hill</td>
<td>Clarifies that &quot;partnership flips&quot; do not trigger property tax reassessments for solar projects. This measure is intended to be a cleanup to AB 15x from 2011 that is not being interpreted incorrectly by the Board of Equalization.</td>
<td>05/21/20: From committee with author's amendments. Read second time and amended. Referred to Com. on Governance &amp; Finance</td>
</tr>
<tr>
<td>Bill Number</td>
<td>Sponsor</td>
<td>Summary</td>
<td>Status</td>
</tr>
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<tr>
<td>SB 117</td>
<td>Monning</td>
<td>Eliminates a statutory conflict that results in residents of mobile home</td>
<td>06/18/20: Referred to Com. on Utilities &amp; Energy.</td>
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<tr>
<td></td>
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<td>parks being charged the electrical corporation rate rather than the CCA</td>
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<td></td>
<td></td>
<td>rate.</td>
<td></td>
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<tr>
<td>SB 1215</td>
<td>Stern</td>
<td>Creates the Local Government Deenergization Resiliency Grant Program.</td>
<td>06/29/20: Referred to Committee on Utilities &amp; Energy.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Grants are for planning and deployment.</td>
<td></td>
</tr>
<tr>
<td>SB 1312</td>
<td>McGuire</td>
<td>Requires the CPUC to develop a standard against which to measure the</td>
<td>The bill would also require IOUS to identify and report to the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>prudence of an IOUs conduct of a public safety power shutoff (PSPS) and</td>
<td>commission at least 15% of its transmission and</td>
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<tr>
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<td></td>
<td>an electrical corporation’s fire risk mitigation capital expenditures</td>
<td>distribution infrastructure that is most likely to cause a PSPS or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>on the distribution or transmission infrastructure that motivated the</td>
<td>ignite a wildfire, that needs fire risk mitigation capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PSPS.</td>
<td>expenditures, and for which fire risk mitigation capital</td>
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<td>expenditures have not been made by July 1, 2021. The bill</td>
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<td>establishes timelines for the fire</td>
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<td>mitigation capital expenditures: 50% of the identified</td>
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<td>infrastructure by July 1, 2023; 75% by July 1, 2024; 100% by</td>
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<td>July 1, 2025.</td>
</tr>
<tr>
<td>SB 1314</td>
<td>Dodd</td>
<td>Creates a community resiliency planning grants program.</td>
<td>05/12/20: Referral to Senate Government and Finance and Judicial</td>
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<td></td>
<td>Committees. Rescinded due to the shortened 2020 Legislative Calendar.</td>
</tr>
<tr>
<td>SB 1321</td>
<td>Bradford</td>
<td>Transportation electrification: electric vehicles: grid integration.</td>
<td>04/03/20: From committee with author's amendments. Read</td>
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<tr>
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<td>second time and amended. Re-</td>
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<td>referred to Senate Energy, Utilities, and Communications Los</td>
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<tr>
<td>SB 1358</td>
<td>Bradford</td>
<td>RPS adjustments for locally owned public utilities. Likely a spot bill.</td>
<td>03/12/20: Referred to Senate Energy, Utilities, and Communications</td>
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<tr>
<td></td>
<td></td>
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<td>Committee.</td>
</tr>
<tr>
<td>SB 1416</td>
<td>Bradford</td>
<td>This bill would make battery of a utility worker, as defined, engaged</td>
<td>03/25/20: From Committee with author's amendments. Read</td>
</tr>
<tr>
<td></td>
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<td>in the performance of their duties, when the person committing the</td>
<td>second time and amended. Re-</td>
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<tr>
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<td>battery knows or reasonably should know that the victim is a</td>
<td>referred to Senate Rules</td>
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<td>utility worker engaged in the performance of their duties, and an</td>
<td>Committee.</td>
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<td>injury is inflicted on the utility worker, punishable by a fine of</td>
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<td>of not more than $3,000, by imprisonment in a county jail not</td>
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<tr>
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<td>exceeding 6 months, or by both that fine and imprisonment.</td>
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</tr>
<tr>
<td>SB 1422</td>
<td>Bradford</td>
<td>Including microgrids in supplier diversity requirements. Likely a</td>
<td>03/12/20: Referred to Senate Energy, Utilities, and Communications</td>
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<tr>
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<td>spot bill.</td>
<td>Committee.</td>
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<tr>
<td>Bill</td>
<td>Sponsor</td>
<td>Text</td>
<td>Action</td>
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<tr>
<td>SB 1451</td>
<td>Bradford</td>
<td>This bill would require that the resource adequacy program also optimally integrate renewable energy resources in a cost-effective manner.</td>
<td>03/25/20: From Committee with author's amendments. Read second time and amended. Re-referred to Senate Rules Committee.</td>
</tr>
<tr>
<td>AB 56</td>
<td>E. Garcia</td>
<td>Allows the CPUC to authorize the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to undertake procurement of electricity to meet the state’s climate, clean energy, and reliability goals if the PUC makes specified findings. The newly formed authority would be permitted to procure electricity for customers of electrical corporations, community choice aggregators, and electric service providers to attain certain energy, environmental, economic, public health and public safety objectives.</td>
<td>08/28/19: In Committee: Reconsideration granted. Oppose</td>
</tr>
<tr>
<td>AB 235</td>
<td>Mayes</td>
<td>Creates the California Wildfire Catastrophe Fund Authority (Authority) as a tax-free means for electric utilities to provide coverage for utility liability costs from wildfires when those costs exceed available insurance.</td>
<td>07/02/20: Re-referred to Committee on Natural Resources and Water.</td>
</tr>
<tr>
<td>AB 352</td>
<td>Garcia, E</td>
<td>Creates the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020.</td>
<td>08/14/19: From Committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Senate Environmental Quality Committee.</td>
</tr>
<tr>
<td>AB 841</td>
<td>Ting</td>
<td>This bill would require each electrical corporation to file an advice letter and would require the PUC to approve a new tariff or rule that authorizes each electrical corporation to design and deploy all electrical distribution infrastructure on the utility side of the customer meter for all customers installing a separately metered infrastructure to support charging stations. This bill also requires each electrical corporation and gas corporation to establish the School Energy Efficiency Stimulus Program.</td>
<td>7/27/20: Amended in Senate</td>
</tr>
<tr>
<td>AB 1720</td>
<td>Carrillo</td>
<td>The bill will mandate the procurement from a proposed pumped storage project located in Joshua Tree National Park. NextEra proposes to have the California Department of Water Resources (DWR) procure the amount of long-duration energy storage (LDES) to get under the 38mmt greenhouse gas emission scenario identified in D. 20-03-028 if, by March 1, 2021, the CPUC fails to order LSEs to procure this amount.</td>
<td>07/27/20: Amended in Senate. Oppose</td>
</tr>
<tr>
<td>Bill Number</td>
<td>Sponsor</td>
<td>Description</td>
<td>Action Dates</td>
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</tr>
<tr>
<td>AB 1839</td>
<td>Bonta, Chiu, Kalra, Reyes, and Weber</td>
<td>Create the California Green New Deal Council and is to provide a commitment by the state to establish a policy framework of goals and principles to address the negative impacts of climate change and social inequality.</td>
<td>05/11/20: Re-referred to Assembly Committee on Natural Resources.</td>
</tr>
<tr>
<td>AB 1847</td>
<td>Levine</td>
<td>Authorizes the California Public Utilities Commission (CPUC) to appoint a public administrator at an Investor-Owned Utility (IOU) if the CPUC determines that the IOU is not following state laws or regulations.</td>
<td>1/17/20: Referred to Assembly Utilities and Energy Committee.</td>
</tr>
<tr>
<td>AB 2313</td>
<td>Eggman</td>
<td>SB 772 (Bradford), revisited. Long duration energy storage. Bill is likely to begin as technology neutral.</td>
<td>02/15/20: From printer. May be heard in committee March 16. Watch</td>
</tr>
<tr>
<td>AB 2255</td>
<td>Eggman</td>
<td>Requires the CAISO to assess the need for long-duration energy storage and report its findings to the Governor. Should the Governor agree with the CAISO’s conclusions, the Governor would authorize the CAISO to develop and implement a competitive solicitation process and operational cost recovery mechanisms to develop long duration energy storage systems, with benefits and cost responsibility assigned to all LSEs.</td>
<td>05/05/20: Re-referred to Assembly Committee on Natural Resources. Oppose</td>
</tr>
<tr>
<td>AB 2547</td>
<td>Gonzalez</td>
<td>Eliminates bucket 3 and increase bucket 1 by an equal percentage in RPS compliance requirements.</td>
<td>03/12/20: Referred to Assembly Committees on Utilities and Energy and Natural Resources. Support</td>
</tr>
<tr>
<td>AB 2887</td>
<td>Bonta</td>
<td>Contains a variety of measures targeting Covid-19 relief but drafted to apply to states of emergency and major disasters more broadly. The most relevant issue raised in this bill for CCAs, deals with utility disconnection provisions. The bill addresses disconnections and bill repayment but does so in a way that is less consumer friendly than what is currently being discussed at the PUC.</td>
<td>05/07/20: Re-referred to Assembly Committee on Budget, pursuant to Assembly Rule 96. Watch</td>
</tr>
<tr>
<td>AB 2951</td>
<td>Chiu</td>
<td>Study to look at offshore wind development.</td>
<td>02/24/20: Read first time.</td>
</tr>
<tr>
<td>AB 2969</td>
<td>Mayes</td>
<td>The Base Interruptible Program (BIP) is an emergency electricity demand response program regulated by the PUC, used as a last line of defense against rolling blackouts. This bill would allow customers to stay on the IOUs BIP program even if the CCA or DA provider that serves the customer creates its own similar program.</td>
<td>03/05/20: Referred to Assembly Committee on Utilities and Energy. Oppose</td>
</tr>
<tr>
<td>AB 3191</td>
<td>Gray</td>
<td>Establishes minimum penalties for assault and battery of a utility work and also established some enhance traffic safety laws to better protect utility workers.</td>
<td>03/09/20: Referred to Assembly Public Safety and Transportation Committees. Support</td>
</tr>
<tr>
<td>AB 3251</td>
<td>Bauer-Kahan</td>
<td>Requires the CPUC to establish rules to allow demand response programs and resources procured by LSE’s meet the RA requirements of the LSE regardless of</td>
<td>03/17/20: Re-referred to Assembly Committee on Utilities and Energy. Watch</td>
</tr>
</tbody>
</table>
Regulatory Update: This is a placeholder in the event staff needs to provide information or needs an action from the Board regarding any recent regulatory activities that have occurred since the agenda has been released.

PRIOR ACTION:

July 8, 2020: The Board of Directors adopted a “Support, if amended” position to Senate Bill 1215 (Stern) and directed staff to transmit correspondence to the author; and 2) adopted a “Support” position to Senate Bill 255 (Bradford) and directed staff to transmit correspondence to the author.

FISCAL IMPACT:

This item is for informational purposes only; therefore, there is no fiscal impact.

ATTACHMENT:

None.
Western Community Energy
Joint Meeting of the
Board of Directors and
Technical Advisory Committee

STAFF REPORT

Subject: Marketing and Outreach Activities Update

Contact: Avie Barron, Senior Analyst, abarron@wrcog.us, (951) 405-6727

Date: August 12, 2020

_The purpose of this item is to provide an update on WCE's social media campaign and marketing and outreach initiatives scheduled for Fiscal Year 2020/2021._

REQUESTED ACTION:

1. Authorize the Executive Director to enter into a 2nd Amendment to the Professional Services Agreement between Western Community Energy and The Creative Bar for Marketing and Outreach Services, not to exceed $90,000, through June 1, 2021.

Background: Staff is working with WCE member city staff to participate in and sponsor local events during the year at which WCE staff can attend, distribute materials, and answer questions about WCE either in-person or virtually. Staff will continue to provide the Board with updates on these events and add to the schedule as additional events are scheduled.

Post-Launch 2020/2021 Marketing Strategies: With WCE's launch in April and May 2020, staff has been working with The Creative Bar to develop a post-launch marketing strategy. Pre-launch strategy efforts included electronic billboard and movie theater advertisements (Eastvale, Hemet, Jurupa Valley and Perris), social media management, print / digital advertisements, and WCE staff participation in over 25 community events.

Due to COVID-19, the planned pre-launch movie theater advertisements for the months of April through June did not occur. As a result, WCE will be receiving $14,256.26 in credit usable towards post-launch marketing activities. The credit is identified as an additional line item in Attachment 1 – Exhibit “B.”

Pre-launch marketing strategy focused on WCE brand recognition and familiarity. Post-launch recommendation includes the shift towards post-marketing to include marketing and outreach strategies that focus on WCE's involvement with the community, and retention of existing customers through education on the benefits and savings by being a customer of WCE.

On January 8, 2020, the Board of Directors authorized a 1st amendment to The Creative Bar’s Master Agreement for marketing and outreach services for the launch of WCE. The amendment has expired, and staff is bringing forward a 2nd amendment to the Master Agreement to allow The Creative Bar to continue marketing and outreach services through June 2021.

The proposed Scope of Service includes:

1. Social Media management – includes generating and posting two targeted advertisements a week on Facebook and Instagram platforms.
2. Print / Digital advertisements:
   a. Pandora
   b. Press Enterprise
3. Expanded Community Outreach:
   a. Sponsorship of community events

**Social Media Reports:** Each month staff will share statistics with the Board on how WCE’s social media campaign is performing. Staff has provided July’s activities as Attachment 2.

**PRIOR ACTION:**

July 8, 2020: The Board of Directors received and filed.

**FISCAL IMPACT:**

Costs associated with implementing the marketing and outreach components are reflected in the Consulting line item of the Agency’s Fiscal Year 2020/2021 Budget.

**ATTACHMENTS:**

1. 2nd Amendment to the Professional Services Agreement between Western Community Energy and The Creative Bar for Marketing and Outreach Services.
Item 4.E
Marketing and Outreach Activities Update

Attachment 1
2nd Amendment to the Professional Services Agreement between Western Community Energy and The Creative Bar for Marketing and Outreach Services
SECOND AMENDMENT TO

PROFESSIONAL SERVICES AGREEMENT BETWEEN WESTERN COMMUNITY ENERGY AND THE CREATIVE BAR FOR MARKETING AND OUTREACH SERVICES

1. **PARTIES AND DATE.**

   This Second Amendment is made and entered into this ___ day of ______, 2020, by and between the Western Community Energy, a California public agency (“WCE”) and The Creative Bar, LLC, a California limited liability company ("Contractor"). WCE and Contractor are sometimes individually referred to as "Party" and collectively as "Parties."

2. **RECITALS.**

   2.1 **Master Agreement.**

   WCE and Contractor have entered into that certain Professional Services Agreement dated December 18, 2018 ("Master Agreement").

   2.2 **First Amendment.**

   WCE and Contractor amended the Master Agreement on February 17, 2020 (“First Amendment”), for the purpose of increasing the terms and compensation of the Master Agreement for the continued performance of the Services as that term is defined in the Master Agreement.

   2.3 **Second Amendment.**

   WCE and Contractor desire to enter into this Second Amendment for the purpose of increasing the term and compensation of the Master Agreement for the continued performance of the Services, as that term is defined in the Master Agreement.

3. **TERMS.**

   3.1 **Term.**

   The term of the Master Agreement shall be amended to June 1, 2021 (the “Second Extended Term”), unless earlier terminated as provided in the Master Agreement.

   3.2 **Schedule of Services.**

   Consultant shall perform the Services expeditiously, within the term of this Second Amendment, and in accordance with the updated Schedule of Services set forth in Exhibit “B” attached hereto and incorporated herein by reference.
3.3 **Compensation.**

Contractor shall receive compensation, including authorized reimbursements, for all Services rendered under this Second Amendment at the rates set forth in Exhibit “C” attached hereto and incorporated herein by reference. The total compensation for Services performed under this Second Amendment shall not exceed Ninety Thousand Dollars ($90,000) without written approval of WRCOG’s Executive Director.

3.4 **Continuation of Existing Provisions.**

Except as amended by this Second Amendment, all provisions of the Master Agreement and First Amendment including without limitation the indemnity and insurance provisions, shall remain in full force and effect and shall govern the actions of the Parties under this Second Amendment.

3.5 **Counterparts.**

This Second Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute one instrument.

[signatures on following page]
SIGNATURE PAGE TO SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN WESTERN COMMUNITY ENERGY AND THE CREATIVE BAR

IN WITNESS WHEREOF, the Parties hereto have made and executed this Second Amendment as of the date first written above.

Western Community Energy

By: ______________________________
   Rick Bishop
   Executive Director

The Creative Bar LLC,
a California Limited Liability Company

By: ______________________________
   Justin Lawler
   Principal

APPROVED AS TO FORM:

By: ______________________________
   General Counsel
   Best Best & Krieger
## Exhibit "B"
### SCHEDULE OF SERVICES

<table>
<thead>
<tr>
<th>MEDIA SPENDING PLAN</th>
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<td>EASTvale</td>
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<td>SOCIAL</td>
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<td>JURUPA Valley</td>
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<td>OTHER</td>
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<td>YouTube</td>
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<tr>
<td>Press Enterprise (Kol Rishon) (300 x 250)</td>
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<tr>
<td>Press Enterprise (1/4 Page) (Postcard) (10 x 4) (400 x 250)</td>
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<td>Pandora (can be split English/Spans) + Display Added Value</td>
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<td><strong>Total</strong></td>
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Exhibit “B”

31249.00001\33080685.2
EXHIBIT “C”
COMPENSATION RATES

COMPENSATION

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<tr>
<th>Name</th>
<th>Title</th>
<th>Hourly Rate</th>
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Completion of executable items will be billed on a monthly retainer for a minimum of three (3) months, and does not include the costs of purchased ads or printing. Client receives discounted hourly rate for prepayment purchases. Retainer hours are designated for graphic design, web design, web maintenance, copywriting, marketing, and account management. The Creative Bar recommends 30 hours for the first 2 months, then 12 hours every month thereafter.

All “Extra Work”, outlined in Section 3.3.4, shall be billed at $125 per hour.
Western Community Energy
Joint Meeting of the
Board of Directors and
Technical Advisory Committee

STAFF REPORT

Subject: Amendment to WCE Conflict of Interest Code

Contact: Janis Leonard, WRCOG Administrative Services Manager, jleonard@wrcog.us, (951) 405-6702

Date: August 12, 2020

The purpose of this item is to request adoption of an amended Conflict of Interest Code.

REQUESTED ACTIONS:

1. Adopt Resolution No. 2020-13; A Resolution of the Board of Directors of Western Community Energy adopting an amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.
2. Direct that such amendment be submitted to the Riverside County Board of Supervisors as WCE’s Code-reviewing body (Gov. Code § 82011), requesting approval of the amendment as required under Government Code Section 87303.

Background:

The Political Reform Act requires all state and local agencies to adopt and maintain a Conflict of Interest Code establishing the rules for disclosure of personal assets and the prohibition from making or participating in making governmental decisions that may affect any personal assets. The Conflict of Interest Code must specifically designate all agency positions, except those listed in Government Code section 87200, that make or participate in the making of decisions and assign specific types of personal assets to be disclosed that may be affected by the exercise of powers and duties of that position.

The Act further requires that an agency regularly review and update its Code as necessary when directed by the Code-reviewing body or when change is necessitated by changed circumstances (Sections 87306 and 87306.5).

Pursuant to the Act, WCE adopted a Conflict of Interest Code which was approved by the Riverside County Board of Supervisors in 2019. Review of the Code shows that it must be amended to include new positions that must be designated, revise the title of the filing officer, and make minor corrections.

Attached is a redline version of the proposed amended Code showing the revisions made to the Conflict of Interest Code.

The Technical Advisory Committee (TAC) has monthly meetings that are scheduled concurrently with the Board of Director’s meetings. While the TAC itself has not taken any formal actions during those meeting, the TAC members participate along with the discussion of the Board Members. Based upon this, the TAC is formally being added to the list of Designated Positions’ Title or Function within the Members of Boards, Committees, and Commissions.
PRIOR ACTION:
None.

FISCAL IMPACT:
This item is for informational purposes only; therefore, there is no fiscal impact.

ATTACHMENTS:
1. Resolution No. 2020-13; A Resolution of the Board of Directors of Western Community Energy adopting an amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.
2. Legislative (redlined) version of proposed amended Conflict of Interest Code.
3. Notice of Intention to amend the Conflict of Interest Code of the Western Community Energy.
Item 4.F
Amendment to WCE Conflict of Interest Code

Attachment 1
Resolution No. 2020-13; A Resolution of the Board of Directors of Western Community Energy adopting an amended Conflict of Interest Code pursuant to the Political Reform Act of 1974
RESOLUTION NO. 2020-13

A RESOLUTION OF THE BOARD OF DIRECTORS
OF WESTERN COMMUNITY ENERGY
ADOPTING AN AMENDED CONFLICT OF INTEREST CODE
PURSUANT TO THE POLITICAL REFORM ACT OF 1974

WHEREAS, the State of California enacted the Political Reform Act of 1974, Government Code section 81000, et seq. (the “Act”), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the Western Community Energy (“WCE”) and requires all public agencies to adopt and promulgate a Conflict of Interest Code; and

WHEREAS, the Board of Directors adopted a Conflict of Interest Code (the “Code”) in compliance with the Act on January 9, 2019; and,

WHEREAS, subsequent changed circumstances within WCE have made it advisable and necessary pursuant to Section 87306 and 87307 of the Act to amend and update WCE’s Code; and,

WHEREAS, notice of the time and place of a public meeting on, and of consideration by the Board of Directors of, the proposed amended Conflict of Interest Code was provided each affected designated position and publicly posted for review; and,

WHEREAS, a public meeting was held upon the proposed amended Conflict of Interest Code at a regular meeting of the Board of Directors on August 12, 2020, at which all present were given an opportunity to be heard on the proposed amended Code.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Western Community Energy that the Board of Directors does hereby adopt the proposed Amended Conflict of Interest Code, a copy of which is attached hereto as Exhibit “A” and shall be on file with the Administrative Services Manager and available to the public for inspection and copying during regular business hours.

BE IT FURTHER RESOLVED that the said Amended Conflict of Interest Code shall be submitted to the Board of Supervisors of Riverside County for approval and said Code shall become effective immediately upon approval of the proposed amended Code; and,
BE IT FURTHER RESOLVED that the previously adopted Conflict of Interest Code shall be rescinded upon approval of the proposed Amended Code.

PASSED AND ADOPTED at a meeting of the Board of Directors of Western Community Energy held on August 12, 2020.

___________________________ ___________________________
Ben Benoit, Chairperson       Rick Bishop, Secretary
Western Community Energy       Western Community Energy

Approved as to form:

___________________________
Steven DeBaun
Western Community Energy Legal Counsel

AYES: _____       NAYS: _____       ABSENT: _____       ABSTAIN: _____
Exhibit “A”

Conflict of Interest Code
CONFLICT OF INTEREST CODE
OF WESTERN COMMUNITY ENERGY

Amended August 12, 2020

The Political Reform Act (Gov. Code § 81000, et seq.) requires state and local agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs. § 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency’s code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the Western Community Energy (“WCE’”).

All officials and designated positions required to submit a statement of economic interests shall file their statements of economic interests with WRCOG’s Administrative Services Manager as WCE’s Filing Officer. The Administrative Services Manager shall make and retain a copy of all statements filed by the Board of Directors and Executive Director and forward the originals of such statements to the Clerk of the Board of Supervisors of the County of Riverside. The Administrative Services Manager shall retain the original statements filed by all other officials and designated positions and will make all retained statements available for public inspection and reproduction during regular business hours. (Gov. Code § 81008)
APPENDIX
CONFLICT OF INTEREST CODE
OF THE
WESTERN COMMUNITY ENERGY
(Amended August 12, 2020)

PART “A”

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials who manage public investments, as defined by 2 Cal. Code Regs. section 18700.3(b), are NOT subject to WCE’s Conflict of Interest Code, but must file disclosure statements under Government Code section 87200, et seq. [Regs. § 18730(b)(3)] It has been determined that the positions listed below are officials who manage public investments¹. These positions are listed here for informational purposes only:

Members of the Board of Directors and their Alternates

Treasurer

Investment Consultant

¹ Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.
## DESIGNATED POSITIONS

**GOVERNED BY THE CONFLICT OF INTEREST CODE**

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</tr>
<tr>
<td>Consultants and New Positions₂</td>
<td></td>
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₂ Individuals serving as a consultant as defined in FPPC Reg. 18700.3(a) or in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

The Executive Director may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code Sec. 82019; FPPC Regulations 18219 and 18734.). The Executive Director’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code Sec. 81008.)
PART “B”

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which he or she is assigned.³ “Investment” means financial interest in any business entity (including a consulting business or other independent contracting business) and are reportable if they are either located in, doing business in, planning to do business in, or have done business during the previous two years in the jurisdiction of WCE.

Category 1: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are located in, that do business in, or own real property within the jurisdiction of WCE.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of WCE, including any leasehold, beneficial or ownership interest or option to acquire additional property.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type utilized by WCE.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the designated position’s department, unit or division.

³ This Conflict of Interest Code does not require the reporting of gifts from outside this agency’s jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Reg. 18730.1)
Item 4.F
Amendment to WCE Conflict of Interest Code

Attachment 2
Legislative (redlined) version of proposed amended Conflict of Interest Code
CONFLICT OF INTEREST CODE
OF WESTERN COMMUNITY ENERGY

Adopted January 9, 2019 Amended August 12, 2020

The Political Reform Act (Gov. Code § 81000, et seq.) requires state and local agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs. § 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency’s code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the Western Community Energy ("WCE”).

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APPENDIX

CONFLICT OF INTEREST CODE

OF THE

WESTERN COMMUNITY ENERGY

(Adopted January 19, 2019 Amended August 12, 2020)

PART “A”

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- Members of the Board of Directors and their Alternates
- Treasurer
- Investment Consultant

---

1 Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.
## DESIGNATED POSITIONS

**GOVERNED BY THE CONFLICT OF INTEREST CODE**

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Consultants and New Positions

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The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which he or she is assigned.³ “Investment” means financial interest in any business entity (including a consulting business or other independent contracting business) and are reportable if they are either located in, doing business in, planning to do business in, or have done business during the previous two years in the jurisdiction of the AuthorityWCE.

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Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the designated position’s department, unit or division.

³ This Conflict of Interest Code does not require the reporting of gifts from outside this agency’s jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Reg. 18730.1)
Item 4.F
Amendment to WCE Conflict of Interest Code

Attachment 3
Notice of Intention to amend the Conflict of Interest Code of the Western Community Energy
NOTICE OF INTENTION TO AMEND THE
CONFLICT OF INTEREST CODE OF THE
WESTERN COMMUNITY ENERGY

NOTICE IS HEREBY GIVEN that the Board of Directors of the Western Community Energy (“WCE”) intends to amend WCE’s Conflict of Interest Code (the “Code”) pursuant to Government Code Section 87306.

The Code designates those employees, members, officers, and consultants who make or participate in making governmental decisions and are subject to the disclosure requirements of WCE’s Code. The proposed amendment includes new positions that must be designated, updates the filing officer, and makes minor corrections.

The proposed amended Code will be considered by the Board of Directors on August 12, 2020, at 1:00 p.m. The meeting will be conducted pursuant to the provisions of the Governor’s Executive Order N-29-20 dated March 17, 2020, and will be held via video and/or telephonically. Any interested person may be present and comment at the public meeting or may submit written comments concerning the proposed amendment.

Any comments or inquiries should be directed to the attention of Janis Leonard, Administrative Services Manager, 3390 University Avenue, Suite 200, Riverside, CA  92502; (951) 405-6702; jleonard@wrcog.us. Written comments must be submitted no later than August 12, 2020, at 1:00 p.m.

Copies of the proposed amended Code may also be obtained from the Administrative Services Manager.
Western Community Energy
Joint Meeting of the
Board of Directors and
Technical Advisory Committee

STAFF REPORT

Subject: WCE Enabling Agreement to Add Additional Energy Provider

Contact: Tyler Masters, Director of Western Community Energy, tmasters@wrcog.us, (951) 405-6732

Date: August 12, 2020

The purpose of this item is to request approval of the Edison Electric Institute Master Agreement with Constellation / Exelon and 3 Phases Renewable for short-term Renewable Portfolio Standard (RPS) requirements for the remainder of calendar year 2020.

REQUESTED ACTIONS:

1. Adopt Resolution No. 2020-15; A Resolution of the Board of Directors of Western Community Energy approving Master Power Purchase Agreements.
2. Approve the Edison Electric Institute Master Agreement (“Master Agreement”) between Western Community Energy and Constellation / Exelon and authorize the Executive Director, or designee, to execute the Master Agreement, in substantially similar form as approved by Legal Counsel.
3. Approve the Edison Electric Institute Master Agreement (“Master Agreement”) between Western Community Energy and 3 Phase Renewable and authorize the Executive Director, or designee, to execute the Master Agreement, in substantially similar form as approved by Legal Counsel.

Background: On February 12, 2020, and April 8, 2020, the Board of Directors approved the documents necessary to establish lockbox arrangement with counterparties for energy purchases (i.e., Lockbox, Credit, and Intercreditor Agreements, etc.). The Board also adopted Resolution No.’s 2020-04 and 2020-07, which allowed certain energy service providers to be enabled with WCE for energy purchases:

1. TransAlta Energy Marketing (U.S.), Inc.
2. Morgan Stanley Capital Group, Inc.
3. BP Energy Company
4. Shell Energy North America (U.S.), LP
5. Direct Energy

WCE Staff, consultants, and legal counsel, have been working with additional energy providers to enable them with WCE, so that they may bid on WCE’s future Request for Offer (RFO) and, if awarded, WCE would be able to easily enter into an energy contract. Staff will be continuously bringing forward new energy providers for enabling.

For the month of August 2020, staff is bringing forward Edison Electric Institute (EEI) Master Agreements:

1. Constellation / Exelon
2. 3 Phases Renewable

In order to enable these companies, staff seeks Board approval of the Master Agreements and delegation of authority for execution in a substantially similar form. The Edison Electric Institute Master Agreement (EEI Master)
Attachment 2 is in substantially similar form to the Master Agreements that will be finalized with Exelon and 3PR. Staff recommends the Board approve the Master Agreements for both providers so that they can be enabled with WCE for future transactions, and that staff can execute the final Master Agreements upon final review by legal counsel. Staff currently has delegated authority under the WCE Risk Management Policy to execute the related Confirmation Agreements. A more detailed description of the Master Agreement process is discussed below.

EEI Master: WCE is basing its power supply agreements on the industry standard EEI Master Power Purchase and Sale Agreement and Western Systems Power Pool (WSPP) Agreement, using terms and conditions that have been commonly adopted by existing CCA programs. The Master Agreement is a widely used standard form agreement containing general terms and conditions for electric power transactions. The first section of the Master Agreement, known as the “Cover Sheet,” enables election of certain optional provisions and allows for modifications to the standard terms agreed to between the parties. Generally speaking, the Cover Sheet represents the product of negotiations that have occurred among the parties as those related to the Master Agreement. The specifics of individual transactions, such as product, price, and delivery term, are documented in the EEI Confirmations, under the umbrella of the general terms and conditions set forth in the Master Agreement.

Confirmation Agreement: A Confirmation is a binding agreement between an energy purchaser and an energy supplier for the purchase and sale of specific quantities of specific types of energy products at specific prices and is governed by the terms and conditions of a master trading agreement, such as the EEI.

Joinder Letters: In connection with each EEI, the energy providers also sign a joinder letter to become a party to the lockbox security documents that provide for payment to the energy providers from the lockbox account held by River City Bank.

RFOs for RPS:

On July 14, 2020, WCE released an RFO from power suppliers to supply CAISO SP15 firm energy or greenhouse gas free or low carbon energy during August 2020 through December 2020. WCE requested qualified PCC1 (310,000 MWh’s) and PCC2 (61,000 MWh’s) qualified volumes of energy. Staff is working on confirmation agreements with four suppliers (Constellation / Exelon, 3 Phases Renewable, Powerex, and The Energy Authority) and will report on the results of the agreements at the September 2020 meeting.

PRIOR ACTION:

None.

FISCAL IMPACT:

The costs of procuring the energy associated with the RFOs for RPS and the agreements is included in the Fiscal Year 2020/2021 Agency Budget.

ATTACHMENTS:

1. Resolution No. 2020-15; A Resolution of the Board of Directors of Western Community Energy approving Master Power Purchase Agreements.
2. Edison Electric Institute Master Agreement between Western Community Energy and Supplier – Template.
Item 4.G
WCE Enabling Agreement to Add Additional Energy Provider

Attachment 1
Resolution No. 2020-15; A Resolution of the Board of Directors of Western Community Energy approving Master Power Purchase Agreements
RESOLUTION NO. 2020-15
A RESOLUTION OF THE BOARD OF DIRECTORS OF
WESTERN COMMUNITY ENERGY
APPROVING MASTER POWER PURCHASE AGREEMENTS

WHEREAS, WCE previously approved certain energy service providers (“ESP”) to participate in its competitive procurement process (Request for Offer) that are capable of providing energy, renewable energy, carbon free energy, and/or related products and services (“Product”) from energy generating sources at competitive prices; and

WHEREAS, WCE has identified two additional ESPs with competitive proposals and the ability to meet WCE’s rate savings goals; and

WHEREAS, WCE has negotiated separate Edison Electric Institute Master Purchase and Sale Agreements (“Master Agreement”) and Confirmation Agreements between Western Community Energy and two additional ESPs:

1. Exelon Energy Company (Constellation)
2. 3 Phases Renewable Trading Inc.

WHEREAS, the Master Agreement is an industry standard agreement that governs the purchase and sale of electricity, and requires a separate written Confirmation Agreement to execute a specific binding transaction; and

WHEREAS, there are minor differences in each form of Master Agreement based upon changes requested by each ESP, which are immaterial in the overall context of the proposed transaction; and

WHEREAS, during each round of Request for Offer to purchase energy for a particular period, WCE will accept the offer of one or more of the ESPs and execute a Master Agreement and Confirmation(s) based on acceptable pricing, collateral and credit terms; and

WHEREAS, WCE has established a “lockbox,” administered by River City Bank as collateral agent, pursuant to certain lockbox agreements that were approved by the WCE Board of Directors on February 12, 2020, into which WCE customer payments will be deposited as security for the power purchase obligations of WCE under the Master Agreement and Confirmation(s), which the selected ESP will agree to participate in pursuant to a joinder that makes the ESP a party to such Lockbox Agreements.

NOW, THEREFORE, THE WESTERN COMMUNITY ENERGY BOARD OF DIRECTORS DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

1. The Board of Directors has determined that the recitals herein are true and correct.
2. The Board of Directors approves the Master Agreements between Western Community Energy and Exelon Energy Company and 3 Phases Renewable Trading, Inc.

3. The Board of Directors authorizes the Executive Director, or designee, to execute the Master Agreements, in substantially similar form as approved by Legal Counsel.

**PASSED AND ADOPTED** by the Board of Directors on August 12, 2020.

___________________________ ___________________________
Ben Benoit, Chairperson  Rick Bishop, Secretary
Western Community Energy  Western Community Energy

Approved as to form:

___________________________
Steven DeBaun
Western Community Energy Legal Counsel

AYES: _____  NAYS: _____  ABSENT: _____  ABSTAIN: _____
Item 4.G
WCE Enabling Agreement to Add Additional Energy Provider

Attachment 2
Edison Electric Institute Master Agreement between Western Community Energy and Supplier – Template
Master Power Purchase & Sale Agreement
# MASTER POWER PURCHASE AND SALES AGREEMENT

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MASTER POWER PURCHASE AND SALE AGREEMENT

COVER SHEET

This Master Power Purchase and Sale Agreement ("Master Agreement") is made as of the following date: ___________________ ("Effective Date"). The Master Agreement, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "Agreement." The Parties to this Master Agreement are the following:

Name ("__________________" or “Party A”)

All Notices:

Street: ________________________________
City: __________________ Zip: __________
Attn: Contract Administration
Phone: ________________________________
Facsimile: ____________________________
Duns: __________________Federal Tax ID Number: __________________

Invoices:

Attn: ________________________________
Phone: ________________________________
Facsimile: ____________________________

Scheduling:

Attn: ________________________________
Phone: ________________________________
Facsimile: ____________________________

Payments:

Attn: ________________________________
Phone: ________________________________
Facsimile: ____________________________

Wire Transfer:

BNK: ________________________________
ABA: ________________________________
ACCT: ______________________________

Credit and Collections:

Attn: ________________________________
Phone: ________________________________
Facsimile: ____________________________

With additional Notices of an Event of Default to:

Attn: ________________________________
Phone: ________________________________
Facsimile: ____________________________

__________________________________
Western Community Energy, a California joint powers authority ("Counterparty" or “Party B”)

All Notices:

Street: 3390 University Avenue, Suite 200
City: Riverside, CA Zip: 92501
Attn: Executive Director
Phone: (951) 405-6701
Duns:
Federal Tax ID Number:

Invoices:

Attn: Andrew Ruiz
Phone: (951) 405-6743
Email: aruiz@wrcog.us

Scheduling:

Attn: Reina Lee
Phone: (858) 678-0118, ext. 120
Email: ramo@edms-llc.com

Payments:

Attn: Andrew Ruiz
Phone: (951) 405-6743
Email: aruiz@wrcog.us

Wire Transfer:

BNK: River City Bank
ABA:
ACCT:

Credit and Collections:

Attn: Andrew Ruiz
Phone: (951) 405-6743
Email: aruiz@wrcog.us

With additional Notices of an Event of Default to:

Attn: Ryan Baron, Best Best & Krieger LLP
Address: 18101 Von Karman Ave., Suite 1000
Irvine CA 92612
Phone: (949) 263-6568
Email: ryan.baron@bbklaw.com
The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

<table>
<thead>
<tr>
<th>Party A Tariff</th>
<th>Tariff</th>
<th>Dated</th>
<th>Docket Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Party B Tariff</td>
<td>Tariff</td>
<td>Not Applicable</td>
<td>Dated</td>
</tr>
</tbody>
</table>

**Article Two**

Transaction Terms and Conditions [X] Optional provision in Section 2.4. If not checked, inapplicable.

**Article Four**

Remedies for Failure to Deliver or Receive [ ] Accelerated Payment of Damages. If not checked, inapplicable.

**Article Five**

[X] Cross Default for Party A:

- [ ] Party A: Docket Number
- [ ] Other Entity: Docket Number

[X] Cross Default for Party B:

- [ ] Party B: Docket Number
- [ ] Other Entity: Docket Number

5.6 Closeout Setoff

[X] Option A (Applicable if no other selection is made.)

[ ] Option B - Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows: ____________________________

[ ] Option C (No Setoff)

**Article 8**

8.1 Party A Credit Protection:

Credit and Collateral Requirements (a) Financial Information:

[ ] Option A

[ ] Option B Specify: ____________________________

[X] Option C Specify: (1) The annual report containing audited consolidated financial statements for such fiscal year of Party B as soon as practicable after demand, but in no event later than 180 days after the end of each annual period and such request will be deemed to have been filled if such financial statements are available at http://westerncommunityenergy.com/, and (2) quarterly unaudited financial statements for Party B as soon as practicable upon demand, but in no event later than 90 days after the applicable quarter. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be
available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements. The first quarterly audited statement will be provided within 90 days after the fiscal quarter during which Party A begins deliveries under a Transaction. Party B’s fiscal year ends June 30.

(b) Credit Assurances:

- [] Not Applicable
- [] Applicable

(c) Collateral Threshold:

- [] Not Applicable
- [] Applicable
If applicable, complete the following:

Party B Collateral Threshold: $__________; provided, however, that Party B’s Collateral Threshold shall be zero if an Event of Default with respect to Party B has occurred and is continuing.

Party B Independent Amount: $____________

Party B Rounding Amount: $____________

(d) Downgrade Event:

[] Not Applicable
[] Applicable

If applicable, complete the following:

[] It shall be a Downgrade Event for Party B if Party B’s Credit Rating falls below _____ from S&P or ______ from Moody’s or if Party B is not rated by either S&P or Moody’s

[] Other:
   Specify:__________________________________________

(e) Guarantor for Party B:__________________________________________

Guarantee Amount:__________________________________________

8.2 Party B Credit Protection:

(a) Financial Information:

[] Option A
[] Option B Specify:________________________
[X] Option C Specify: The annual report containing audited consolidated financial statements for such fiscal year of Party A’s Guarantor as soon as practicable after demand, but in no event later than 180 days after the end of each annual period of Party A’s Guarantor and unaudited semi-annual financials within 90 days after the end of each semiannual period of Party A’s Guarantor, and such request will be deemed to have been filled if such financial statements are available at INSERT www.centrica.com. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of
the statements.

(b) Credit Assurances:

- [ ] Not Applicable
- [ ] Applicable

(c) Collateral Threshold:

- [ ] Not Applicable
- [ ] Applicable

If applicable, complete the following:

Party A Collateral Threshold: $___________; provided, however, that Party A’s Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party A has occurred and is continuing.

Party A Independent Amount: $___________

Party A Rounding Amount: $___________
(d) Downgrade Event:

[] Not Applicable  
[X] Applicable

If applicable, complete the following:

[] It shall be a Downgrade Event for Party A if Party A’s Credit Rating falls below BBB- from S&P or Baa3 from Moody’s or if Party A is not rated by either S&P or Moody’s

[] Other: Specify:

(e) Guarantor for Party A: ________________________________

Guarantee Amount: ________________________________

**Article 10**

Confidentiality  [X] Confidentiality Applicable  If not checked, inapplicable.

**Schedule M**

[] Party A is a Governmental Entity or Public Power System  
[X] Party B is a Governmental Entity or Public Power System  
[] Add Section 3.6. If not checked, inapplicable  
[] Add Section 8.6. If not checked, inapplicable

**Other Changes**

Specify, if any: This Master Power Purchase and Sale Agreement and the associated Collateral Annex incorporate, by reference, the changes published in the EEI Errata, Version 1.1, dated July 18, 2007.

1. Section 1.1 is amended by adding the following sentence at the end of the definition of “Affiliate”: “Notwithstanding the foregoing, the Parties hereby agree and acknowledge that the public entities designated as members or participants under the Joint Powers Agreement creating Party B shall not constitute or otherwise be deemed an “Affiliate” for the purposes of this Master Agreement or any Confirmation executed in connection therewith.”

2. Section 1.4 is amended by deleting the first sentence and replacing it to read as follows: “Business Day” means any day except a Saturday, Sunday, the Friday immediately following the Thanksgiving holiday or a Federal Reserve Holiday.”

3. Section 1.12 is amended by deleting in the fourth line the word “issues” and replacing it with word “issuer”.

4. Section 1.23(ii) is amended in the second sentence by inserting the following text after the word “hereunder”: “or to obtain the Product at a more advantageous price or under more advantageous terms and conditions.”

5. Section 1.23(iv) is amended by inserting the following text after the phrase “Contract Price”: “or under more advantageous terms to a third party purchaser.”
6. Section 1.23 is amended by inserting in the thirteenth line of this subsection before the phrase “foregoing factors” the word “two.”

7. Section 1.27 is amended by deleting the phrase “or a foreign bank with a U.S. branch” and replacing it with the phrase “or a U.S. branch of a foreign bank.”

8. Section 1.30 – “Moody’s” is amended by deleting “Investor Services” and replacing it with “Investors Service”.

9. Section 1.46 is amended by deleting the section in its entirety.

10. Section 1.50 is amended by deleting the reference to section “2.4” and replacing with “2.5”.

11. Section 1.51 is amended by inserting “for delivery” in the second line after the text “at the Delivery Point”.

12. Section 1.52 is amended by (i) deleting the words “Rating” and “Group” from the first line and replacing with “Financial Services LLC” and (ii) by replacing the words in the parenthetical with “a subsidiary of McGraw-Hill Companies, Inc.”

13. Section 1.53 is amended to (i) delete the phrase “at the Delivery Point” from the second line, (ii) delete the phrase “at Seller’s option” from the fifth line and replace it with the phrase “absent a sale”, and (iii) insert after the word “liability” in the ninth line the following: “provided, further, if the Seller is unable after using commercially reasonable efforts to resell all or a portion of the Product not received by the Buyer, the Sales Price with respect to such unsold Product shall be deemed equal to zero (0).”

14. Section 1.56 is amended by deleting the words “pursuant to Section 5.2” and adding before the period at the end thereof the following: “as determined in accordance with Section 5.2.”

15. Section 1.60 is amended by inserting the words “in writing” immediately following the words “agreed to”.

16. Section 1.62: The following shall be added as a new Section 1.62:

   “1.62 Minimum Transfer Amount” means with respect to a Party, the amount, if any, set forth in the EEI Cover Sheet for such Party.

17. The following definitions are added to Section 1:

   “Member” means the city, county or joint powers authority which is a member of Party B.

18. Section 2.1 is amended by deleting the first sentence in its entirety and replacing it with the following: “A Transaction, or an amendment, modification or supplement thereto, shall be entered into only upon a writing signed by both Parties.”

19. Section 2.1 is amended by deleting the last sentence in its entirety and replacing it with the following: “Each Party agrees not to contest, or assert any defense to, the validity or enforceability of the Transaction entered into in accordance with this Master Agreement based on any lack of authority of the Party or any lack of authority of any employee of the Party to enter into a Transaction; provided, however, Party A acknowledges that no employee of Party B may amend or otherwise materially modify this Master Agreement or a Transaction, or enter into a new Transaction, without the approval of the board of Party B, which may be granted on a prospective basis, and that evidence of such approval, including a certified incumbency setting forth the name and signatures of employees of Party B with authority to act on behalf of Party B, will be provided pursuant to Section 10.13.”

20. The following is added as a separate second paragraph of Section 2.2:
“Party A and Party B confirm that this Master Agreement shall supersede and replace all prior power purchase and sale agreements between the Parties hereto with respect to the subject matter hereof, including but not limited to the Western Systems Power Pool Agreement (as amended from time to time). Party A and Party B further agree that any Transaction for the purchase or sale of electric energy, capacity or other related products that is in effect as of the Effective Date or that has delivery obligations that start on or after the Effective Date of this Master Agreement shall be governed by this Master Agreement, but only to the extent delivery occurs on or after the Effective Date, and is part of this single integrated agreement between the Parties consistent with the first paragraph of this Section 2.2.”

21. Section 2.4 is amended to delete the phrase “either orally or” from the seventh line.

22. Section 2.5 is amended deleting in its entirety and replacing with the following: “Unless a Party expressly objects to a Recording (defined below) at the beginning of a telephone conversation, each Party consents to the creation of a tape or electronic recording (“Recording”) of all telephone conversations between the Parties to this Master Agreement, and that any such Recordings will be retained in confidence and secured from improper access; provided, however, that both Parties acknowledge and agree that any such recording may not be submitted as evidence in any proceeding or action relating to this Agreement. Each Party waives any further notice of such monitoring or recording, and agrees to notify its officers and employees of such monitoring or recording and to obtain any necessary consent of such officers and employees.”

23. Section 3.2 shall be amended by adding the following at the end thereof:

“Product deliveries shall be scheduled in accordance with the then-current applicable tariffs, protocols, operating procedures and scheduling practices for the relevant region.”

24. Insert the following as new Section 4.3

“Section 4.3 Mitigation. Each Party has a duty to mitigate damages under this Agreement and will use commercially reasonable efforts to minimize any damages it may incur resulting from the other Party’s performance or nonperformance hereunder.”

25. Section 5.1(a) is amended by changing “three (3) Business Days” to “five (5) Business Days”.

26. Section 5.1(b) is amended by deleting the words ‘or repeated” at the end of that section.

27. Section 5.1(c) is amended by changing “three (3) Business Days” to “thirty (30) days”.

28. Section 5.1(g)(i) is amended on line 6, after “indebtedness for borrowed money”, by inserting “(excluding indebtedness for borrowed money where the creditor’s recourse on the obligation is limited to assets for which the money was borrowed)”, and on line 8, by deleting the phrase “or becoming capable at such time of being declared,” on the eighth line of the Section, and adding the following at the end of the Section:

“provided, however, that no default or event of default shall be deemed to have occurred under this Section 5.1(g) to the extent that any applicable cure period or grace period is available;”

29. Section 5.1(g)(iii) is amended by adding “(iii) Upon an Event of Default by Party A, if Party B elects to terminate this Agreement then all Transactions subject to this Agreement will terminate.”

30. Section 5.1(h)(v) is amended by adding "made in connection with this Agreement” after "any guaranty”.

31. Section 5.2 is amended by reversing the placement of “(i)” and “to”.

32. The following shall be added to the end of Section 5.2:
“If the Non-Defaulting Party’s aggregate Gains exceeds its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Settlement Amount shall be zero, notwithstanding any provision in this Section or any provision in this Agreement to the contrary.”

33. Section 5.4, delete the phrase “two (2)” and insert the phrase “five (5)”.

34. The following shall be added to the end of Section 5.4:

“Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay to the Defaulting Party any amount under Article Five until the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion (which may include an opinion of its counsel) that all other obligations of any kind whatsoever of the Defaulting Party and any of its Affiliates to make any payments to the Non-Defaulting Party or any of its Affiliates under this Agreement or otherwise have been fully and finally performed.”

35. Section 5.7 shall be amended by deleting “(a)” and “(b) a Potential Event of Default” from the second line, and (ii) delete from line 5 “ten (10)” and replacing it with “twenty (20)”, and renumbering subparagraph (ii) to (iii) and inserting a new subparagraph (ii) that reads as follows: “(ii) to suspend payment until the Event of Default is cured; and”.

36. Section 6.3, in the first, seventh and eighth sentences, delete the words, “twelve (12) months” and insert “two (2) years”.

37. Section 6.3, in the first, seventh and eighth sentences, delete the words, “twelve (12) months” and insert “two (2) years”.

38. Section 7.1 is amended by deleting in the fifteenth line the words “UNLESS EXPRESSLY HEREIN PROVIDED,”.

Add “SET FORTH IN THIS AGREEMENT” after “INDEMNITY PROVISION” and before “OR OTHERWISE,” in the fifth sentence;

Add in the nineteenth line the words “PROVIDED, HOWEVER, NOTHING IN THIS SECTION SHALL AFFECT THE ENFORCEABILITY OF THE PROVISIONS OF THIS AGREEMENT EXPRESSLY ALLOWING FOR SPECIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, REMEDIES FOR FAILURE TO DELIVER/RECEIVE IN SECTIONS 4.1 AND 4.2, AND CALCULATION AND PAYMENT OF THE TERMINATION PAYMENT IN SECTIONS 5.2 AND 5.3.” immediately after the words “ANY INDEMNITY PROVISIONS SET FORTH IN THIS AGREEMENT OR OTHERWISE”;

Add at the end of the last sentence the words “AND ARE NOT PENALTIES.”

39. Section 10.8 and Section 10.9, delete the words, “twelve (12) months” and insert “two (2) years”.

40. Section 10.11 is amended to add the following at the end of the last sentence:

“Party A and Party B acknowledge and agree that the Master Agreement and any Confirmations executed in connection therewith are subject to the requirements of the California Public Records Act (Cal. Government Code § 6250 et seq.). Party B acknowledges that Party A may submit information to Party B the other party considers confidential, proprietary, or trade secret information pursuant to the Uniform Trade Secrets Act (Cal. Civ. Code § 3426 et seq.), or otherwise protected from disclosure pursuant to an exemption to the California Public Records Act (Cal. Government Code §§ 6254 and 6255). Party A acknowledges that Party B may submit to Party A information that Party B considers confidential or proprietary or protected from disclosure pursuant to exemptions to the California Public Records Act (Government Code sections 6254 and 6255). 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. Over-designation would include stamping whole agreements, entire pages or series of pages as Confidential that clearly
contain information that is not confidential. Upon request or demand of any third person or entity not a party to this Agreement ("Requestor") for production, inspection and/or copying of information designated by a Party as confidential information (such designated information, the "Confidential Information" and the disclosing Party, the "Disclosing Party"), the Party receiving such request (the "Receiving Party") as soon as practical, shall notify the Disclosing Party that such request has been made as specified in the Cover Sheet. The Disclosing Party shall be solely responsible for taking whatever legal steps are necessary to protect information deemed by it to be Confidential Information and to prevent release of information to the Requestor by the Receiving Party. If the Disclosing Party takes no such action after receiving the foregoing notice from the Receiving Party, the Receiving Party shall be permitted to comply with the Requestor’s demand and is not required to defend against it."

41. The following provision is added as Section 10.12:

“10.12 UCC Applicable and Utility Disclaimer. Notwithstanding the laws of the State of California to the contrary, the Parties agree that (i) each Product is a “good” as such term is defined in the Uniform Commercial Code of the State of California, and (ii) all of the provisions of the Uniform Commercial Code of the State of California shall apply to this Agreement and all Transactions. Each Party further agrees that the other Party is not a “utility” as such term is used in 11 U.S.C. § 366, and each Party agrees to waive and not to assert the applicability of the provisions of 11 U.S.C. § 366 in any bankruptcy proceeding involving such Party, and further agrees that the other Party is not a provider of last resort.”

42. The following provision shall be added as Section 10.13:

“10.13 Imaged Documents. Any document generated by the Parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically ("Imaged Documents"). Imaged Documents may be introduced as evidence in any proceeding as if such were original business records.”

43. FERC Standard of Review; Certain Covenants and Waivers. The following provision is added as Section 10.14:

“10.14 FERC Standard of Review; Certain Covenants and Waivers

(a) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any waiver in subsection (c) below is unenforceable or ineffective as to such Party), a non-party or FERC acting sua sponte, shall solely be the “public interest” application of the “just and reasonable” standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) and clarified by Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish, 128 S. Ct. 2733 (2008) and NRG Power Marketing, LLC v. Maine Public Utilities Commission, 130 S. Ct. 693 (2010) (“Mobile-Sierra doctrine”).

(c) In addition, and notwithstanding the foregoing subsections (a) and (b), to the fullest extent permitted by applicable law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under §§ 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC or PUC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC or PUC changing any section of this Agreement specifying the rate, charge, classification, or other term or condition agreed to by the Parties, it being the express intent of the Parties that, to the fullest extent permitted by applicable law, neither Party shall unilaterally seek to obtain from FERC or PUC any relief changing the rate, charge, classification, or other term or condition of this Agreement, notwithstanding any subsequent changes in applicable law or market conditions that may occur. In the event it were to be determined that applicable law precludes the Parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this subsection (c) shall not apply, provided that, consistent with the foregoing subsections (a) and (b), neither Party shall seek any such changes except solely under the “public interest”
application of the "just and reasonable" standard of review and otherwise as set forth in the foregoing subsections (a) and (b).

(d) The Parties agree that in the event that any portion of this Section 10.14 is determined to be invalid, illegal or unenforceable for any reason, the provisions of subsections (a) and (b) shall be unaffected and unimpaired thereby, and shall remain in full force and effect, to the fullest extent permitted by applicable law.”

44. Section 10.16, Cyber Attack, shall be added to Article Ten as follows:

“10.16 Cyber Attack. In addition to the provisions of Section 3.3, the parties hereby agree that a Cyber Attack (as defined below) that causes (i) the failure to perform a Firm obligation or (ii) a breach of a Party’s confidentiality obligations arising under Section 10.11 will constitute an event of Force Majeure. In addition, notwithstanding the provisions of Section 5.1, the parties agree that a failure to pay that is solely the result of a Cyber Attack will not constitute an Event of Default; provided that (a) sufficient funds were available for such party to fulfill its obligations hereunder on the relevant date, and (b) the payment is made as soon as practicable but in no event later than 15 days after the occurrence of the Cyber Attack. “Cyber Attack” means a third-party attack that compromises the integrity or availability of information from an information system or systems required to perform the obligations under this Master Agreement that is outside the Party’s control.”

45. Section 10.17, Counterparts, shall be added to Article Ten as follows:

“10.17 Counterparts. This Agreement may be executed in counterparts, each of which will be considered an original, but all of which together will constitute the same instrument. Without limiting the foregoing, a facsimile copy of this Agreement or copy of this Agreement sent via electronic mail in a portable document format (“PDF”) will be considered an original.

46. Section 10.18, No Recourse Against Members of Party B, shall be added to Article Ten as follows:

“10.18 No Recourse Against Members of Party B. Party B is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Cal. Government Code § 6500, et seq.) and is a public entity separate from its Members. Party B will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement in accordance with, and subject to, the terms and conditions of each Transaction. Party A will have no rights and will not make any claims, take any actions or assert any remedies against any of Party B’s Members, or the officers, directors, advisors, contractors, consultants or employees of Party B or Party B’s Members, in connection with this Agreement. The Parties agree that Party B’s obligations to make payments with respect to this Master Agreement and each Transaction, are to be made solely from Party B, and not from the individual Members of Party B.”

“Section 10.19 Generally Accepted Accounting Principles. Any reference to “generally accepted accounting principles” shall mean, with respect to an entity and its financial statements, generally accepted accounting principles, consistently applied, adopted or used in the jurisdiction of the entity whose financial statements are being considered for the purposes of this Agreement. Party A acknowledges that Party B is governed by the Governmental Accounting Standards Board with respect to generally accepted accounting principles.”
SCHEDULE M

37) Schedule M is amended, with respect to Party A, as follows:

(a) Paragraph A is amended by deleting the term “Act” and replacing it with the following:

“Act” means the Joint Exercise of Powers Act of California (Government Code § 6500 et seq.).

(b) The text of Section 3.4 within Section D of Schedule M shall be deleted in its entirety and replaced with the following:

“Section 3.4 Reserved.”

(c) The following definitions will be added to Schedule M:

“Account Control Agreement” means the Account Control Agreement among the Collateral Agent, Depositary Bank, and Party B, dated [Date].

“Collateral Agent” has the meaning given it in the Security Documents.

“Depositary Bank” has the meaning given it in the Security Documents.

“Intercreditor and Collateral Agency Agreement” means the Intercreditor and Collateral Agency Agreement, dated [Date], among the Collateral agent, Party B and the PPA Providers party thereto from time to time. Party A has joined the Intercreditor and Collateral Agency Agreement as a PPA Provider.

“Minimum Credit Rating” has the meaning given it in Section 3.6.

“PPA Providers” has the meaning given it in the Security Documents.

“Secured Account” means the Lockbox Account (as that term is defined in the Security Agreement).

“Secured Creditors” has the meaning given it in the Security Documents.

“Security Agreement” means the Security Agreement, dated [Date], among Party B and the Collateral Agent.

“Security Documents” means, collectively, the Intercreditor and Collateral Agency Agreement, the Security Agreement and the Account Control Agreement.

(d) The “Special Fund” definition in Schedule M shall be deleted in its entirety and replaced with:

“Special Fund” means the Secured Account.

(e) In paragraph E of Schedule M, the text of Section 3.6 shall be deleted in its entirety and replaced with the following:

“Section 3.6 Party B Security. Party B has created and set aside a Special Fund as required by the Security Documents, and the Parties have entered into the Intercreditor and Collateral Agency Agreement. The Parties agree that Party B’s obligations to make payments with respect to this Master Agreement and each Transaction are to be made solely from the Special Fund; provided that upon notice from Party B that Party B has obtained a Credit Rating of at least BBB- with an outlook designation of “stable” from S&P or Fitch, or Baa3 with an outlook designation of “stable” from Moody’s (each a “Minimum Credit Rating”), then Party A shall terminate its status as PPA Provider under the Intercreditor and Collateral Agency Agreement, or, upon request from Party B, will cooperate with Party B to terminate the Intercreditor and Collateral Agency Agreement. After Party A’s termination as a PPA Provider under the Intercreditor and Collateral Agency Agreement, if Party B fails to maintain a Minimum Credit Rating, then the Parties shall enter into agreements substantially similar to the Security Documents.”

(f) In Paragraph F of Schedule M, the text of Section 8.4 shall be deleted in its entirety and replaced with the following:

“Section 8.4 Party B Security. As credit protection to Party A, and as a condition to the effectiveness of the
Confirmation, Party A and Party B have entered into the Security Documents, and such Security Documents have been duly executed and delivered by the Parties and by all third party signatories as contemplated therein and shall be in full force and effect. Party A shall have the rights and remedies specified in the Security Documents and Party B shall comply with its duties, obligations and responsibilities as specified therein.”

(g) In Paragraph G, the text following the colon shall be deleted in its entirety and replaced with the following:


**SCHEDULE P: PRODUCTS AND RELATED DEFINITIONS**

38) The following shall be added at the end of Schedule P:

“If the Parties agree to a service level/product defined by reference to a different agreement (e.g., the MAPP Restated Agreement, the WSPP Agreement, ERCOT Guides) for a particular Transaction, then, unless the Parties expressly state and agree that all the terms and conditions of such other agreement will apply, such reference to a service level/product shall be as defined by such other agreement, including if applicable, the regional reliability requirements and guidelines as well as the specific excuses for performance, Force Majeure, Uncontrollable Forces, or other such excuses applicable to such other agreement, to the extent inconsistent with the terms of this Agreement, but all other terms and conditions of this Agreement remain applicable.”

39) The following shall be added at the end of Schedule P:

“CAISO Energy” means with respect to a Transaction, a Product under which the Seller shall sell and the Buyer shall purchase a quantity of energy equal to the hourly quantity without Ancillary Services (as defined in the California Independent System Operator (“CAISO”) Tariff) that is or will be scheduled as a schedule coordinator to schedule coordinator transaction pursuant to the applicable tariff and protocol provisions of the CAISO tariff, as amended from time to time for which the only excuse for failure to deliver or receive is an “Uncontrollable Force” as defined in the CAISO Tariff.”

40) The following shall be added at the end of Schedule P:

“West Firm” or “WSPPC-Firm” means with respect to a Transaction, a Product defined by the WSPP Agreement as amended, in Service Schedule C as Firm Capacity/Energy Sale or Exchange Service.”
IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

**Party A Name**

By: __________________________

Name: ________________________

Title: _________________________

**WESTERN COMMUNITY ENERGY**

By: __________________________

Name: ________________________

Title: _________________________
GENERAL TERMS AND CONDITIONS

ARTICLE ONE: GENERAL DEFINITIONS

1.1 “Affiliate” means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

1.2 “Agreement” has the meaning set forth in the Cover Sheet.

1.3 “Bankrupt” means with respect to any entity, such entity (i) 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, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) 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 (v) is generally unable to pay its debts as they fall due.

1.4 “Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

1.5 “Buyer” means the Party to a Transaction that is obligated to purchase and receive, or cause to be received, the Product, as specified in the Transaction.

1.6 “Call Option” means an Option entitling, but not obligating, the Option Buyer to purchase and receive the Product from the Option Seller at a price equal to the Strike Price for the Delivery Period for which the Option may be exercised, all as specified in the Transaction. Upon proper exercise of the Option by the Option Buyer, the Option Seller will be obligated to sell and deliver the Product for the Delivery Period for which the Option has been exercised.

1.7 “Claiming Party” has the meaning set forth in Section 3.3.

1.8 “Claims” means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys’ fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

1.9 “Confirmation” has the meaning set forth in Section 2.3.
1.10 “Contract Price” means the price in $U.S. (unless otherwise provided for) to be paid by Buyer to Seller for the purchase of the Product, as specified in the Transaction.

1.11 “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 Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction.

1.12 “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 issues rating by S&P, Moody’s or any other rating agency agreed by the Parties as set forth in the Cover Sheet.

1.13 “Cross Default Amount” means the cross default amount, if any, set forth in the Cover Sheet for a Party.

1.14 “Defaulting Party” has the meaning set forth in Section 5.1.

1.15 “Delivery Period” means the period of delivery for a Transaction, as specified in the Transaction.

1.16 “Delivery Point” means the point at which the Product will be delivered and received, as specified in the Transaction.

1.17 “Downgrade Event” has the meaning set forth on the Cover Sheet.

1.18 “Early Termination Date” has the meaning set forth in Section 5.2.

1.19 “Effective Date” has the meaning set forth on the Cover Sheet.

1.20 “Equitable Defenses” means any bankruptcy, insolvency, reorganization and other laws affecting creditors’ rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.

1.21 “Event of Default” has the meaning set forth in Section 5.1.

1.22 “FERC” means the Federal Energy Regulatory Commission or any successor government agency.

1.23 “Force Majeure” means an event or circumstance which prevents one Party from performing its obligations under one or more Transactions, which event or circumstance was not anticipated as of the date the Transaction was agreed to, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (i) the loss of Buyer’s markets; (ii) Buyer’s inability economically
to use or resell the Product purchased hereunder; (iii) the loss or failure of Seller’s supply; or (iv) Seller’s ability to sell the Product at a price greater than the Contract Price. Neither Party may raise a claim of Force Majeure based in whole or in part on curtailment by a Transmission Provider unless (i) such Party has contracted for firm transmission with a Transmission Provider for the Product to be delivered to or received at the Delivery Point and (ii) such curtailment is due to “force majeure” or “uncontrollable force” or a similar term as defined under the Transmission Provider’s tariff; provided, however, that existence of the foregoing factors shall not be sufficient to conclusively or presumptively prove the existence of a Force Majeure absent a showing of other facts and circumstances which in the aggregate with such factors establish that a Force Majeure as defined in the first sentence hereof has occurred. The applicability of Force Majeure to the Transaction is governed by the terms of the Products and Related Definitions contained in Schedule P.

1.24 “Gains” means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction, determined in a commercially reasonable manner.

1.25 “Guarantor” means, with respect to a Party, the guarantor, if any, specified for such Party on the Cover Sheet.

1.26 “Interest Rate” means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under “Money Rates” on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

1.27 “Letter(s) of Credit” means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a credit rating of at least A- from S&P or A3 from Moody’s, in a form acceptable to the Party in whose favor the letter of credit is issued. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

1.28 “Losses” means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of a Terminated Transaction, determined in a commercially reasonable manner.

1.29 “Master Agreement” has the meaning set forth on the Cover Sheet.

1.30 “Moody’s” means Moody’s Investor Services, Inc. or its successor.

1.31 “NERC Business Day” means any day except a Saturday, Sunday or a holiday as defined by the North American Electric Reliability Council or any successor organization thereto. A NERC Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

1.32 “Non-Defaulting Party” has the meaning set forth in Section 5.2.
1.33 “Offsetting Transactions” mean any two or more outstanding Transactions, having the same or overlapping Delivery Period(s), Delivery Point and payment date, where under one or more of such Transactions, one Party is the Seller, and under the other such Transaction(s), the same Party is the Buyer.

1.34 “Option” means the right but not the obligation to purchase or sell a Product as specified in a Transaction.

1.35 “Option Buyer” means the Party specified in a Transaction as the purchaser of an option, as defined in Schedule P.

1.36 “Option Seller” means the Party specified in a Transaction as the seller of an option, as defined in Schedule P.

1.37 “Party A Collateral Threshold” means the collateral threshold, if any, set forth in the Cover Sheet for Party A.

1.38 “Party B Collateral Threshold” means the collateral threshold, if any, set forth in the Cover Sheet for Party B.

1.39 “Party A Independent Amount” means the amount, if any, set forth in the Cover Sheet for Party A.

1.40 “Party B Independent Amount” means the amount, if any, set forth in the Cover Sheet for Party B.

1.41 “Party A Rounding Amount” means the amount, if any, set forth in the Cover Sheet for Party A.

1.42 “Party B Rounding Amount” means the amount, if any, set forth in the Cover Sheet for Party B.

1.43 “Party A Tariff” means the tariff, if any, specified in the Cover Sheet for Party A.

1.44 “Party B Tariff” means the tariff, if any, specified in the Cover Sheet for Party B.

1.45 “Performance Assurance” means collateral in the form of either cash, Letter(s) of Credit, or other security acceptable to the Requesting Party.

1.46 “Potential Event of Default” means an event which, with notice or passage of time or both, would constitute an Event of Default.

1.47 “Product” means electric capacity, energy or other product(s) related thereto as specified in a Transaction by reference to a Product listed in Schedule P hereto or as otherwise specified by the Parties in the Transaction.

1.48 “Put Option” means an Option entitling, but not obligating, the Option Buyer to sell and deliver the Product to the Option Seller at a price equal to the Strike Price for the
Delivery Period for which the option may be exercised, all as specified in a Transaction. Upon proper exercise of the Option by the Option Buyer, the Option Seller will be obligated to purchase and receive the Product.

1.49 “Quantity” means that quantity of the Product that Seller agrees to make available or sell and deliver, or cause to be delivered, to Buyer, and that Buyer agrees to purchase and receive, or cause to be received, from Seller as specified in the Transaction.

1.50 “Recording” has the meaning set forth in Section 2.4.

1.51 “Replacement Price” means the price at which Buyer, acting in a commercially reasonable manner, purchases at the Delivery Point a replacement for any Product specified in a Transaction but not delivered by Seller, plus (i) costs reasonably incurred by Buyer in purchasing such substitute Product and (ii) additional transmission charges, if any, reasonably incurred by Buyer to the Delivery Point, or at Buyer’s option, the market price at the Delivery Point for such Product not delivered as determined by Buyer in a commercially reasonable manner; provided, however, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall Buyer be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller’s liability. For the purposes of this definition, Buyer shall be considered to have purchased replacement Product to the extent Buyer shall have entered into one or more arrangements in a commercially reasonable manner whereby Buyer repurchases its obligation to sell and deliver the Product to another party at the Delivery Point.

1.52 “S&P” means the Standard & Poor’s Rating Group (a division of McGraw-Hill, Inc.) or its successor.

1.53 “Sales Price” means the price at which Seller, acting in a commercially reasonable manner, resells at the Delivery Point any Product not received by Buyer, deducting from such proceeds any (i) costs reasonably incurred by Seller in reselling such Product and (ii) additional transmission charges, if any, reasonably incurred by Seller in delivering such Product to the third party purchasers, or at Seller’s option, the market price at the Delivery Point for such Product not received as determined by Seller in a commercially reasonable manner; provided, however, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall Seller be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Buyer’s liability. For purposes of this definition, Seller shall be considered to have resold such Product to the extent Seller shall have entered into one or more arrangements in a commercially reasonable manner whereby Seller repurchases its obligation to purchase and receive the Product from another party at the Delivery Point.

1.54 “Schedule” or “Scheduling” means the actions of Seller, Buyer and/or their designated representatives, including each Party’s Transmission Providers, if applicable, of notifying, requesting and confirming to each other the quantity and type of Product to be delivered on any given day or days during the Delivery Period at a specified Delivery Point.

1.55 “Seller” means the Party to a Transaction that is obligated to sell and deliver, or cause to be delivered, the Product, as specified in the Transaction.
“Settlement Amount” means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such party incurs as a result of the liquidation of a Terminated Transaction pursuant to Section 5.2.

“Strike Price” means the price to be paid for the purchase of the Product pursuant to an Option.

“Terminated Transaction” has the meaning set forth in Section 5.2.

“Termination Payment” has the meaning set forth in Section 5.3.

“Transaction” means a particular transaction agreed to by the Parties relating to the sale and purchase of a Product pursuant to this Master Agreement.

“Transmission Provider” means any entity or entities transmitting or transporting the Product on behalf of Seller or Buyer to or from the Delivery Point in a particular Transaction.

ARTICLE TWO: TRANSACTION TERMS AND CONDITIONS

2.1 Transactions. A Transaction shall be entered into upon agreement of the Parties orally or, if expressly required by either Party with respect to a particular Transaction, in writing, including an electronic means of communication. Each Party agrees not to contest, or assert any defense to, the validity or enforceability of the Transaction entered into in accordance with this Master Agreement (i) based on any law requiring agreements to be in writing or to be signed by the parties, or (ii) based on any lack of authority of the Party or any lack of authority of any employee of the Party to enter into a Transaction.

2.2 Governing Terms. Unless otherwise specifically agreed, each Transaction between the Parties shall be governed by this Master Agreement. This Master Agreement (including all exhibits, schedules and any written supplements hereto), the Party A Tariff, if any, and the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any Confirmations accepted in accordance with Section 2.3) shall form a single integrated agreement between the Parties. Any inconsistency between any terms of this Master Agreement and any terms of the Transaction shall be resolved in favor of the terms of such Transaction.

2.3 Confirmation. Seller may confirm a Transaction by forwarding to Buyer by facsimile within three (3) Business Days after the Transaction is entered into a confirmation (“Confirmation”) substantially in the form of Exhibit A. If Buyer objects to any term(s) of such Confirmation, Buyer shall notify Seller in writing of such objections within two (2) Business Days of Buyer’s receipt thereof, failing which Buyer shall be deemed to have accepted the terms as sent. If Seller fails to send a Confirmation within three (3) Business Days after the Transaction is entered into, a Confirmation substantially in the form of Exhibit A, may be forwarded by Buyer to Seller. If Seller objects to any term(s) of such Confirmation, Seller shall notify Buyer of such objections within two (2) Business Days of Seller’s receipt thereof, failing which Seller shall be deemed to have accepted the terms as sent. If Seller and Buyer each send a Confirmation and neither Party objects to the other Party’s Confirmation within two (2) Business Days of receipt, Seller’s Confirmation shall be deemed to be accepted and shall be the
controlling Confirmation, unless (i) Seller’s Confirmation was sent more than three (3) Business Days after the Transaction was entered into and (ii) Buyer’s Confirmation was sent prior to Seller’s Confirmation, in which case Buyer’s Confirmation shall be deemed to be accepted and shall be the controlling Confirmation. Failure by either Party to send or either Party to return an executed Confirmation or any objection by either Party shall not invalidate the Transaction agreed to by the Parties.

2.4 Additional Confirmation Terms. If the Parties have elected on the Cover Sheet to make this Section 2.4 applicable to this Master Agreement, when a Confirmation contains provisions, other than those provisions relating to the commercial terms of the Transaction (e.g., price or special transmission conditions), which modify or supplement the general terms and conditions of this Master Agreement (e.g., arbitration provisions or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 2.3 unless agreed to either orally or in writing by the Parties; provided that the foregoing shall not invalidate any Transaction agreed to by the Parties.

2.5 Recording. Unless a Party expressly objects to a Recording (defined below) at the beginning of a telephone conversation, each Party consents to the creation of a tape or electronic recording (“Recording”) of all telephone conversations between the Parties to this Master Agreement, and that any such Recordings will be retained in confidence, secured from improper access, and may be submitted in evidence in any proceeding or action relating to this Agreement. Each Party waives any further notice of such monitoring or recording, and agrees to notify its officers and employees of such monitoring or recording and to obtain any necessary consent of such officers and employees. The Recording, and the terms and conditions described therein, if admissible, shall be the controlling evidence for the Parties’ agreement with respect to a particular Transaction in the event a Confirmation is not fully executed (or deemed accepted) by both Parties. Upon full execution (or deemed acceptance) of a Confirmation, such Confirmation shall control in the event of any conflict with the terms of a Recording, or in the event of any conflict with the terms of this Master Agreement.

ARTICLE THREE: OBLIGATIONS AND DELIVERIES

3.1 Seller’s and Buyer’s Obligations. With respect to each Transaction, Seller shall sell and deliver, or cause to be delivered, and Buyer shall purchase and receive, or cause to be received, the Quantity of the Product at the Delivery Point, and Buyer shall pay Seller the Contract Price; provided, however, with respect to Options, the obligations set forth in the preceding sentence shall only arise if the Option Buyer exercises its Option in accordance with its terms. Seller shall be responsible for any costs or charges imposed on or associated with the Product or its delivery of the Product up to the Delivery Point. Buyer shall be responsible for any costs or charges imposed on or associated with the Product or its receipt at and from the Delivery Point.

3.2 Transmission and Scheduling. Seller shall arrange and be responsible for transmission service to the Delivery Point and shall Schedule or arrange for Scheduling services with its Transmission Providers, as specified by the Parties in the Transaction, or in the absence thereof, in accordance with the practice of the Transmission Providers, to deliver the Product to the Delivery Point. Buyer shall arrange and be responsible for transmission service at and from
the Delivery Point and shall Schedule or arrange for Scheduling services with its Transmission Providers to receive the Product at the Delivery Point.

3.3 Force Majeure. To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under the Transaction and such Party (the “Claiming Party”) gives notice and details of the Force Majeure to the other Party as soon as practicable, then, unless the terms of the Product specify otherwise, the Claiming Party shall be excused from the performance of its obligations with respect to such Transaction (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

ARTICLE FOUR: REMEDIES FOR FAILURE TO DELIVER/RECEIVE

4.1 Seller Failure. If Seller fails to schedule and/or deliver all or part of the Product pursuant to a Transaction, and such failure is not excused under the terms of the Product or by Buyer’s failure to perform, then Seller shall pay Buyer, on the date payment would otherwise be due in respect of the month in which the failure occurred or, if “Accelerated Payment of Damages” is specified on the Cover Sheet, within five (5) Business Days of invoice receipt, an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

4.2 Buyer Failure. If Buyer fails to schedule and/or receive all or part of the Product pursuant to a Transaction and such failure is not excused under the terms of the Product or by Seller’s failure to perform, then Buyer shall pay Seller, on the date payment would otherwise be due in respect of the month in which the failure occurred or, if “Accelerated Payment of Damages” is specified on the Cover Sheet, within five (5) Business Days of invoice receipt, an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Sales Price from the Contract Price. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

ARTICLE FIVE: EVENTS OF DEFAULT; REMEDIES

5.1 Events of Default. An “Event of Default” shall mean, with respect to a Party (a “Defaulting Party”), the occurrence of any of the following:

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice;

(b) 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;
(c) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party’s obligations to deliver or receive the Product, the exclusive remedy for which is provided in Article Four) if such failure is not remedied within three (3) Business Days after written notice;

(d) such Party becomes Bankrupt;

(e) the failure of such Party to satisfy the creditworthiness/collateral requirements agreed to pursuant to Article Eight hereof;

(f) 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;

(g) if the applicable cross default section in the Cover Sheet is indicated for such Party, the occurrence and continuation of (i) a default, event of default or other similar condition or event in respect of such Party or any other party specified in the Cover Sheet for such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than the applicable Cross Default Amount (as specified in the Cover Sheet), which results in such indebtedness becoming, or becoming capable at such time of being declared, immediately due and payable or (ii) a default by such Party or any other party specified in the Cover Sheet for such Party in making on the due date therefor one or more payments, individually or collectively, in an aggregate amount of not less than the applicable Cross Default Amount (as specified in the Cover Sheet);

(h) with respect to such Party’s Guarantor, if any:

(i) if any representation or warranty made by a Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;

(ii) the failure of a Guarantor to make any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within three (3) Business Days after written notice;

(iii) a Guarantor becomes Bankrupt;

(iv) the failure of a Guarantor’s guaranty to be in full force and effect for purposes of this Agreement (other than in accordance with its
terms) prior to the satisfaction of all obligations of such Party under each Transaction to which such guaranty shall relate without the written consent of the other Party; or

(v) a Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any guaranty.

5.2 Declaration of an Early Termination Date and Calculation of Settlement Amounts. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the “Non-Defaulting Party”) shall have the right (i) to designate a day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an early termination date (“Early Termination Date”) to accelerate all amounts owing between the Parties and to liquidate and terminate all, but not less than all, Transactions (each referred to as a “Terminated Transaction”) between the Parties, (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date (or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable).

5.3 Net Out of Settlement Amounts. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single amount by: netting out (a) all Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article Eight, plus any or all other amounts due to the Defaulting Party under this Agreement against (b) all Settlement Amounts that are due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement, so that all such amounts shall be netted out to a single liquidated amount (the “Termination Payment”) payable by one Party to the other. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate.

5.4 Notice of Payment of Termination Payment. As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The Termination Payment shall be made by the Party that owes it within two (2) Business Days after such notice is effective.

5.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party’s calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within two (2) Business Days of receipt of Non-Defaulting Party’s calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer Performance Assurance to the Non-Defaulting Party in an amount equal to the Termination Payment.
5.6 Closeout Setoffs.

Option A: After calculation of a Termination Payment in accordance with Section 5.3, if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled, at its option and in its discretion, to (i) set off against such Termination Payment any amounts due and owing by the Defaulting Party to the Non-Defaulting Party under any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party and/or (ii) to the extent the Transactions are not yet liquidated in accordance with Section 5.2, withhold payment of the Termination Payment to the Defaulting Party. The remedy provided for in this Section shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

Option B: After calculation of a Termination Payment in accordance with Section 5.3, if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled, at its option and in its discretion, to (i) set off against such Termination Payment any amounts due and owing by the Defaulting Party or any of its Affiliates to the Non-Defaulting Party or any of its Affiliates under any other agreements, instruments or undertakings between the Defaulting Party or any of its Affiliates and the Non-Defaulting Party or any of its Affiliates and/or (ii) to the extent the Transactions are not yet liquidated in accordance with Section 5.2, withhold payment of the Termination Payment to the Defaulting Party. The remedy provided for in this Section shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

Option C: Neither Option A nor B shall apply.

5.7 Suspension of Performance. Notwithstanding any other provision of this Master Agreement, if (a) an Event of Default or (b) a Potential Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon written notice to the Defaulting Party, shall have the right (i) to suspend performance under any or all Transactions; provided, however, in no event shall any such suspension continue for longer than ten (10) NERC Business Days with respect to any single Transaction unless an early Termination Date shall have been declared and notice thereof pursuant to Section 5.2 given, and (ii) to the extent an Event of Default shall have occurred and be continuing to exercise any remedy available at law or in equity.

ARTICLE SIX: PAYMENT AND NETTING

6.1 Billing Period. Unless otherwise specifically agreed upon by the Parties in a Transaction, the calendar month shall be the standard period for all payments under this Agreement (other than Termination Payments and, if “Accelerated Payment of Damages” is specified by the Parties in the Cover Sheet, payments pursuant to Section 4.1 or 4.2 and Option premium payments pursuant to Section 6.7). As soon as practicable after the end of each month, each Party will render to the other Party an invoice for the payment obligations, if any, incurred hereunder during the preceding month.
6.2 **Timeliness of Payment.** Unless otherwise agreed by the Parties in a Transaction, all invoices under this Master Agreement shall be due and payable in accordance with each Party’s invoice instructions on or before the later of the twentieth (20th) day of each month, or tenth (10th) day after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.

6.3 **Disputes and Adjustments of Invoices.** 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, with notice of the objection given to the other Party. 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 two (2) Business Days of such resolution along with interest accrued at the Interest Rate from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section 6.3 within twelve (12) months after the invoice is rendered or any specific adjustment to the invoice is made. If an invoice is not rendered within twelve (12) months after the close of the month during which performance of a Transaction occurred, the right to payment for such performance is waived.

6.4 **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 pursuant to all Transactions through netting, in which case all amounts owed by each Party to the other Party for the purchase and sale of Products during the monthly billing period under this Master Agreement, including any related damages calculated pursuant to Article Four (unless one of the Parties elects to accelerate payment of such amounts as permitted by Article Four), 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.

6.5 **Payment Obligation Absent Netting.** If no mutual debts or payment obligations exist and only one Party owes a debt or obligation to the other during the monthly billing period, including, but not limited to, any related damage amounts calculated pursuant to Article Four, interest, and payments or credits, that Party shall pay such sum in full when due.

6.6 **Security.** Unless the Party benefiting from Performance Assurance or a guaranty notifies the other Party in writing, and except in connection with a liquidation and termination in accordance with Article Five, all amounts netted pursuant to this Article Six shall not take into
account or include any Performance Assurance or guaranty which may be in effect to secure a Party’s performance under this Agreement.

6.7 Payment for Options. The premium amount for the purchase of an Option shall be paid within two (2) Business Days of receipt of an invoice from the Option Seller. Upon exercise of an Option, payment for the Product underlying such Option shall be due in accordance with Section 6.1.

6.8 Transaction Netting. If the Parties enter into one or more Transactions, which in conjunction with one or more other outstanding Transactions, constitute Offsetting Transactions, then all such Offsetting Transactions may by agreement of the Parties, be netted into a single Transaction under which:

(a) the Party obligated to deliver the greater amount of Energy will deliver the difference between the total amount it is obligated to deliver and the total amount to be delivered to it under the Offsetting Transactions, and

(b) the Party owing the greater aggregate payment will pay the net difference owed between the Parties.

Each single Transaction resulting under this Section shall be deemed part of the single, indivisible contractual arrangement between the parties, and once such resulting Transaction occurs, outstanding obligations under the Offsetting Transactions which are satisfied by such offset shall terminate.

ARTICLE SEVEN: LIMITATIONS

7.1 Limitation of Remedies, Liability and Damages. EXCEPT AS 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. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS 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. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, THE OBLIGOR’S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES

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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. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER
ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE
DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN
ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED
HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR
LOSS.

ARTICLE EIGHT: CREDIT AND COLLATERAL REQUIREMENTS

8.1 Party A Credit Protection. The applicable credit and collateral requirements shall
be as specified on the Cover Sheet. If no option in Section 8.1(a) is specified on the Cover
Sheet, Section 8.1(a) Option C shall apply exclusively. If none of Sections 8.1(b), 8.1(c) or
8.1(d) are specified on the Cover Sheet, Section 8.1(b) shall apply exclusively.

(a) Financial Information. Option A: If requested by Party A, Party B shall
deliver (i) within 120 days following the end of each fiscal year, a copy of Party B’s annual
report containing audited consolidated financial statements for such fiscal year and (ii) within 60
days after the end of each of its first three fiscal quarters of each fiscal year, a copy of Party B’s
quarterly report containing unaudited consolidated financial statements for such fiscal quarter.
In all cases the statements shall be for the most recent accounting period and prepared in
accordance with generally accepted accounting principles; provided, however, that should any
such statements not be available on a timely basis due to a delay in preparation or certification,
such delay shall not be an Event of Default so long as Party B diligently pursues the preparation,
certification and delivery of the statements.

Option B: If requested by Party A, Party B shall deliver (i) within 120 days following the
end of each fiscal year, a copy of the annual report containing audited consolidated financial
statements for such fiscal year for the party(s) specified on the Cover Sheet and (ii) within 60
days after the end of each of its first three fiscal quarters of each fiscal year, a copy of quarterly
report containing unaudited consolidated financial statements for such fiscal quarter for the
party(s) specified on the Cover Sheet. In all cases the statements shall be for the most recent
accounting period and shall be prepared in accordance with generally accepted accounting
principles; provided, however, that should any such statements not be available on a timely basis
due to a delay in preparation or certification, such delay shall not be an Event of Default so long
as the relevant entity diligently pursues the preparation, certification and delivery of the
statements.

Option C: Party A may request from Party B the information specified in the Cover
Sheet.

(b) Credit Assurances. If Party A has reasonable grounds to believe that Party
B’s creditworthiness or performance under this Agreement has become unsatisfactory, Party A
will provide Party B with written notice requesting Performance Assurance in an amount
determined by Party A in a commercially reasonable manner. Upon receipt of such notice Party
B shall have three (3) Business Days to remedy the situation by providing such Performance Assurance to Party A. In the event that Party B fails to provide such Performance Assurance, or a guaranty or other credit assurance acceptable to Party A within three (3) Business Days of receipt of notice, then an Event of Default under Article Five will be deemed to have occurred and Party A will be entitled to the remedies set forth in Article Five of this Master Agreement.

(c) **Collateral Threshold.** If at any time and from time to time during the term of this Agreement (and notwithstanding whether an Event of Default has occurred), the Termination Payment that would be owed to Party A plus Party B’s Independent Amount, if any, exceeds the Party B Collateral Threshold, then Party A, on any Business Day, may request that Party B provide Performance Assurance in an amount equal to the amount by which the Termination Payment plus Party B’s Independent Amount, if any, exceeds the Party B Collateral Threshold (rounding upwards for any fractional amount to the next Party B Rounding Amount) (“Party B Performance Assurance”), less any Party B Performance Assurance already posted with Party A. Such Party B Performance Assurance shall be delivered to Party A within three (3) Business Days of the date of such request. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash), Party B, at its sole cost, may request that such Party B Performance Assurance be reduced correspondingly to the amount of such excess Termination Payment plus Party B’s Independent Amount, if any, (rounding upwards for any fractional amount to the next Party B Rounding Amount). In the event that Party B fails to provide Party B Performance Assurance pursuant to the terms of this Article Eight within three (3) Business Days, then an Event of Default under Article Five shall be deemed to have occurred and Party A will be entitled to the remedies set forth in Article Five of this Master Agreement.

For purposes of this Section 8.1(c), the calculation of the Termination Payment shall be calculated pursuant to Section 5.3 by Party A as if all outstanding Transactions had been liquidated, and in addition thereto, shall include all amounts owed but not yet paid by Party B to Party A, whether or not such amounts are due, for performance already provided pursuant to any and all Transactions.

(d) **Downgrade Event.** If at any time there shall occur a Downgrade Event in respect of Party B, then Party A may require Party B to provide Performance Assurance in an amount determined by Party A in a commercially reasonable manner. In the event Party B shall fail to provide such Performance Assurance or a guaranty or other credit assurance acceptable to Party A within three (3) Business Days of receipt of notice, then an Event of Default shall be deemed to have occurred and Party A will be entitled to the remedies set forth in Article Five of this Master Agreement.

(e) If specified on the Cover Sheet, Party B shall deliver to Party A, prior to or concurrently with the execution and delivery of this Master Agreement a guarantee in an amount not less than the Guarantee Amount specified on the Cover Sheet and in a form reasonably acceptable to Party A.

8.2 **Party B Credit Protection.** The applicable credit and collateral requirements shall be as specified on the Cover Sheet. If no option in Section 8.2(a) is specified on the Cover
Sheet, Section 8.2(a) Option C shall apply exclusively. If none of Sections 8.2(b), 8.2(c) or 8.2(d) are specified on the Cover Sheet, Section 8.2(b) shall apply exclusively.

(a) **Financial Information.** Option A: If requested by Party B, Party A shall deliver (i) within 120 days following the end of each fiscal year, a copy of Party A’s annual report containing audited consolidated financial statements for such fiscal year and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of such Party’s quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as such Party diligently pursues the preparation, certification and delivery of the statements.

Option B: If requested by Party B, Party A shall deliver (i) within 120 days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements for such fiscal year for the party(s) specified on the Cover Sheet and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of quarterly report containing unaudited consolidated financial statements for such fiscal quarter for the party(s) specified on the Cover Sheet. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements.

Option C: Party B may request from Party A the information specified in the Cover Sheet.

(b) **Credit Assurances.** If Party B has reasonable grounds to believe that Party A’s creditworthiness or performance under this Agreement has become unsatisfactory, Party B will provide Party A with written notice requesting Performance Assurance in an amount determined by Party B in a commercially reasonable manner. Upon receipt of such notice Party A shall have three (3) Business Days to remedy the situation by providing such Performance Assurance to Party B. In the event that Party A fails to provide such Performance Assurance, or a guaranty or other credit assurance acceptable to Party B within three (3) Business Days of receipt of notice, then an Event of Default under Article Five will be deemed to have occurred and Party B will be entitled to the remedies set forth in Article Five of this Master Agreement.

(c) **Collateral Threshold.** If at any time and from time to time during the term of this Agreement (and notwithstanding whether an Event of Default has occurred), the Termination Payment that would be owed to Party B plus Party A’s Independent Amount, if any, exceeds the Party A Collateral Threshold, then Party B, on any Business Day, may request that Party A provide Performance Assurance in an amount equal to the amount by which the Termination Payment plus Party A’s Independent Amount, if any, exceeds the Party A Collateral Threshold (rounding upwards for any fractional amount to the next Party A Rounding Amount) (“Party A Performance Assurance”), less any Party A Performance Assurance already posted

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with Party B. Such Party A Performance Assurance shall be delivered to Party B within three (3) Business Days of the date of such request. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash), Party A, at its sole cost, may request that such Party A Performance Assurance be reduced correspondingly to the amount of such excess Termination Payment plus Party A’s Independent Amount, if any, (rounding upwards for any fractional amount to the next Party A Rounding Amount). In the event that Party A fails to provide Party A Performance Assurance pursuant to the terms of this Article Eight within three (3) Business Days, then an Event of Default under Article Five shall be deemed to have occurred and Party B will be entitled to the remedies set forth in Article Five of this Master Agreement.

For purposes of this Section 8.2(c), the calculation of the Termination Payment shall be calculated pursuant to Section 5.3 by Party B as if all outstanding Transactions had been liquidated, and in addition thereto, shall include all amounts owed but not yet paid by Party A to Party B, whether or not such amounts are due, for performance already provided pursuant to any and all Transactions.

(d) Downgrade Event. If at any time there shall occur a Downgrade Event in respect of Party A, then Party B may require Party A to provide Performance Assurance in an amount determined by Party B in a commercially reasonable manner. In the event Party A shall fail to provide such Performance Assurance or a guaranty or other credit assurance acceptable to Party B within three (3) Business Days of receipt of notice, then an Event of Default shall be deemed to have occurred and Party B will be entitled to the remedies set forth in Article Five of this Master Agreement.

(e) If specified on the Cover Sheet, Party A shall deliver to Party B, prior to or concurrently with the execution and delivery of this Master Agreement a guarantee in an amount not less than the Guarantee Amount specified on the Cover Sheet and in a form reasonably acceptable to Party B.

8.3 Grant of Security Interest/Remedies. To secure its obligations under this Agreement and to the extent either or both Parties deliver Performance Assurance hereunder, each Party (a “Pledgor”) hereby grants to the other Party (the “Secured Party”) a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Secured Party, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Secured Party’s first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Non-Defaulting Party may do any one or more of the following: (i) exercise any of the rights and remedies of a Secured Party with respect to all Performance Assurance, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the Defaulting Party in the possession of the Non-Defaulting Party or its agent; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all Performance Assurance then held by or for the benefit of the Secured Party free from any claim or right of any nature whatsoever of
the Defaulting Party, including any equity or right of purchase or redemption by the Defaulting Party. The Secured Party shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Pledgor’s obligations under the Agreement (the Pledgor remaining liable for any amounts owing to the Secured Party after such application), subject to the Secured Party’s obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

ARTICLE NINE: GOVERNMENTAL CHARGES

9.1 **Cooperation.** Each Party shall use reasonable efforts to implement the provisions of and to administer this Master Agreement in accordance with the intent of the parties to minimize all taxes, so long as neither Party is materially adversely affected by such efforts.

9.2 **Governmental Charges.** Seller shall pay or cause to be paid all taxes imposed by any government authority (“Governmental Charges”) on or with respect to the Product or a Transaction arising prior to the Delivery Point. Buyer shall pay or cause to be paid all Governmental Charges on or with respect to the Product or a Transaction at and from the Delivery Point (other than ad valorem, franchise or income taxes which are related to the sale of the Product and are, therefore, the responsibility of the Seller). In the event Seller is required by law or regulation to remit or pay Governmental Charges which are Buyer’s responsibility hereunder, Buyer shall promptly reimburse Seller for such Governmental Charges. If Buyer is required by law or regulation to remit or pay Governmental Charges which are Seller’s responsibility hereunder, Buyer may deduct the amount of any such Governmental Charges from the sums due to Seller under Article 6 of this Agreement. Nothing shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under the law.

ARTICLE TEN: MISCELLANEOUS

10.1 **Term of Master Agreement.** The term of this Master Agreement shall commence on the Effective Date and shall remain in effect until terminated by either Party upon (thirty) 30 days’ prior written notice; provided, however, that such termination shall not affect or excuse the performance of either Party under any provision of this Master Agreement that by its terms survives any such termination and, provided further, that this Master Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s), or such Transaction(s) that have been terminated under Section 5.2 of this Agreement.

10.2 **Representations and Warranties.** On the Effective Date and the date of entering into each Transaction, each Party represents and warrants to the other Party that:

(i) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(ii) it has all regulatory authorizations necessary for it to legally perform its obligations under this Master Agreement and each Transaction (including any Confirmation accepted in accordance with Section 2.3);
(iii) the execution, delivery and performance of this Master Agreement and each Transaction (including any Confirmation accepted in accordance with Section 2.3) are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

(iv) this Master Agreement, each Transaction (including any Confirmation accepted in accordance with Section 2.3), and each other document executed and delivered in accordance with this Master Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any Equitable Defenses.

(v) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;

(vi) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Master Agreement and each Transaction (including any Confirmation accepted in accordance with Section 2.3);

(vii) no Event of Default or Potential Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Master Agreement and each Transaction (including any Confirmation accepted in accordance with Section 2.3);

(viii) it is acting for its own account, has made its own independent decision to enter into this Master Agreement and each Transaction (including any Confirmation accepted in accordance with Section 2.3) and as to whether this Master Agreement and each such Transaction (including any Confirmation accepted in accordance with Section 2.3) is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Master Agreement and each Transaction (including any Confirmation accepted in accordance with Section 2.3);

(ix) it is a “forward contract merchant” within the meaning of the United States Bankruptcy Code;

(x) it has entered into this Master Agreement and each Transaction (including any Confirmation accepted in accordance with Section 2.3) in connection with the conduct of its business and it has the capacity or ability to make
or take delivery of all Products referred to in the Transaction to which it is a Party;

(xi) with respect to each Transaction (including any Confirmation accepted in accordance with Section 2.3) involving the purchase or sale of a Product or an Option, it is a producer, processor, commercial user or merchant handling the Product, and it is entering into such Transaction for purposes related to its business as such; and

(xii) the material economic terms of each Transaction are subject to individual negotiation by the Parties.

10.3 Title and Risk of Loss. Title to and risk of loss related to the Product shall transfer from Seller to Buyer at the Delivery Point. Seller warrants that it will deliver to Buyer the Quantity of the Product free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Point.

10.4 Indemnity. Each Party shall indemnify, defend and hold harmless the other Party from and against any Claims arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Product is vested in such Party as provided in Section 10.3. Each Party shall indemnify, defend and hold harmless the other Party against any Governmental Charges for which such Party is responsible under Article Nine.

10.5 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate’s creditworthiness is equal to or higher than that of such Party, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets whose creditworthiness is equal to or higher than that of such Party; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

10.6 Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREBY SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

10.7 Notices. All notices, requests, statements or payments shall be made as specified in the Cover Sheet. Notices (other than scheduling requests) shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service or facsimile. Notice by facsimile or hand delivery shall be effective at the close
of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day. Notice by overnight United States mail or courier shall be effective on the next Business Day after it was sent. A Party may change its addresses by providing notice of same in accordance herewith.

10.8 General. This Master Agreement (including the exhibits, schedules and any written supplements hereto), the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any Confirmation accepted in accordance with Section 2.3) constitute the entire agreement between the Parties relating to the subject matter. Notwithstanding the foregoing, any collateral, credit support or margin agreement or similar arrangement between the Parties shall, upon designation by the Parties, be deemed part of this Agreement and shall be incorporated herein by reference. 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. Except to the extent herein provided for, no amendment or modification to this Master Agreement shall be enforceable unless reduced to writing and executed by both Parties. Each Party agrees if it seeks to amend any applicable wholesale power sales tariff during the term of this Agreement, such amendment will not in any way affect outstanding Transactions under this Agreement without the prior written consent of the other Party. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change (individually or collectively, such events referred to as “Regulatory Event”) will not otherwise affect the remaining lawful obligations that arise under this Agreement; and provided, further, that if a Regulatory Event occurs, the Parties shall use their best efforts to reform this Agreement in order to give effect to the original intention of the Parties. The term “including” when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only. All indemnity and audit rights shall survive the termination of this Agreement for twelve (12) months. This Agreement shall be binding on each Party’s successors and permitted assigns.

10.9 Audit. Each Party has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Master Agreement. If requested, a Party shall provide to the other Party statements evidencing the Quantity delivered at the Delivery Point. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of twelve (12) months from the rendition thereof, and thereafter any objection shall be deemed waived.
10.10 **Forward Contract.** The Parties acknowledge and agree that all Transactions constitute “forward contracts” within the meaning of the United States Bankruptcy Code.

10.11 **Confidentiality.** If the Parties have elected on the Cover Sheet to make this Section 10.11 applicable to this Master Agreement, neither Party shall disclose the terms or conditions of a Transaction under this Master Agreement to a third party (other than the Party’s employees, lenders, counsel, accountants or advisors 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, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding; provided, however, 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.
SCHEDULE M

(THE SCHEDULE IS INCLUDED IF THE APPROPRIATE BOX ON THE COVER SHEET IS MARKED INDICATING A PARTY IS A GOVERNMENTAL ENTITY OR PUBLIC POWER SYSTEM)

A. The Parties agree to add the following definitions in Article One.

“Act” means ______________________________.1

“Governmental Entity or Public Power System” means a municipality, county, governmental board, public power authority, public utility district, joint action agency, or other similar political subdivision or public entity of the United States, one or more States or territories or any combination thereof.

“Special Fund” means a fund or account of the Governmental Entity or Public Power System set aside and or pledged to satisfy the Public Power System’s obligations hereunder out of which amounts shall be paid to satisfy all of the Public Power System’s obligations under this Master Agreement for the entire Delivery Period.

B. The following sentence shall be added to the end of the definition of “Force Majeure” in Article One.

If the Claiming Party is a Governmental Entity or Public Power System, Force Majeure does not include any action taken by the Governmental Entity or Public Power System in its governmental capacity.

C. The Parties agree to add the following representations and warranties to Section 10.2:

Further and with respect to a Party that is a Governmental Entity or Public Power System, such Governmental Entity or Public Power System represents to the other Party continuing throughout the term of this Master Agreement, with respect to this Master Agreement and each Transaction, as follows: (i) all acts necessary to the valid execution, delivery and performance of this Master Agreement, including without limitation, competitive bidding, public notice, election, referendum, prior appropriation or other required procedures has or will be taken and performed as required under the Act and the Public Power System’s ordinances, bylaws or other regulations, (ii) all persons making up the governing body of Governmental Entity or Public Power System are the duly elected or appointed incumbents in their positions and hold such

1 Cite the state enabling and other relevant statutes applicable to Governmental Entity or Public Power System.
positions in good standing in accordance with the Act and other applicable law, (iii) entry into and performance of this Master Agreement by Governmental Entity or Public Power System are for a proper public purpose within the meaning of the Act and all other relevant constitutional, organic or other governing documents and applicable law, (iv) the term of this Master Agreement does not extend beyond any applicable limitation imposed by the Act or other relevant constitutional, organic or other governing documents and applicable law, (v) the Public Power System’s obligations to make payments hereunder are unsubordinated obligations and such payments are (a) operating and maintenance costs (or similar designation) which enjoy first priority of payment at all times under any and all bond ordinances or indentures to which it is a party, the Act and all other relevant constitutional, organic or other governing documents and applicable law or (b) otherwise not subject to any prior claim under any and all bond ordinances or indentures to which it is a party, the Act and all other relevant constitutional, organic or other governing documents and applicable law and are available without limitation or deduction to satisfy all Governmental Entity or Public Power System’ obligations hereunder and under each Transaction or (c) are to be made solely from a Special Fund, (vi) entry into and performance of this Master Agreement and each Transaction by the Governmental Entity or Public Power System will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any obligation of Governmental Entity or Public Power System otherwise entitled to such exclusion, and (vii) obligations to make payments hereunder do not constitute any kind of indebtedness of Governmental Entity or Public Power System or create any kind of lien on, or security interest in, any property or revenues of Governmental Entity or Public Power System which, in either case, is proscribed by any provision of the Act or any other relevant constitutional, organic or other governing documents and applicable law, any order or judgment of any court or other agency of government applicable to it or its assets, or any contractual restriction binding on or affecting it or any of its assets.

D. The Parties agree to add the following sections to Article Three:

Section 3.4 Public Power System’s Deliveries. On the Effective Date and as a condition to the obligations of the other Party under this Agreement, Governmental Entity or Public Power System shall provide the other Party hereto (i) certified copies of all ordinances, resolutions, public notices and other documents evidencing the necessary authorizations with respect to the execution, delivery and performance by Governmental Entity or Public Power System of this Master Agreement and (ii) an opinion of counsel for Governmental Entity or Public Power System, in form and substance reasonably satisfactory to the Other Party, regarding the validity, binding effect and enforceability of this Master Agreement against Governmental Entity or Public Power System in
Section 3.5  **No Immunity Claim.** Governmental Entity or Public Power System warrants and covenants that with respect to its contractual obligations hereunder and performance thereof, it will not claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its revenues or assets from (a) suit, (b) jurisdiction of court (including a court located outside the jurisdiction of its organization), (c) relief by way of injunction, order for specific performance or recovery of property, (d) attachment of assets, or (e) execution or enforcement of any judgment.

E. If the appropriate box is checked on the Cover Sheet, as an alternative to selecting one of the options under Section 8.3, the Parties agree to add the following section to Article Three:

Section 3.6  **Governmental Entity or Public Power System Security.** With respect to each Transaction, Governmental Entity or Public Power System shall either (i) have created and set aside a Special Fund or (ii) upon execution of this Master Agreement and prior to the commencement of each subsequent fiscal year of Governmental Entity or Public Power System during any Delivery Period, have obtained all necessary budgetary approvals and certifications for payment of all of its obligations under this Master Agreement for such fiscal year; any breach of this provision shall be deemed to have arisen during a fiscal period of Governmental Entity or Public Power System for which budgetary approval or certification of its obligations under this Master Agreement is in effect and, notwithstanding anything to the contrary in Article Four, an Early Termination Date shall automatically and without further notice occur hereunder as of such date wherein Governmental Entity or Public Power System shall be treated as the Defaulting Party. Governmental Entity or Public Power System shall have allocated to the Special Fund or its general funds a revenue base that is adequate to cover Public Power System’s payment obligations hereunder throughout the entire Delivery Period.

F. If the appropriate box is checked on the Cover Sheet, the Parties agree to add the following section to Article Eight:

Section 8.4  **Governmental Security.** As security for payment and performance of Public Power System’s obligations hereunder, Public Power System hereby pledges, sets over, assigns and grants to the other Party a security interest in all of Public Power System’s right, title and interest in and to [specify collateral].
G. The Parties agree to add the following sentence at the end of Section 10.6 - Governing Law:

NOTWITHSTANDING THE FOREGOING, IN RESPECT OF THE APPLICABILITY OF THE ACT AS HEREFIN PROVIDED, THE LAWS OF THE STATE OF _____________ \(^2\) SHALL APPLY.

\(^2\) Insert relevant state for Governmental Entity or Public Power System.
SCHEDULE P: PRODUCTS AND RELATED DEFINITIONS

“Ancillary Services” means any of the services identified by a Transmission Provider in its transmission tariff as “ancillary services” including, but not limited to, regulation and frequency response, energy imbalance, operating reserve-spinning and operating reserve-supplemental, as may be specified in the Transaction.

“Capacity” has the meaning specified in the Transaction.

“Energy” means three-phase, 60-cycle alternating current electric energy, expressed in megawatt hours.

“Firm (LD)” means, with respect to a Transaction, that either Party shall be relieved of its obligations to sell and deliver or purchase and receive without liability only to the extent that, and for the period during which, such performance is prevented by Force Majeure. In the absence of Force Majeure, the Party to which performance is owed shall be entitled to receive from the Party which failed to deliver/receive an amount determined pursuant to Article Four.

“Firm Transmission Contingent - Contract Path” means, with respect to a Transaction, that the performance of either Seller or Buyer (as specified in the Transaction) shall be excused, and no damages shall be payable including any amounts determined pursuant to Article Four, if the transmission for such Transaction is interrupted or curtailed and (i) such Party has provided for firm transmission with the transmission provider(s) for the Product in the case of the Seller from the generation source to the Delivery Point or in the case of the Buyer from the Delivery Point to the ultimate sink, and (ii) such interruption or curtailment is due to “force majeure” or “uncontrollable force” or a similar term as defined under the applicable transmission provider’s tariff. This contingency shall excuse performance for the duration of the interruption or curtailment notwithstanding the provisions of the definition of “Force Majeure” in Section 1.23 to the contrary.

“Firm Transmission Contingent - Delivery Point” means, with respect to a Transaction, that the performance of either Seller or Buyer (as specified in the Transaction) shall be excused, and no damages shall be payable including any amounts determined pursuant to Article Four, if the transmission to the Delivery Point (in the case of Seller) or from the Delivery Point (in the case of Buyer) for such Transaction is interrupted or curtailed and (i) such Party has provided for firm transmission with the transmission provider(s) for the Product, in the case of the Seller, to be delivered to the Delivery Point or, in the case of Buyer, to be received at the Delivery Point and (ii) such interruption or curtailment is due to “force majeure” or “uncontrollable force” or a similar term as defined under the applicable transmission provider’s tariff. This transmission contingency excuses performance for the duration of the interruption or curtailment, notwithstanding the provisions of the definition of “Force Majeure” in Section 1.23 to the contrary. Interruptions or curtailments of transmission other than the transmission either immediately to or from the Delivery Point shall not excuse performance.

“Firm (No Force Majeure)” means, with respect to a Transaction, that if either Party fails to perform its obligation to sell and deliver or purchase and receive the Product, the Party to which performance is owed shall be entitled to receive from the Party which failed to perform an
amount determined pursuant to Article Four. Force Majeure shall not excuse performance of a Firm (No Force Majeure) Transaction.

“Into ______________ (the “Receiving Transmission Provider”), Seller’s Daily Choice” means that, in accordance with the provisions set forth below, (1) the Product shall be scheduled and delivered to an interconnection or interface (“Interface”) either (a) on the Receiving Transmission Provider’s transmission system border or (b) within the control area of the Receiving Transmission Provider if the Product is from a source of generation in that control area, which Interface, in either case, the Receiving Transmission Provider identifies as available for delivery of the Product in or into its control area; and (2) Seller has the right on a daily prescheduled basis to designate the Interface where the Product shall be delivered. An “Into” Product shall be subject to the following provisions:

1. Prescheduling and Notification. Subject to the provisions of Section 6, not later than the prescheduling deadline of 11:00 a.m. CPT on the Business Day before the next delivery day or as otherwise agreed to by Buyer and Seller, Seller shall notify Buyer (“Seller’s Notification”) of Seller’s immediate upstream counterparty and the Interface (the “Designated Interface”) where Seller shall deliver the Product for the next delivery day, and Buyer shall notify Seller of Buyer’s immediate downstream counterparty.

2. Availability of “Firm Transmission” to Buyer at Designated Interface; “Timely Request for Transmission,” “ADI” and “Available Transmission.” In determining availability to Buyer of next-day firm transmission (“Firm Transmission”) from the Designated Interface, a “Timely Request for Transmission” shall mean a properly completed request for Firm Transmission made by Buyer in accordance with the controlling tariff procedures, which request shall be submitted to the Receiving Transmission Provider no later than 30 minutes after delivery of Seller’s Notification, provided, however, if the Receiving Transmission Provider is not accepting requests for Firm Transmission at the time of Seller’s Notification, then such request by Buyer shall be made within 30 minutes of the time when the Receiving Transmission Provider first opens thereafter for purposes of accepting requests for Firm Transmission.

Pursuant to the terms hereof, delivery of the Product may under certain circumstances be redesignated to occur at an Interface other than the Designated Interface (any such alternate designated interface, an “ADI”) either (a) on the Receiving Transmission Provider’s transmission system border or (b) within the control area of the Receiving Transmission Provider if the Product is from a source of generation in that control area, which ADI, in either case, the Receiving Transmission Provider identifies as available for delivery of the Product in or into its control area using either firm or non-firm transmission, as available on a day-ahead or hourly basis (individually or collectively referred to as “Available Transmission”) within the Receiving Transmission Provider’s transmission system.


A. Timely Request for Firm Transmission made by Buyer, Accepted by the Receiving Transmission Provider and Purchased by Buyer. If a Timely Request for Firm Transmission is made by Buyer and is accepted by the Receiving Transmission Provider
and Buyer purchases such Firm Transmission, then Seller shall deliver and Buyer shall receive the Product at the Designated Interface.

i. If the Firm Transmission purchased by Buyer within the Receiving Transmission Provider’s transmission system from the Designated Interface ceases to be available to Buyer for any reason, or if Seller is unable to deliver the Product at the Designated Interface for any reason except Buyer’s non-performance, then at Seller’s choice from among the following, Seller shall: (a) to the extent Firm Transmission is available to Buyer from an ADI on a day-ahead basis, require Buyer to purchase such Firm Transmission from such ADI, and schedule and deliver the affected portion of the Product to such ADI on the basis of Buyer’s purchase of Firm Transmission, or (b) require Buyer to purchase non-firm transmission, and schedule and deliver the affected portion of the Product on the basis of Buyer’s purchase of non-firm transmission from the Designated Interface or an ADI designated by Seller, or (c) to the extent firm transmission is available on an hourly basis, require Buyer to purchase firm transmission, and schedule and deliver the affected portion of the Product on the basis of Buyer’s purchase of such hourly firm transmission from the Designated Interface or an ADI designated by Seller.

ii. If the Available Transmission utilized by Buyer as required by Seller pursuant to Section 3A(i) ceases to be available to Buyer for any reason, then Seller shall again have those alternatives stated in Section 3A(i) in order to satisfy its obligations.

iii. Seller’s obligation to schedule and deliver the Product at an ADI is subject to Buyer’s obligation referenced in Section 4B to cooperate reasonably therewith. If Buyer and Seller cannot complete the scheduling and/or delivery at an ADI, then Buyer shall be deemed to have satisfied its receipt obligations to Seller and Seller shall be deemed to have failed its delivery obligations to Buyer, and Seller shall be liable to Buyer for amounts determined pursuant to Article Four.

iv. In each instance in which Buyer and Seller must make alternative scheduling arrangements for delivery at the Designated Interface or an ADI pursuant to Sections 3A(i) or (ii), and Firm Transmission had been purchased by both Seller and Buyer into and within the Receiving Transmission Provider’s transmission system as to the scheduled delivery which could not be completed as a result of the interruption or curtailment of such Firm Transmission, Buyer and Seller shall bear their respective transmission expenses and/or associated congestion charges incurred in connection with efforts to complete delivery by such alternative scheduling and delivery arrangements. In any instance except as set forth in the immediately preceding sentence, Buyer and Seller must make alternative scheduling arrangements for delivery at the Designated Interface or an ADI under Sections 3A(i) or (ii), Seller shall be responsible for any additional transmission purchases and/or associated congestion charges incurred by Buyer in connection with such alternative scheduling arrangements.
B. **Timely Request for Firm Transmission Made by Buyer but Rejected by the Receiving Transmission Provider.** If Buyer’s Timely Request for Firm Transmission is rejected by the Receiving Transmission Provider because of unavailability of Firm Transmission from the Designated Interface, then Buyer shall notify Seller within 15 minutes after receipt of the Receiving Transmission Provider’s notice of rejection (“Buyer’s Rejection Notice”). If Buyer timely notifies Seller of such unavailability of Firm Transmission from the Designated Interface, then Seller shall be obligated either (1) to the extent Firm Transmission is available to Buyer from an ADI on a day-ahead basis, to require Buyer to purchase (at Buyer’s own expense) such Firm Transmission from such ADI and schedule and deliver the Product to such ADI on the basis of Buyer’s purchase of Firm Transmission, and thereafter the provisions in Section 3A shall apply, or (2) to require Buyer to purchase (at Buyer’s own expense) non-firm transmission, and schedule and deliver the Product on the basis of Buyer’s purchase of non-firm transmission from the Designated Interface or an ADI designated by the Seller, in which case Seller shall bear the risk of interruption or curtailment of the non-firm transmission; provided, however, that if the non-firm transmission is interrupted or curtailed or if Seller is unable to deliver the Product for any reason, Seller shall have the right to schedule and deliver the Product to another ADI in order to satisfy its delivery obligations, in which case Seller shall be responsible for any additional transmission purchases and/or associated congestion charges incurred by Buyer in connection with Seller’s inability to deliver the Product as originally prescheduled. If Buyer fails to timely notify Seller of the unavailability of Firm Transmission, then Buyer shall bear the risk of interruption or curtailment of transmission from the Designated Interface, and the provisions of Section 3D shall apply.

C. **Timely Request for Firm Transmission Made by Buyer, Accepted by the Receiving Transmission Provider and not Purchased by Buyer.** If Buyer’s Timely Request for Firm Transmission is accepted by the Receiving Transmission Provider but Buyer elects to purchase non-firm transmission rather than Firm Transmission to take delivery of the Product, then Buyer shall bear the risk of interruption or curtailment of transmission from the Designated Interface. In such circumstances, if Seller’s delivery is interrupted as a result of transmission relied upon by Buyer from the Designated Interface, then Seller shall be deemed to have satisfied its delivery obligations to Buyer, Buyer shall be deemed to have failed to receive the Product and Buyer shall be liable to Seller for amounts determined pursuant to Article Four.

D. **No Timely Request for Firm Transmission Made by Buyer, or Buyer Fails to Timely Send Buyer’s Rejection Notice.** If Buyer fails to make a Timely Request for Firm Transmission or Buyer fails to timely deliver Buyer’s Rejection Notice, then Buyer shall bear the risk of interruption or curtailment of transmission from the Designated Interface. In such circumstances, if Seller’s delivery is interrupted as a result of transmission relied upon by Buyer from the Designated Interface, then Seller shall be deemed to have satisfied its delivery obligations to Buyer, Buyer shall be deemed to have failed to receive the Product and Buyer shall be liable to Seller for amounts determined pursuant to Article Four.
4. Transmission.

A. Seller’s Responsibilities. Seller shall be responsible for transmission required to deliver the Product to the Designated Interface or ADI, as the case may be. It is expressly agreed that Seller is not required to utilize Firm Transmission for its delivery obligations hereunder, and Seller shall bear the risk of utilizing non-firm transmission. If Seller’s scheduled delivery to Buyer is interrupted as a result of Buyer’s attempted transmission of the Product beyond the Receiving Transmission Provider’s system border, then Seller will be deemed to have satisfied its delivery obligations to Buyer, Buyer shall be deemed to have failed to receive the Product and Buyer shall be liable to Seller for damages pursuant to Article Four.

B. Buyer’s Responsibilities. Buyer shall be responsible for transmission required to receive and transmit the Product at and from the Designated Interface or ADI, as the case may be, and except as specifically provided in Section 3A and 3B, shall be responsible for any costs associated with transmission therefrom. If Seller is attempting to complete the designation of an ADI as a result of Seller’s rights and obligations hereunder, Buyer shall co-operate reasonably with Seller in order to effect such alternate designation.

5. Force Majeure. An “Into” Product shall be subject to the “Force Majeure” provisions in Section 1.23.

6. Multiple Parties in Delivery Chain Involving a Designated Interface. Seller and Buyer recognize that there may be multiple parties involved in the delivery and receipt of the Product at the Designated Interface or ADI to the extent that (1) Seller may be purchasing the Product from a succession of other sellers ("Other Sellers"), the first of which Other Sellers shall be causing the Product to be generated from a source ("Source Seller") and/or (2) Buyer may be selling the Product to a succession of other buyers ("Other Buyers"), the last of which Other Buyers shall be using the Product to serve its energy needs ("Sink Buyer"). Seller and Buyer further recognize that in certain Transactions neither Seller nor Buyer may originate the decision as to either (a) the original identification of the Designated Interface or ADI (which designation may be made by the Source Seller) or (b) the Timely Request for Firm Transmission or the purchase of other Available Transmission (which request may be made by the Sink Buyer). Accordingly, Seller and Buyer agree as follows:

A. If Seller is not the Source Seller, then Seller shall notify Buyer of the Designated Interface promptly after Seller is notified thereof by the Other Seller with whom Seller has a contractual relationship, but in no event may such designation of the Designated Interface be later than the prescheduling deadline pertaining to the Transaction between Buyer and Seller pursuant to Section 1.

B. If Buyer is not the Sink Buyer, then Buyer shall notify the Other Buyer with whom Buyer has a contractual relationship of the Designated Interface promptly after Seller notifies Buyer thereof, with the intent being that the party bearing actual responsibility to secure transmission shall have up to 30 minutes after receipt of the Designated Interface to submit its Timely Request for Firm Transmission.
C. Seller and Buyer each agree that any other communications or actions required to be given or made in connection with this “Into Product” (including without limitation, information relating to an ADI) shall be made or taken promptly after receipt of the relevant information from the Other Sellers and Other Buyers, as the case may be.

D. Seller and Buyer each agree that in certain Transactions time is of the essence and it may be desirable to provide necessary information to Other Sellers and Other Buyers in order to complete the scheduling and delivery of the Product. Accordingly, Seller and Buyer agree that each has the right, but not the obligation, to provide information at its own risk to Other Sellers and Other Buyers, as the case may be, in order to effect the prescheduling, scheduling and delivery of the Product

“Native Load” means the demand imposed on an electric utility or an entity by the requirements of retail customers located within a franchised service territory that the electric utility or entity has statutory obligation to serve.

“Non-Firm” means, with respect to a Transaction, that delivery or receipt of the Product may be interrupted for any reason or for no reason, without liability on the part of either Party.

“System Firm” means that the Product will be supplied from the owned or controlled generation or pre-existing purchased power assets of the system specified in the Transaction (the “System”) with non-firm transmission to and from the Delivery Point, unless a different Transmission Contingency is specified in a Transaction. Seller’s failure to deliver shall be excused: (i) by an event or circumstance which prevents Seller from performing its obligations, which event or circumstance was not anticipated as of the date the Transaction was agreed to, which is not within the reasonable control of, or the result of the negligence of, the Seller; (ii) by Buyer’s failure to perform; (iii) to the extent necessary to preserve the integrity of, or prevent or limit any instability on, the System; (iv) to the extent the System or the control area or reliability council within which the System operates declares an emergency condition, as determined in the system’s, or the control area’s, or reliability council’s reasonable judgment; or (v) by the interruption or curtailment of transmission to the Delivery Point or by the occurrence of any Transmission Contingency specified in a Transaction as excusing Seller’s performance. Buyer’s failure to receive shall be excused (i) by Force Majeure; (ii) by Seller’s failure to perform, or (iii) by the interruption or curtailment of transmission from the Delivery Point or by the occurrence of any Transmission Contingency specified in a Transaction as excusing Buyer’s performance. In any of such events, neither party shall be liable to the other for any damages, including any amounts determined pursuant to Article Four.

“Transmission Contingent” means, with respect to a Transaction, that the performance of either Seller or Buyer (as specified in the Transaction) shall be excused, and no damages shall be payable including any amounts determined pursuant to Article Four, if the transmission for such Transaction is unavailable or interrupted or curtailed for any reason, at any time, anywhere from the Seller’s proposed generating source to the Buyer’s proposed ultimate sink, regardless of whether transmission, if any, that such Party is attempting to secure and/or has purchased for the Product is firm or non-firm. If the transmission (whether firm or non-firm) that Seller or Buyer is attempting to secure is from source to sink is unavailable, this contingency excuses performance for the entire Transaction. If the transmission (whether firm or non-firm) that Seller
or Buyer has secured from source to sink is interrupted or curtailed for any reason, this contingency excuses performance for the duration of the interruption or curtailment notwithstanding the provisions of the definition of “Force Majeure” in Article 1.23 to the contrary.

“Unit Firm” means, with respect to a Transaction, that the Product subject to the Transaction is intended to be supplied from a generation asset or assets specified in the Transaction. Seller’s failure to deliver under a “Unit Firm” Transaction shall be excused: (i) if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) or (ii) by an event or circumstance that affects the specified generation asset(s) so as to prevent Seller from performing its obligations, which event or circumstance was not anticipated as of the date the Transaction was agreed to, and which is not within the reasonable control of, or the result of the negligence of, the Seller or (iii) by Buyer’s failure to perform. In any of such events, Seller shall not be liable to Buyer for any damages, including any amounts determined pursuant to Article Four.
MASTER POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER

This confirmation letter shall confirm the Transaction agreed to on ____________, ___ between __________________________ (“Party A”) and _____________________ (“Party B”) regarding the sale/purchase of the Product under the terms and conditions as follows:

Seller: __________________________________________________________________________

Buyer: __________________________________________________________________________

Product:

[] Into _________________, Seller’s Daily Choice

[] Firm (LD)

[] Firm (No Force Majeure)

[] System Firm

(Specify System: ________________________________________________________________)

[] Unit Firm

(Specify Unit(s): ________________________________________________________________)

[] Other ________________________________________________________________________

[] Transmission Contingency (If not marked, no transmission contingency)

[] FT-Contract Path Contingency [] Seller [] Buyer

[] FT-Delivery Point Contingency [] Seller [] Buyer

[] Transmission Contingent [] Seller [] Buyer

[] Other transmission contingency

(Specify: ________________________________________________________________)

Contract Quantity: ______________________________________________________________

Delivery Point: ________________________________________________________________

Contract Price: ________________________________________________________________

Energy Price: ________________________________________________________________

Other Charges: ________________________________________________________________
Delivery Period: ________________________________________________________________

Special Conditions: _____________________________________________________________

Scheduling: ________________________________________________________________

Option Buyer: ________________________________________________________________

Option Seller: ________________________________________________________________

Type of Option: ______________________________________________________________

Strike Price: ________________________________________________________________

Premium: ________________________________________________________________

Exercise Period: ____________________________________________________________

This confirmation letter is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement dated ____________ (the “Master Agreement”) between Party A and Party B, and constitutes part of and is subject to the terms and provisions of such Master Agreement. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

[Party A]                                  [Party B]

Name: ________________________________    Name: ________________________________

Title: ________________________________    Title: ________________________________

Phone No: ________________________________    Phone No: ________________________________

Fax: ________________________________    Fax: ________________________________
Western Community Energy
Joint Meeting of the
Board of Directors and
Technical Advisory Committee

STAFF REPORT

Subject: Program Launch Update

Contact: Tyler Masters, Director of Western Community Energy, tmasters@wrcog.us, (951) 405-6732

Date: August 12, 2020

The purpose of this item is to provide an update on WCE launch activities.

REQUESTED ACTION:

1. Receive and file.

Background: WCE launched electric service to the Cities of Norco, Perris, and Wildomar in April 2020, and to the Cities of Eastvale, Hemet, and Jurupa Valley in May 2020. As part of the launch, staff is working on a number of launch initiatives as identified below.

WCE Call Center Update: The WCE Call Center went live on February 3, 2020. Every week since, Call Center staff produces weekly reports to inform WCE of the Call Center and opt-out activity.

The recap below shows the weekly opt-out of the total 126,481 eligible accounts. Total eligible accounts include all community members’ accounts (residential, non-residential, municipal accounts, etc.). The summary illustrates the opt-outs received by week and by member jurisdiction. Starting in July, opt-out rates have begun to stabilize and decrease in frequency. This decrease is in line with the conclusion and completion of the physical mailers that were distributed February 2020 through July 2020.

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PRIOR ACTION:
July 12, 2020: The Board of Directors received and filed.

FISCAL IMPACT:
This item is for informational purposes only; therefore, there is no fiscal impact.

ATTACHMENT:
None.
Western Community Energy
Joint Meeting of the
Board of Directors and
Technical Advisory Committee

STAFF REPORT

Subject: Non-Residential Client Engagement and Outreach Update

Contact: Don Ries, Program Manager, dries@wrcoq.us, (951) 405-6726

Date: August 12, 2020

The purpose of this item is to provide an update on WCE’s non-residential client engagement and outreach.

REQUESTED ACTION:

1. Receive and file.

Background: The primary purpose of this agenda item is to provide a point of contact for general and specific technical questions and concerns unique to the larger industrial and governmental WCE clients. This is accomplished through client outreach introductory and follow-up meetings to reinforce the concept, savings potential, and the potential benefits of participating in WCE. In addition, staff is offering other services such as the Joint Rate Comparisons (JRC), cost saving projections, custom usage and applicable tariff analysis reviews. There are 14,638 eligible accounts in this category. WCE staff is available to all members as a tool to help attract and keep businesses within its city.

Program update: Progress updating client lists and jurisdiction priority lists has been hampered by COVID-19 and data disparities; however, the efforts continue. Initial contact, as well as follow-up calls and emails for 38 of the top 50 users, is complete. Staff continues to initiate introductory and follow-up meetings with these key clients and the next tier of clients.

As of June 24, 2020, 34 of the 50 top-tier clients and 11 lower-tier clients have committed or are expected to stay with WCE. Staff is working to make contact with the remaining 12 of the 50 top-tier clients not previously contacted. Since the last report, no additional 50 top-tier clients have opted-out. As of July 29, 2020, the opt-out rate for commercial clients is 3.4% and remains well under the 10% opt-out assumptions used in financial proformas.

Staff has not received any new complaints due to Southern California Edison (SCE) multiple account billing issues.

Staff is working towards a live, online savings calculator accessible to all WCE clients. This calculator is estimated to be implemented by the end of 2020 and once implemented it will be routinely updated to stay current with SCE and WCE rates. Additionally, several templates which are used to facilitate the JRC, cost savings projections, custom usage reviews, and applicable tariff analysis reviews are operational and are being refined based on rate changes and client requests. The latest revision was due to SCE’s rate change effective June 1, 2020. JRC on SCE rates compared to WCE rates has been updated on WCE’s website to reflect SCE modification. SCE has informed WCE staff additional rate changes will go into effective on October 2020 and January 1, 2021.

Ongoing efforts: WCE staff will continue to work with city staff to identify the top businesses in its community. WCE staff will continue to refine and expand the targeting from the initial parameters of load and tax base size. Each month, staff will report to the Board on how WCE’s customer engagement and outreach campaign is progressing. Once the new metrics are fully developed, the report will include these statistics. A Senior Analyst is assisting with metric development, outreach and customer relations projected to take effect in Jan 2021, after mass enrollment is complete.
PRIOR ACTION:
July 8, 2020: The Board of Directors received and filed.

FISCAL IMPACT:
This item is for informational purposes only; therefore, there is no fiscal impact.

ATTACHMENT:
None.
STAFF REPORT

Subject: WCE’s 2020 Integrated Resource Plan

Contact: Tyler Masters, Director of Western Community Energy, tmasters@wrcog.us, (951) 405-6732

Date: August 12, 2020

The purpose of this item is to request adoption of Western Community Energy’s Integrated Resource Plan for 2020 and, in order to be in compliance, direct staff to submit it to the California Public Utilities Commission before September 1, 2020.

REQUESTED ACTION:

1. Adopt Resolution No. 2020-14; A Resolution of the Board of Directors of Western Community Energy adopting Western Community Energy’s Integrated Resource Plan (IRP) and authorize staff to submit the IRP, in substantially similar form, to the CPUC by September 1, 2020.

Background: State law requires investor owned utilities, community choice aggregators, and almost all electric service providers to develop an Integrated Resource Plan (IRP) every two years and submit those plans to the California Public Utilities Commission (CPUC) for approval. Publicly owned utilities are required to develop a plan every five years and submit them to the California Energy Commission (CEC).

The CPUC’s integrated resource planning process has five steps. The entire process repeats every two years.

1. Set global warming emissions reduction target
2. Create state-wide plan
3. Create individual plans
4. Aggregate individual plans and assess results
5. Implement new policies and authorize procurement

The IRP determines where consumers’ electricity will come from, how clean that power will be, and whether California will meet its clean energy and climate goals. The IRPs are key to decarbonizing the electricity sector and turning the state’s climate goals into reality.

The purpose of IRPs is to develop a path forward that meets renewable energy goals and global warming emissions reduction targets. Current law requires 60% of California’s electricity to come from renewable sources, such as wind...
and solar, by the year 2030. Current law also requires California to reduce global warming emissions to 40% below 1990 levels by the year 2030. Electricity providers must spell out in its IRPs how it will meet these goals while simultaneously minimizing costs, ensuring grid reliability, and minimizing the impact of air pollution on California’s disadvantaged communities.

WCE has worked with its consultants to develop its IRP for the Board to review. The document is presented in three sections: 1) Narrative Template; 2) Resource Data Template; and 3) Clean Power System calculator. Failure to provide the information is subject to penalties under the IRP Citation Program, which is expected to be issued by CPUC Draft Resolution E-5080. Since WCE recently launched in April and May 2020, its IRP is still light in details. As WCE matures, these plans will take a deeper dive into WCE procurement plans.

As directed in the IRP process, WCE utilized the mid-baseline load forecast from the CEC’s 2019 Integrated Energy Policy Report demand forecast through 2030 to develop WCE’s load assumption of 1,285 GWh in 2020, up to 2,010 GWh load assumption in 2030 assuming steady increase in energy usage, development, and stable opt-out rates of 5-10%.

The table below illustrates WCE’s current expectation for green energy procurement. The target present are largely consistent with WCE’s Implementation Plan, with the Renewable Portfolio Standard (RPS) eligible target percentage extrapolated to be 62% by 2030, greater than the state mandated 60% target. The Board may, however, accelerate its carbon-free and renewable energy targets over time in response to changing technology and cost.

<table>
<thead>
<tr>
<th>Green Energy Target</th>
<th>2020</th>
<th>2026</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Choice Plan</td>
<td>37%</td>
<td>51.3%</td>
<td>62%</td>
</tr>
<tr>
<td>% System Power</td>
<td>37%</td>
<td>51.3%</td>
<td>62%</td>
</tr>
<tr>
<td>% Choice Plus Plan (green power)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

WCE’s IRP also presents WCE’s planned activities for the next 1-3 years as identified in its Implementation Plan and the 2020 RPS Procurement Plan.

**Regional Renewable Resources**

WCE has a goal of supporting and developing local renewable resources. Additional local supply supports WCE’s objective of greater electrical security given limited transmission access to the larger CAISO grid. Spending money on local supply also supports the objective of supporting the local economy. However, there are some obstacles to procuring local renewable supply.

WCE therefore proposes to procure regional renewable power as financial circumstances allow, and supplement with cheaper, non-local renewables available on a short-term bilateral basis. This may include utility-scale solar, wind, geothermal or other forms of renewable supply. WCE’s wholesale services adviser has issued a solicitation for Category 1 and 2 power and RECs from marketers as needed to meet WCE’s RPS obligations and renewable percentage objectives described.

**Energy Efficiency**

The CPUC oversees the allocation of energy efficiency funds for program implementation to each of the four investor-owned utilities in California: Pacific Gas & Electric, Southern California Edison (SCE), Southern California Gas Company (SoCalGas), San Diego Gas & Electric; Regional Energy Networks, and CCAs.

WRCOG, which provides administrative and management services to WCE, already focuses on energy efficiency in Western Riverside County. WRCOG currently receives funding through SCE and SoCalGas to implement its Local Government Partnership. WRCOG is also currently developing a Regional Energy Network to develop and provide addition energy efficiency programs within WRCOG and WCE service territories. WRCOG plans to continue its current efficiency work post WCE implementation, and develop additional efficiency programs that enhance, but do not duplicate, existing programs in its overall integrated demand side management strategies.

WCE may complete the CPUC application process for “elect to administer” and/or full administration of energy efficiency programs and use of funds collected through the existing EPIC surcharges paid by WCE customers.
Additional details related to WCE’s energy efficiency plan will be developed once WCE Program phase-in is underway and the financial viability of WCE is established.

**Demand Response (DR)**

DR programs provide incentives to customers to reduce demand upon request by the Load Serving Entity, i.e. WCE, reducing the amount of generation capacity that must be maintained as infrequently used reserves. DR programs can be cost effective alternatives to capacity otherwise needed to comply with the Resource Adequacy (RA) requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, DR can be a win/win proposition, providing economic benefits to the electric supplier and customer service benefits to the customer.

WCE is interested in exploring the potential for DR within its service area. However, it is not clear at present how much potential there may be for effective DR. Other CCAs have initiated some prototype DR projects but have not found opportunities for large scale DR deployment to date. Two newly emerging areas of DR are electric vehicle and heat pumps with thermal storage combined with smart grid or timer control. WCE will explore the potential for fuel switching as a form of DR. WCE will explore options for including DR programs into its overall integrated demand side management strategies. WCE recently went through a Request for Proposal process to examine Implementation of a Smart Thermostat Program to start. Due to the initial startup and ongoing costs, WCE has elected to postpone moving forward with development, as it seeks funds to cover these costs.

**Distributed Generation**

WCE is strongly supportive of developing local renewable generation and has been in contact with a few developers on some potential projects. These projects are a few years away and if WCE officially becomes involved as any of them move forward, WCE will provide more information in future IRPs. One significant element of that objective is to incentivize the development of distributed generation, primarily rooftop and small-scale solar PV. WCE plans to implement Feed-In-Tariff (FIT) rate schedules which will be more cost effective and affordable than the comparable SCE schedules to encourage customer to install more solar generation within the WCE service area. WCE’s resource plan calls for several MWs of both Net Energy Metering (NEM) and FIT capacity to be developed within the first several years of operation.

There are clear environmental benefits and strong customer interest in distributed PV systems. To support such systems, WCE may provide direct financial incentives from revenues funded by customer rates to further support use of solar power and/or other renewable resources within the local area. With regard to WCE’s NEM program, WCE’s adopted rate allows participating customers to sell excess energy produced by customer-sited renewable generating sources to WCE. Such a program is consistent with principles identified in Assembly Bill (AB) 920, which directed the CPUC to establish and implement a compensation methodology for surplus renewable generation produced by NEM facilities located within the service territories of California’s large investor owned utilities, including SCE. WCE has chosen to offer enhanced compensation structures, relative to those implemented because of AB 920, as part of the direct incentives that may be established to promote distributed generation development within the region. To the extent that incentives offered by WCE improve project economics for its customers, it is reasonable to assume that the penetration of distributed generation within the region would increase.

**Other Clean Energy Programs**

WCE’s communities, on its own and through the WRCOG, have been and will continue to be active participants in local environmental planning, including electric service improvements. Notably, during the past several years, the municipalities within WCE’s service area have conducted detailed greenhouse gas (GHG) inventory analyses and adopted municipal energy action plans designed to reduce energy usage, promote energy efficiency, and support the deployment of electric vehicles through 2020. Cities have adopted Climate Action Plans, with a goal to reduce GHG emissions to 1990 levels.

WCE policy, established by WCE’s founding documents guides development of its IRP and related procurement activities. WCE’s key resource planning policies are as follows:

1. Reduce GHG emissions and other pollutants associated with the electric power sector through increased use of renewable, GHG-free, and low-GHG energy resources.
2. Maintain competitive electric rates and increase control over energy costs through management of a diversified resource portfolio.
3. Benefit the local economy through investments in infrastructure, energy, and workforce development programs.
within WCE’s service area.
4. Help customers reduce energy consumption and electric bills through investment in and administration of enhanced customer energy efficiency, cost-effective distributed generation, and other demand-side programs.
5. Enhance system reliability through investment in supply- and demand-side resources.
6. Actively monitor and manage operating and market risks to promote WCE’s continued financial strength and stability.
7. Support supplier diversity as permitted by law.

The due date for filing WCE’s IRP with the CPUC is September 1, 2020. As such the recommended action by the WCE Board of Directors approving resolution adopting the IRP (Attachment 2), in substantially similar form, and authorizing staff to subsequently submit to the CPUC will meet this deadline.

PRIOR ACTION:
None.

FISCAL IMPACT:
This item is for informational purposes only; therefore, there is no fiscal impact.

ATTACHMENTS:
2. WCE Integrated Resources Plan.
Item 5.C
WCE’s 2020 Integrated Resource Plan

Attachment 1
Resolution No. 2020-14; A Resolution of the Board of Directors of Western Community Energy adopting Western Community Energy’s Integrated Resource Plan
RESOLUTION NO. 2020-14
A RESOLUTION OF THE BOARD OF DIRECTORS OF
WESTERN COMMUNITY ENERGY
ADOPTING WESTERN COMMUNITY ENERGY’S INTEGRATED
RESOURCE PLAN

WHEREAS, WCE launched the service of its community choice aggregation program in April 2020 consistent with California Public Utilities Code § 366.2 and its Implementation Plan and Statement of Intent certified by the California Public Utilities Commission on March 22, 2019; and

WHEREAS, WCE must develop an Integrated Resource Plan (IRP) every two years and submit the Plan to the California Public Utilities Commission (CPUC) for approval, in accordance with Public Utilities Code §§ 454.51 and 454.52; and

WHEREAS, WCE’s IRP must explain how it will comply with California’s Renewables Portfolio Standard (RPS) under SB 350 and greenhouse gas emission goals under AB 32 while simultaneously minimizing costs, ensuring grid reliability, and minimizing the impact of air pollution on California’s disadvantaged communities; and

WHEREAS, WCE’s IRP must detail what amount and source of energy will be procured and how it will be done, adhering to state RPS and procurement policies; and

WHEREAS, WCE has developed its IRP for WCE Board of Directors review and adoption, which consists of three primary sections: 1) Narrative Template; 2) Resource Data Template; and 3) Clean Power System Calculator; and

WHEREAS, WCE’s failure to provide the requisite information in its IRP may result in penalties under the CPUC’s IRP Citation Program; and

WHEREAS, the due date for filing its IRP with the CPUC is September 1, 2020.

NOW, THEREFORE, THE WESTERN COMMUNITY ENERGY BOARD OF DIRECTORS DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

1. The Board of Directors has determined that the recitals herein are true and correct.
2. The Board of Directors adopts WCE’s 2020 Integrated Resource Plan and WCE staff is authorized to submit the IRP, in substantially similar form, to the CPUC by September 1, 2020.

PASSED AND ADOPTED by the Board of Directors on August 12, 2020.

___________________________ ___________________________
Ben Benoit, Chairperson Rick Bishop, Secretary
Western Community Energy Western Community Energy

Approved as to form:

___________________________
Steven DeBaun
Western Community Energy Legal Counsel

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____
Item 5.C
WCE’s 2020 Integrated Resource Plan

Attachment 2
WCE Integrated Resources Plan
DRAFT

Western Community Energy
2020 INTEGRATED RESOURCE PLAN

September 1, 2020

Approved by WCE Board of Directors on August 12, 2020
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I. Executive Summary

a. INTRODUCTION

Western Community Energy (WCE) is a California joint powers authority located within the geographic boundaries of Riverside County, formed in 2018 for the purpose of offering rate savings to electricity customers and developing and implementing sustainable energy initiatives that reduce energy demand, increase energy efficiency and advance the use of clean, efficient and renewable resources. WCE’s member agencies include seven cities located in Riverside County – the Cities of Canyon Lake, Eastvale, Hemet, Jurupa Valley, Norco, Perris, and Wildomar, however the City of Canyon Lake is not currently receiving electric service from WCE. WCE members desire to further WCE goals by implementing and administering a community choice aggregation (“CCA”) program (“Program”) available to members that elect to become Program participants (“CCA Members”).

WCE was established with founding principles, as described in our Joint Powers Agreement, which guide the development of this Integrated Resource Plan (IRP) and related procurement activities:

- Provide local control in rate setting.
- Provide overall rates that are lower and/or competitive with those offered by Southern California Edison (SCE) for similar power supplies.
- Provide power supply and program options to residents and businesses.
- Provide expanded options for economic development.
- Supply an energy portfolio that will use local and/or regional renewable resources (in the future), including existing facilities, to the maximum extent technically and economically feasible.

These principles will be revisited as WCE operations progress. WCE began serving load to residential and non-residential customers in the cities of Norco, Perris, and Wildomar on April 1, 2020. Service to Jurupa Valley, Hemet, and Eastvale subsequently began on May 1, 2020. Service to Canyon Lake is being considered for 2022; however, this City has not yet committed to a start date at the time of this filing. Additional jurisdictions within Riverside County and the surrounding area(s) may join WCE at any time once they adopt an action to do so and are approved by the WCE Board. This leaves room for WCE to expand its territory, no earlier than 2022. On a regular basis, an updated Integrated Resource Plan (“Plan”) will be submitted to the California Public Utilities Commission (CPUC), or if any new members join the Program; however, load will not be served until the following year, in accordance with the Resource Adequacy Proceeding and CCA registration and expansion process set forth in Resolution E-4907. Prior to submitting an updated Plan, WCE will work with SCE on the timeline to begin new service and provide notification to the CPUC staff that an update will be submitted.

Since WCE only began providing service to customers in April and May of 2020, WCE expects that it will be able to provide increasingly detailed and precise planned resource portfolios in future years, as it pursues resource procurement, particularly longer-term resource agreements consistent with SB 350.
b. PRODUCT OFFERINGS

Choice Plan
Under its Choice Plan conforming portfolio, WCE provides electric service that is both more affordable and cleaner than SCE’s default service. Consistent with the policy direction of its Board of Directors, WCE will not contract for nuclear power as part of its procurement mix. WCE currently procures 37% of its energy from resources that qualify as renewable under California’s Renewable Portfolio Standard (RPS) requirements. WCE plans to escalate each of these percentages over time so as to continue providing cleaner energy for its customers than SCE’s bundled service. The Board may change its carbon-free and renewable energy targets over time in response to changing technology, cost and expectations for green energy procurement. The targets presented are largely consistent with WCE’s Implementation Plan, with the RPS eligible target percentage extrapolated to 60% by 2030. At the time of submission of this plan to the CPUC, WCE’s Choice Plan generation rates are approximately 4% lower resulting in an average rate 2% lower overall bill than SCE bundled rate.

Choice Plus Plan
WCE’s Choice Plus Plan preferred portfolio option offers customers 100% green energy. As WCE has only recently launched, customers’ enrollment is de minimis. WCE will provide more specific information about how adoption of Choice Plus Plan energy impacts procurement in future planning studies when more is known about the popularity of this product. Currently, WCE’s Choice Plus Plan bundled, average rate is approximately the same as SCE’s equivalent bundled for 100% renewable energy rate. The Choice Plus rate is equal to the Choice plan rate plus $0.01/kWh, which represents the weighted incremental cost of PCC1 and PCC2 price adders.

Additional Customer Net Energy Metering Offering - Choice Solar Plan
In addition, WCE offers its customers Net Energy Metering (NEM) service, named Choice Solar, with grid exports compensated at a rate that exceeds the rate offered by SCE. This allows customers to pair cleaner grid electricity with renewable energy generated on their premises and potentially support solar-related jobs in the region.

The Choice Solar Plan provides customers with $0.06900 per kWh generated and exported, into the distribution grid, both monthly and during the annual true up as compared to SCE’s annual true up NEM offering of $0.02424 per kWh (Net Surplus Compensation rate for July 2020).1 WCE’s Board will explore additional ways to incentivize rooftop solar and other renewable electric generation systems in the future.

Finally, customers will continue to have access to important electric rate discounts under programs such as Medical Baseline and CARE/FERA, as well as potential new programs specific to WCE customers.

---
c. PROCUREMENT STATUS

WCE issued a request for offers in the first half of 2020 to solicit offers for power supply. WCE has also been informally gathering information from providers regarding planned facilities and resource contracts. WCE began offering its Choice Plan starting at 37% RPS resources in 2020 in order to meet and exceed its 2020 RPS compliance obligations (33.8%) and plans to continue to meet or exceed its RPS compliance obligations during the coming ten-year timeframe. The exact portfolio characteristics selected may vary depending on legislative and policy changes, technological improvements, potential for air quality improvements in disadvantaged communities, wildfire safety considerations, and preferences of the community, as well as other key local developments, such as the potential launch of the City of Canyon Lake in 2022. The WCE Board of Directors has decided that nuclear energy is not a preferred source of electricity at this time.

WCE has executed agreements with SCE for resource adequacy (RA). What follows describes that arrangement’s origination and schedule. WCE submitted its Implementation Plan and Statement of Intent to the Commission on December 20, 2018, with an anticipated launch date of April 2020. WCE had provided the anticipated launch date to the Commission and SCE through informal discussion as early as March 2018. On March 7, 2019, SCE notified WCE through the meet and confer process established by Resolution E-4907 that SCE’s Customer Service Re-Platform (“CSRP”) project would freeze all CCAs from launching in the first half of 2020 (and late 2019), and that WCE could launch in July 2020 or thereafter, with a suggested preference that newly certified CCAs launch in the fall of 2020. Both SCE and WCE brought the implementation issues to the attention of CPUC Energy Division staff. Although WCE was aware of the CSRP conflict, WCE filed its load forecast on April 19, 2019 with its original, anticipated April 2020 launch date, as it did not yet have a negotiated launch date with SCE considering that the load forecast was due only three weeks after WCE was notified of CSRP implementation conflicts.

On June 21, 2019, WCE submitted its 2019 RPS Procurement Plan with the CPUC, noting the CSRP implementation issue and that a change in WCE’s launch date was the subject of discussions between WCE, SCE and CPUC staff. WCE expressly noted in the 2019 RPS Plan that WCE’s launch date was anticipated to change to July 2020 and that a revised RPS Procurement Plan could be submitted to the Commission upon finalization of the launch date. Due to confidential discussions and pending negotiations between WCE and SCE, WCE could not disclose specific details of a possible resolution or affirmatively commit to a fixed launch date. In August 2019, WCE and SCE reached an agreement on WCE’s launch date and notified CPUC staff of the parties’ plan to file an advice letter resolving the dispute and agreeing to work cooperatively on moving WCE’s launch date and working with SCE’s CSRP implementation.

On August 22, 2019, SCE filed Advice Letter 4058-E stating that WCE would move its launch date to July 2020 and that SCE would allocate RA on WCE’s behalf for 2020 and transfer RA to WCE for its 2021 and 2022 compliance obligations. On August 16, 2019, WCE filed its amended load forecast noting the revised July 2020 launch date and that SCE was allocating RA on its behalf for the three-year RA compliance obligation. SCE included WCE’s load in its forecast for 2020, 2021, and 2022 compliance. Subsequently, In late August 2019, WCE and
SCE agreed that it was technically and economically prudent to have WCE launch around its original April 2020 timeframe due to CSRP implementation schedule changes.

WCE has obtained contracts to satisfy its long-term obligation for renewable energy contracts for calendar year 2020 (0.25%). Additionally, there is ample time for WCE to enter into long-term renewable contracts consistent with Compliance Period 4 (2021-24) obligations, which is the first period for which significant long-term contract obligation exists. WCE is considering a number of different paths for procurement of long-term renewable generation, including potentially partnering with other already-operating CCAs or electric service providers (ESPs) in the procurement of long-term renewable generation, and issuing its own solicitation following the WCE program launch in 2020.

Table 1 summarizes the status of WCE’s short-term procurement activities. Many of the activities are in progress or scheduled for the third quarter of 2020. WCE has responded to an RFO issued by SDG&E to procure PCC1 renewables requesting long-term contracting with deliveries starting in 2021, which would meet WCE’s SB350 requirement to procure 65% of its renewable requirement from long-term contracts beginning in 2021. The outcome of SDG&E’s solicitation will be decided by August 2020, and WCE has issued additional RFOs if the SDG&E opportunity falls through. Specifically, WCE issued an RFO for up to 310,000 MWh of PCC1 and up to 61,000 MWh of PCC2 RECs in mid-July. WCE is expects to finalize contracts with suppliers in August 2020. Deliveries would be for the period August 2020 through December 2020.

WCE also plans to issue an RFO to secure its 2021 RA obligations later in 2020. The CPUC’s recent decision regarding the Central Procurement Entity (CPE), and naming PG&E and SCE as the CPEs, is expected to impact the planned RA solicitation. WCE will continue to monitor RA markets as the CPE rules are developed and finalized and adjust procurement strategies accordingly. At the time of this filing, WCE plans to procure its 2021 and 2022 Local RA obligation through SCE.

WCE must also procure energy storage to meet requirements under AB 2514. The CPUC decision established a target for CCAs and ESPs and to procure energy storage equal to 1 percent of its forecasted 2020 peak load. Installation of energy storage is to be completed by 2024. WCE entered into a joint Request for Information (RFI) with ten other CCAs. That RFI resulted in 31 responses, encompassing 10 technologies, for a cumulative capacity of over 15,000 MW. Responses varied in resource location, many local to Riverside County, and expected commercial operation dates beginning as soon as 2022. WCE is expected to follow with a joint solicitation for long-duration storage scheduled for release in August 2020. Long-duration storage resources will not only provide local benefits and grid stability but are also expected to insulate WCE from the impact of future renewables curtailment and negative hourly pricing in the markets.

Table 1. Procurement Schedule

<table>
<thead>
<tr>
<th>Product Year</th>
<th>Resource Adequacy</th>
<th>Product</th>
</tr>
</thead>
</table>
| 2020         | • Contract with SCE for 2020-2022 obligations | • Baseload conventional Energy via two RFOs  
• 34,000 MWh CAT 3 RECs. 10.5 |
WCE will consider the deliverability characteristics of its resources (such as the resource’s dispatchability and available capacity) and will review the respective risks associated with short and long-term purchases as part of its forecasting and procurement processes. These efforts will lead to a more diverse resource mix, address grid integration issues and provide value to the local community.

d. PROCESS OVERVIEW

WCE evaluated the reference system portfolios (RSPs) and its share of new resources based on its load share. The results of the two required conforming portfolios are provided in this report. WCE relied on modeling and calculators available from the CPUC and did not perform additional modeling or analysis. The resulting resource mix, new resources, and demand-side potential are well-aligned with WCE’s power procurement strategy.

e. FINDINGS

Important conclusions from WCE’s planning process include:

1. Long-term grid reliability and multi-year local RA obligations are placed on the Central Procurement Entities (CPEs). WCE will continue evaluating whether self-procurement of long-term RA resources is in its best interest in terms of least cost, best fit, and least risk.

2. Through joint solicitations, CCAs are able to cost-effectively coordinate future power supply acquisitions for both existing and pre-construction resources. Joint solicitations are effective for multiple resource types including resource adequacy, long-term renewables, energy storage, and others.

f. ACTION PLAN

The following Items are desired actions based on this IRP process:
Develop Local Renewable Resources
Planned mechanisms for procurement of local renewable energy include feed-in tariffs (FIT) for renewable energy systems with capacity less than 1 MW and with minimal on-site loads, and net metering arrangements like those offered by SCE for solar systems under 1 MW that principally serve on-site load. As part of this process, WCE is evaluating procurement guidelines for improving service and providing economic development opportunities for local disadvantaged communities.

Long Duration Energy Storage
WCE, as part of its board-approved procurement strategy, plans to pursue investment in long-duration storage resources which may include lithium battery storage, pumped hydroelectric, or other commercially available technology.

WRCOG Administrated Energy Efficiency Programs
WCE has an Administrative and Management Services Agreement with Western Riverside Council of Governments (WRCOG) to provide administrative and staffing services. Through this agreement, WCE is able to leverage WRCOG’s programs. WRCOG currently receives funding through SCE and Southern California Gas Company to implement its Local Government Partnership. WRCOG also works with the Southern California Regional Energy Network to participate in their EE programs. WRCOG plans to continue its current efficiency work post WCE implementation and develop additional efficiency programs that enhance, but do not duplicate, existing programs in its overall integrated demand side management strategies.

WCE may complete the CPUC application process for either the “elect to administer” or the full administration of energy efficiency programs and use of funds collected through the existing Electric Program Investment Charge (EPIC) program surcharges paid by WCE customers. Additional details related to WCE’s energy efficiency plan will be developed once WCE’s Program phase-in is underway and financial viability is established.

Explore Demand Response (DR) Potential
WCE is exploring options for including DR programs into its overall integrated demand side management strategies. Other CCAs have initiated some prototype DR projects but have not found opportunities for large scale DR deployment to date. Two newly emerging areas of demand response are electric vehicle and heat pumps with thermal storage combined with smart grid or timer control. WCE will also explore the potential for fuel switching as a form of DR. WCE recently went through a Request for Proposal process to examine Implementation of a Smart Thermostat Program to start. Due to the Initial startup and ongoing costs, WCE has elected to postpone moving forward with development, as it seeks funds to cover these costs.

Distributed Generation
WCE plans to implement NEM and FIT rate schedules which will be more remuneration than the comparable SCE schedules to encourage residents, businesses and developers to install more solar generation within the WCE service area. WCE’s resource plan calls for several
MWs of both NEM and FIT capacity to be developed within the first several years of operation.

II. Study Design

Load Assignment
As directed in the IRP Process, WCE utilized the mid Baseline mid AAEE load forecast from Form 1.1c of the California Energy Commission’s (CEC) 2019 Integrated Energy Policy Report (IEPR) demand forecast through 2030. The forecast includes an assumed 5-10% opt out rate. Table 2 summarizes the forecast based on the Concentrating Solar Power (CSP) calculator Demand Inputs. Table 2 also shows the load ratio share used to allocate capacity (MW) for the California Independent System Operator (CAISO) system to WCE.

Table 2. Load Assumptions

<table>
<thead>
<tr>
<th>Assigned Load Forecast for IRP (i.e., Managed Retail Sales Forecast)</th>
<th>2020</th>
<th>2022</th>
<th>2026</th>
<th>2030</th>
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<tbody>
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<td>GWh</td>
<td>1,285</td>
<td>1,574</td>
<td>1,586</td>
<td>1,607</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Default Demand Inputs (based on sales-weighted share of total from IEPR, grossed up for T&amp;D Losses)</th>
<th>Units</th>
<th>2020</th>
<th>2022</th>
<th>2026</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline net energy for load (no BTM PV, EV, electrification, energy efficiency)</td>
<td>GWh</td>
<td>1,486</td>
<td>1,861</td>
<td>1,937</td>
<td>2,010</td>
</tr>
<tr>
<td>Electric Vehicle Load</td>
<td>GWh</td>
<td>25</td>
<td>51</td>
<td>83</td>
<td>110</td>
</tr>
<tr>
<td>Other Electrification</td>
<td>GWh</td>
<td>1</td>
<td>3</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Building Electrification</td>
<td>GWh</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>GWh</td>
<td>(7)</td>
<td>(24)</td>
<td>(59)</td>
<td>(86)</td>
</tr>
<tr>
<td>Behind the Meter Photovoltaic (PV)</td>
<td>GWh</td>
<td>(118)</td>
<td>(192)</td>
<td>(257)</td>
<td>(311)</td>
</tr>
<tr>
<td>Total Managed Net Energy for Load</td>
<td>GWh</td>
<td>1,388</td>
<td>1,699</td>
<td>1,712</td>
<td>1,735</td>
</tr>
<tr>
<td>CAISO Managed Net Energy for Load</td>
<td>GWh</td>
<td>1,388</td>
<td>1,699</td>
<td>1,712</td>
<td>1,735</td>
</tr>
<tr>
<td>Load Ratio Share</td>
<td></td>
<td>0.62%</td>
<td>0.77%</td>
<td>0.77%</td>
<td>0.78%</td>
</tr>
</tbody>
</table>

Resource Adequacy
WCE’s arrangement with SCE for provision of RA from 2020 thru 2022 is described earlier in this report. For 2020, SCE will be responsible for meeting and reporting on RA compliance to the CPUC and the CAISO for both SCE and WCE. This has been arranged through an agreement between SCE and WCE filed with SCE’s Advice Letter 4058-E.

The focus of the limited modeling performed for this IRP was to craft portfolios to meet WCE’s energy requirements and calculate portfolio greenhouse gas (GHG) emissions. WCE will also comply with all RA requirements, including any future requirements for multi-year RA obligations. Because the IRP modeling uses RESOLVE model output as a starting point and RESOLVE has ensured adequate resources to meet system and local RA requirements, WCE assumes there will be adequate RA available to meet system needs for each portfolio modeled. WCE has not attempted to construct a portfolio of future RA as procured from any specific resource or resource type.
In addition, WCE has not performed an analysis of RA acquired from resources through the Cost Allocation Mechanism (CAM) or designated any particular resource type as including CAM resources. WCE will pay for its allocated share of resources subject to the CAM as necessary in the future.

**Required and Optional Portfolios**

WCE evaluated two “Conforming Portfolios:” one that addresses the WCE’s proportional share of the 46 MMT GHG target, and another that addresses WCE’s proportional share of a 38 MMT target. Each Conforming Portfolio is defined based on WCE’s assigned load forecast and is consistent with the Commission-adopted Reference System Portfolio according to the following criteria:

- For the 46 MMT conforming portfolio, achieves emissions equal to the WCE’s 46 MMT 2030 GHG Emissions Benchmark.
- For the 38 MMT conforming portfolio, achieves emissions equal to or less than the WCE’s 38 MMT 2030 GHG Emissions Benchmark.

In addition, WCE provides information on an Alternative Portfolio which modifies the conforming portfolios to reflect WCE’s Board of Director’s approved resource choices by excluding nuclear resources and increasing the share of eligible renewable resources to exceed SCE’s portfolio mix.

**GHG Emissions Benchmark**

WCE has calculated its assigned 2030 GHG Emissions Benchmark target adopted by the Commission for the electric sector. As required by the Administrative Law Judges’ (ALJ) Ruling on April 15, 2020, WCE’s target benchmark is calculated using the CSP Calculator. WCE notes that GHG emissions from behind the meter (BTM) resources are counted toward its GHG benchmark despite no requirement that WCE reduce behind the meter emissions. Consistent with the Commission’s direction, WCE has adjusted the GHG benchmark so that there is room to account for BTM resource emissions. The GHG benchmarks provided below are the maximum emissions allowed through direct WCE procurement.

<table>
<thead>
<tr>
<th></th>
<th>46 MMT Conforming Portfolio</th>
<th>38 MMT Conforming Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benchmark MMT/Year CO2 Including BTM CHP</td>
<td>0.286</td>
<td>0.237</td>
</tr>
<tr>
<td>Benchmark MMT/Year CO2 Excluding BTM CHP</td>
<td>0.275</td>
<td>0.228</td>
</tr>
</tbody>
</table>

WCE’s compliance with this benchmark is calculated using the Clean Net Short methodology. This methodology will differ from the CEC’s Power Content Label (“PCL”) emissions calculation methodology. The difference in these two emissions calculations is due to differing treatments of emissions associated with contracted RPS qualified resources, conventional specified resources, and unspecified sources.
a. **OBJECTIVES**

WCE’s objectives in its IRP portfolio analysis are to provide two Conforming Portfolios to meet the CPUC’s directives in D.18-02-018, and to analyze a preferred portfolio that reflects the WCE Board’s approved procurement goals. The preferred portfolio focuses on WCE’s goal to reduce GHG emissions related to electricity use.

WCE policy, established by WCE’s founding documents and directed on an ongoing basis by WCE’s Board, guides development of its IRP and related procurement activities. WCE’s key resource planning policies are as follows:

1. Reduce GHG emissions and other pollutants associated with the electric power sector through increased use of renewable, GHG-free, and low-GHG energy resources.
2. Maintain competitive electric rates and increase control over energy costs through management of a diversified resource portfolio.
3. Benefit the local economy through investments in infrastructure, energy, and workforce development programs within WCE’s service area.
4. Help customers reduce energy consumption and electric bills through investment in and administration of enhanced customer energy efficiency, cost-effective distributed generation, and other demand-side programs.
5. Enhance system reliability through investment in supply- and demand-side resources.
6. Actively monitor and manage operating and market risks to promote WCE’s continued financial strength and stability.
7. Support supplier diversity as permitted by law.

The IRP translates these broad policy objectives into a more specific energy procurement strategy, taking into consideration WCE’s projected customer needs and existing resource commitments over the Planning Period. For each portfolio, GHG emissions are estimated using the CPUC’s approved Clean System Power methodology. Because so little procurement has been completed, these portfolios remain largely hypothetical and relies primarily on generic resource assumptions. Future IRPs and resource plans will be more detailed and reflect actual resources and contracts. This IRP was prepared and approved by the WCE Board of Directors on **August 12, 2020**.

b. **METHODOLOGY**

i. **Modeling Tool(s)**

WCE developed a spreadsheet model to create each portfolio and to estimate non-GHG emissions. To estimate GHG emissions for each portfolio, WCE relied on the CPUC’s Clean System Power model for the respective 38MMT and 46MMT portfolios. It did not conduct any production cost modeling or portfolio optimization studies.

ii. **Modeling Approach**

For the two Conforming Portfolios, WCE must demonstrate consistency with the reference system portfolio assumptions per the CPUC’s directives. WCE utilized the Clean System...
Power Calculator to develop its Conforming Portfolios for each GHG benchmark. WCE simply allocated the capacity by resource type for the CAISO system portfolio to WCE based on WCE’s fraction of total energy within the CAISO system (“load ratio share”). The load ratio share was calculated for each year of the forecast period (namely 2020, 2022, 2026, and 2030). Energy production for each resource type in the portfolio was estimated using matching RESOLVE outputs for each of the conforming portfolios.

WCE acknowledges there are alternative ways to craft the Conforming Portfolios. For example, the only nuclear capacity left in CAISO in 2030 is SCE’s share of Palo Verde Nuclear Generating Station. Therefore, one could assume that the only party with nuclear capacity in its resource mix in 2030 will be SCE. However, WCE did not wish to bias any particular resource type for purposes of the Conforming Portfolios for this IRP. Therefore, all resource types in the CAISO system are represented for both the 46 MMT and 38 MMT Conforming Portfolios.

iii. Assumptions

WCE Procurement Goals

Table 4 lays out WCE’s current expectations for green energy procurement. The targets presented are largely consistent with WCE’s Implementation Plan, with the RPS eligible target percentage extrapolated to be 62% by 2030, which is greater than the mandated 60% target. WCE plans to escalate each of these percentages over time so as to continue providing cleaner energy for its customers than SCE’s bundled service. The Board may, however, change its carbon-free and renewable energy targets over time in response to changing technology and cost.

<table>
<thead>
<tr>
<th>Green Energy Target</th>
<th>2020</th>
<th>2026</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Choice Plan</td>
<td>37%</td>
<td>51.3%</td>
<td>62%</td>
</tr>
<tr>
<td>% System Power</td>
<td>37%</td>
<td>51.3%</td>
<td>62%</td>
</tr>
<tr>
<td>% Choice Plus Plan (green power)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

WCE has a long-term renewable energy requirement for 2020 equal to 0.25% and has procured contracts to meet this requirement. Additionally, WCE is understands its requirements under SB 350, including the requirement to procure at least 65% of the state-mandated level of renewable energy under long-term contracts of at least 10 years in length. WCE’s initial power supply contracts are listed above. WCE has developed and maintains a 10-year projection of load and renewable energy requirements for the period of 2021-2030. For Compliance Period 4 (2021-24), WCE is currently forecasting a total of 2,489 gigawatt-hours of energy that will need to be procured from renewable generating resources, with 1,618 gigawatt-hours needing to be procured under a long-term agreement to meet WCE’s RPS compliance obligations.

In 2020, WCE intends to plan for the procurement of longer-term PCC1 contracts. This is necessary to comply with the renewable procurement requirements of SB 350, and to account for the fact that new renewable generating facilities typically require long-term PPAs with terms ranging from 10 to 25 years.
WCE’s goal is to reach a steady state of procurement in which it contracts 4% to 8% of its projected annual PCC\textsuperscript{1} requirements each year via long-term contract. Doing so will provide benefits, including i) allowing WCE to steadily reduce its exposure to renewable energy and energy market price risks in a fashion similar to the programmatic hedging approach for Fixed-Price Block Energy, and ii) ensuring that WCE is in a position to make strategic procurement decisions and, if appropriate, commitments every year.

Given the multi-year compliance structure, and in consideration of the potential to partner with other CCAs or ESPs and run its own renewable solicitation following the 2020 program launch, WCE is well positioned to meet its procurement obligations.

Customer selection of the Choice Plus Plan rate option could require additional purchases of RPS compliant energy in the near term beyond that shown in the targets above, but WCE has not modeled any specific scenarios at this time. WCE will provide more specific information about how adoption of Choice Plus Plan energy impacts procurement in future planning studies when more is known about the adoption of this product.

As WCE has just launched, it anticipates that its supply portfolio will increase in complexity over time. With respect to aligning generation and load profiles, WCE will evaluate its hourly load requirements throughout the year to capture both the seasonal and temporal needs of its customers. WCE recognizes that aligning renewable generation with its hourly load profiles will require the CCA to enter into multiple long-term supply agreements with different renewable technologies to capture the different generating profiles offered by each technology. A combination of baseload (e.g., run-of-river small hydro, landfill gas or geothermal), off-peak (e.g., wind) and peak (e.g., solar + storage) will be necessary to meet the Program’s goals. Acquisition of long-duration storage will also be evaluated to help manage instances when there are forecast differences between generation and load, as well as to meet the energy storage requirements of SB 350, which require load serving entities to acquire at least 1% of 2020 peak demand from energy storage projects.

WCE recognizes the complexity of building a portfolio of resources to align generation and load profiles. Addressing this complexity, combined with the cost and risk reduction benefits of acquiring a diverse portfolio of renewable technologies and suppliers, will be a key component in WCE’s planned strategy for future procurement.

WCE will continue to examine and estimate supply and customer demand and will structure its future procurement efforts to balance customer demand with resource commitments for its current launch, as well as the potential for future expansion as accurate load is collected post launch. This examination of customer demand and other market developments will help reduce costs and assist in meeting planned procurement for the period reflected in the 2020 RPS Procurement Plan.
III. Study Results

a. CONFORMING AND ALTERNATIVE PORTFOLIOS

WCE developed two portfolios:

1. **Conforming Portfolio 46 MMT**: This portfolio is based upon the Reference System Plan.
2. **Conforming Portfolio 38 MMT**: This portfolio is based upon the Reference System Plan.

The contents of each portfolio are described in more detail below.

b. PREFERRED CONFORMING PORTFOLIOS

46 MMT Conforming Portfolio (Preferred)

Table 6 below shows the allocated capacity (MW) of each resource type to WCE, including BTM solar generation and DRs allocated by the 2020 IEPR. WCE did not estimate equivalent capacity of energy efficiency investment, but the assumed energy reductions embedded in the load forecast are shown in Table 2 earlier.

Because resources in the conforming portfolio reflect the Reference System Plan, it includes resources that WCE would not necessarily have access to or sign contract for delivery. For example, the nuclear resources shown in the figure reflect WCE’s load ratio share of Diablo Canyon in 2022, and of SCE’s share of Palo Verde in all four years shown. As previously indicated, the analysis completed for this plan did not exclude any resource type within CAISO’s system for allocation to WCE when creating its conforming portfolio, even though in practice the CCA would not contract for power from nuclear resources. The portfolio results are based on the Results Viewer for RESOLVE Output, which differs from the Clean System Power output. The results show storage resources required under the AB 2514 procurement mandate of 1% of 2020 peak load. Since 2020 peak demand is forecasted to be 477 MW, the 46 MMT Conforming Portfolio includes a minimum of 4.8 MW of lithium ion battery storage for 2020. In 2030, the conforming portfolio reflects WCE’s load ratio share of new battery storage equal to 94.3 MW.
Figure 2 shows the conforming portfolio broken down by resource type on an energy (GWh) basis, including net imports. Includes estimated curtailment.
The conforming portfolio reflects the composition output by RESOLVE for the CAISO system. It predicts growth in storage resources, geothermal, and especially solar generation.

Figure 3 shows incremental energy based on WCE’s load ratio share of new capacity per RESOLVE’s classification. This also includes customer solar generation capacity incremental to 2020 levels. As previously indicated, customer solar generation reflects default assumptions in the Clean System Power tool. Currently, there are approximately 14,700 NEM service accounts within WCE territory. NEM customer exports to the grid were 196 GWh in 2019. WCE does not have an estimate of total BTM generation capacity or energy production in WCE’s service territory. Future IRPs will reflect actual BTM capacity to the extent data becomes available.
There is a significant reduction in gas and nuclear generation and a significant rise in renewable generation, especially new solar resources. For the remaining gas and nuclear generation, WCE assumes these resources remain in the portfolio because they are the optimal resources to meet CAISO’s needs under the constraints input into RESOLVE. There is also a significant addition of storage; all new storage modeled is lithium (Li) ion battery technology or reported separately as pumped storage.

Table 5 is an excerpt from the Clean System Power tool dashboard, showing that emissions attributed to WCE’s conforming portfolio under the Clean Net Short method. All RPS-eligible resource types and BTM solar were input into the “Capacity Inputs” section of the tool. No reduction was made to reflect any assumption of PCC1 resources versus other types. The 3.4 MW of new lithium ion battery storage needed to meet state mandates was also included, as was WCE’s load ratio share of all new lithium ion battery storage in 2030 (94.3 MW). All other resource types are assumed to be part of system power. The result is that the conforming portfolio will produce 0.275 MMT of GHG emissions in 2030, which is below the 2030 benchmark of 0.286 MMT.¹ The above target emissions level for 2030 is due to the inclusion of WCE’s load share of Combined Heat and Power (CHP) resources. Without CHP, the 2030 CO2 emissions level is 0.242 MMT.

¹ R.16-02-007 ALJR Finalizing Load Forecasts and GHG Emissions Benchmarks for Individual 2020 Integrated Resource Plan Filings and Assigning Procurement Obligations Pusuant to Decision 19-11-016. Page 6 Table 1. https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M333/K160/333160852.PDF
## Table 5. 46 MMT Conforming Portfolio GHG Emissions Results

<table>
<thead>
<tr>
<th>Emissions Total</th>
<th>Unit</th>
<th>2020</th>
<th>2022</th>
<th>2026</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂</td>
<td>MMt/yr</td>
<td>0.230</td>
<td>0.235</td>
<td>0.281</td>
<td>0.275</td>
</tr>
<tr>
<td>PM₂.₅</td>
<td>tonnes/yr</td>
<td>21</td>
<td>24</td>
<td>27</td>
<td>26</td>
</tr>
<tr>
<td>SO₂</td>
<td>tonnes/yr</td>
<td>8</td>
<td>8</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>NOₓ</td>
<td>tonnes/yr</td>
<td>53</td>
<td>61</td>
<td>67</td>
<td>64</td>
</tr>
</tbody>
</table>

Although WCE has not done a detailed analysis of RPS compliance—which would involve more consideration of eligible loads, REC banking, eligible resources not modeled in RESOLVE, and REC procurement standards—it has performed a simple calculation of the percent of supply-side resources in the portfolio that are RPS-compliant according to RESOLVE. This provides an indicator of whether the RPS goals will be met using this portfolio. As shown in Figure 4, the percent of RPS-compliant generation exceeds the target in 2020 and 2022, meets the 2026 requirement, and is 4% short of the 2030 requirement. When negative production from storage projects is removed from the calculating, the 2030 RPS share remains 2% short of the 60% requirement. A more detailed analysis of PCC3 RECs, banking, and minimum procurement quantities will inform WCE’s actual procurement as WCE remains committed to meeting or exceeding all RPS goals set by the state.

![Figure 4. 46 MMT Conforming Portfolio Supply-Side Generation that is RPS Eligible Compared to RPS Eligible Generation Target](image)

The portfolio results provided here are targeted at providing enough energy to meet WCE’s load. As noted above, WCE expects to procure RA separately with the specifics being dependent on the outcome of Rulemaking 17.09.020. Given the resource mix is also adequate for meeting RA requirements for CAISO according to RESOLVE, WCE anticipates its load.
share of the RESOLVE output will meet WCE’s RA requirements. Additionally, WCE will continue to meet its RA planning obligations through the separate RA process.

**38 MMT Conforming Portfolio (Preferred)**

Figure 5 below shows the allocated capacity (MW) of each resource type to WCE, including BTM solar generation and DR as allocated by the 2020 IEPR. WCE did not estimate equivalent capacity of energy efficiency investment, but the assumed energy reductions embedded in the load forecast are shown in Table 2 in Section II of this report.

Because resources in the conforming portfolio reflect the Reference System Plan, it includes resources that WCE would not necessarily have access to or sign contract for delivery. For example, the nuclear resources shown in the figure reflect WCE’s load ratio share of Diablo Canyon in 2020 and 2022, and of SCE’s share of Palo Verde in all four years shown. As previously indicated, the analysis completed for this plan did not exclude any resource type within CAISO’s system for allocation to WCE when creating its conforming portfolio, even though in practice they would not contract for power from nuclear resources. It also includes additional storage resources to reflect the AB 2514 procurement mandate of 1% of 2020 peak load. Since 2020 peak demand is forecasted to be 477 MW, the 38 MMT Conforming Portfolio includes 3.8 MW of lithium ion battery storage beginning in 2020. In 2030, the 38 MMT conforming portfolio reflects WCE’s load ratio share of new lithium ion battery storage equal to 122 MW.

![Figure 5. 38 MMT Conforming Portfolio Capacity by Resource Type](image-url)
Figure 6 below shows the conforming portfolio broken down by resource type on an energy (GWh) basis, including net imports. This chart assumes service begins April of 2020, meaning 2020 is a partial year.

The conforming portfolio reflects the composition output by RESOLVE for the CAISO system. It predicts growth in storage resources, geothermal, and especially solar generation.

Figure 7 below shows the capacity that is new based on WCE’s load ratio share of new capacity per RESOLVE’s classification. This also includes customer solar generation capacity incremental to 2020 levels.
There is a significant reduction in gas and nuclear generation and a significant rise in renewable generation, especially new solar resources. For the remaining gas and nuclear generation, WCE assumes these resources remain in the portfolio because they are the optimal resources to meet CAISO’s needs under the constraints input into RESOLVE. There is also significant addition of storage; all new storage modeled is lithium (Li) ion battery technology.

Table 6 is an excerpt from the Clean System Power tool dashboard, showing that emissions attributed to WCE’s 38 MMT conforming portfolio under the Clean Net Short method. All RPS-eligible resource types and BTM solar were input into the “Capacity Inputs” section of the tool. No reduction was made to reflect any assumption of PCC1 resources versus other types. The 4.8 MW of new lithium ion battery storage needed to meet state mandates was also included. All other resource types are assumed to be part of system power. The result is that the conforming portfolio will produce 0.228 MMT of GHG emissions in 2030, which is below the 2030 benchmark of 0.237 MMT (including BTM CHP).

<table>
<thead>
<tr>
<th>Emissions Total</th>
<th>Unit</th>
<th>2020</th>
<th>2022</th>
<th>2026</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂</td>
<td>MMt/yr</td>
<td>0.230</td>
<td>0.228</td>
<td>0.267</td>
<td>0.228</td>
</tr>
<tr>
<td>PM₂.₅</td>
<td>tonnes/yr</td>
<td>21.5</td>
<td>23.8</td>
<td>26.1</td>
<td>23.4</td>
</tr>
<tr>
<td>SO₂</td>
<td>tonnes/yr</td>
<td>7.5</td>
<td>8.4</td>
<td>8.8</td>
<td>7.7</td>
</tr>
<tr>
<td>NOₓ</td>
<td>tonnes/yr</td>
<td>53.2</td>
<td>60.1</td>
<td>65.5</td>
<td>59.2</td>
</tr>
</tbody>
</table>
Figure 8 shows the percent of RPS compliant generation exceeds the target in 2020 and 2022 and is within one percentage point of the target in 2026 and 2030. When negative energy production from storage resources is removed, the 38 MMT Conforming Portfolio meets state mandated RPS. PCC3 Renewable Energy Credits (RECs) may be used to meet short-term gaps due to unanticipated load, under generation, curtailment, or other risk factors. WCE remains committed to meeting or exceeding all RPS goals set by the state.

![Figure 8. 38 MMT Conforming Portfolio Supply-Side Generation that is Eligible Compared to RPS Eligible Generation Target](image)

The portfolio results provided here are targeted at providing enough energy to meet WCE’s load. As noted above, WCE expects to procure RA separately. Given that the resource mix is also adequate for meeting RA requirements for CAISO according to RESOLVE, WCE anticipates it will provide adequate RA for all LSEs.

c. GHG EMISSIONS RESULTS

WCE utilized the CSP calculator to report the GHG emission targets in Table 7 below for each Conforming Portfolio.
Table 7. GHG Emissions Results

<table>
<thead>
<tr>
<th>Emissions Total</th>
<th>Unit</th>
<th>2020</th>
<th>2022</th>
<th>2026</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>46 MMT Conforming Portfolio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO₂</td>
<td>MMt/yr</td>
<td>0.230</td>
<td>0.235</td>
<td>0.281</td>
<td>0.275</td>
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<tr>
<td>PM₂.₅</td>
<td>tonnes/yr</td>
<td>21.5</td>
<td>24.1</td>
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<td>26.4</td>
</tr>
<tr>
<td>SO₂</td>
<td>tonnes/yr</td>
<td>7.5</td>
<td>8.5</td>
<td>9.0</td>
<td>8.2</td>
</tr>
<tr>
<td>NOₓ</td>
<td>tonnes/yr</td>
<td>53.1</td>
<td>60.7</td>
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<td>63.9</td>
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<td>38 MMT Conforming Portfolio</td>
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<td>CO₂</td>
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<tr>
<td>SO₂</td>
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<tr>
<td>NOₓ</td>
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<td>53.2</td>
<td>60.1</td>
<td>65.5</td>
<td>59.1</td>
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</tbody>
</table>

d. LOCAL AIR POLLUTANT MINIMIZATION AND DISADVANTAGED COMMUNITIES

i. Local Air Pollutants

Emissions calculated via the CSP for each Conforming portfolio are provided in Table 8 below.

Table 8. GHG Emissions Results

<table>
<thead>
<tr>
<th>Emissions Total</th>
<th>Unit</th>
<th>2020</th>
<th>2022</th>
<th>2026</th>
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<td>9.0</td>
<td>8.2</td>
</tr>
<tr>
<td>NOₓ</td>
<td>tonnes/yr</td>
<td>53.1</td>
<td>60.7</td>
<td>66.8</td>
<td>63.9</td>
</tr>
<tr>
<td>38 MMT Conforming Portfolio</td>
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<td></td>
<td></td>
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<tr>
<td>CO₂</td>
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<td>0.227</td>
<td>0.265</td>
<td>0.225</td>
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<tr>
<td>PM₂.₅</td>
<td>tonnes/yr</td>
<td>21.5</td>
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ii. Focus on Disadvantaged Communities

WCE’s service territory lies within Riverside County’s subregion, bordering Orange County to the West, San Bernardino County to the North, and San Diego and Imperial Counties to the South. WCE member cities include Canyon Lake, Eastvale, Hemet, Jurupa Valley, Norco, Perris, and Wildomar.
Disadvantaged Communities are defined as the top 25% scoring areas from CalEnviroScreen, along with other areas with high amounts of pollution and low populations. CPUC Decision D.18-02-018 directs LSEs to use the CalEnviroScreen mapping tool to identify Disadvantaged Communities served. It also authorizes SB535 definitions to identify Low Income Communities. Under SB535 definition, there are 18 census tracts identified as Disadvantaged Communities: 8 in Perris, 3 in Hemet, and 7 in Jurupa Valley. Under AB1550 definition, WCE provides service to 31 census tracts identified as Low-Income Communities: 19 in Hemet, 3 in Jurupa Valley, and 9 in Perris.

Table 9. Disadvantaged Communities in WCE’s Service Area

<table>
<thead>
<tr>
<th>County</th>
<th>City/Town</th>
<th>Census Tracts</th>
<th>CalEnviroScreen 3.0 Percentile</th>
<th>Population</th>
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</thead>
<tbody>
<tr>
<td>Riverside</td>
<td>Perris</td>
<td>6065042007</td>
<td>77.6%</td>
<td>4,339</td>
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<td>Riverside</td>
<td>Perris</td>
<td>6065042010</td>
<td>93.9%</td>
<td>5,887</td>
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<td>Perris</td>
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<td>79.9%</td>
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</tr>
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<td>6065042800</td>
<td>87.7%</td>
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</tr>
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<td>Riverside</td>
<td>Perris</td>
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<tr>
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</table>

The GHG emissions reductions and air quality improvements associated with the preferred portfolio are expected to benefit the Low Income and Disadvantaged Communities in the region, even though these communities may be outside the WCE territory.

The western Riverside County geography and climate creates excellent conditions for renewable energy development. There is a significant amount of generation already in the western Riverside County region. This includes several wind farms, multiple solar farms and natural gas-fired plants, as well as multiple hydroelectric plants. The map below from the CEC indicates the locations of Disadvantaged Communities in WCE service area as well as the location of generating stations.
Figure 9. California Electric Infrastructure WCE Region

California Electric Infrastructure

**e. COST AND RATE ANALYSIS**

WCE intends to allocate approximately 2% of its available budget to rate savings. This is estimated to translate into a targeted total customer rate savings of $5.4 million per year on average over the first five years of operation, or $27 million in cumulative rate savings over a ten-year period. These rate savings are predicated on forecast SCE generation rates, exit fees, and escalating power supply costs. WCE anticipates that increases in RA costs will be the primary driver for rate impacts. These increased RA costs will be offset to a degree by decreasing technology costs. WCE plans to enter into long-term contracts for renewables; similar contracts have been put into place for other CCAs at prices well below current market costs. As WCE relies less on system energy, WCE may increase its share of lower cost long-term renewables and storage resources. These resource costs will help balance the cost of increasing RA. WCE will continually monitor the market as part of its hedging strategy to minimize rate impacts of the Conforming Portfolio.

Program rates are ultimately approved by the Board, which retains the authority to modify Program policies from time to time at its discretion.
f. SYSTEM RELIABILITY ANALYSIS

The RA program requires LSEs to demonstrate specific quantities of system, local and flexible capacity in the year-ahead and month-ahead time frames. WCE forecasts net RA requirements using RMR/CAM allocation assumptions and ELCC/NQC capacity adjustments. WCE plans to purchase/sell RA depending on its monthly positions. WCE has provided its current RA-only and Energy plus RA contracts in the Resource Data Template, but (in accordance with CPUC instructions) WCE has not listed any estimated future RA-only contracts. WCE will continue to fully comply with all RA requirements, and will continue its practice of procuring long-term, multi-year, year-ahead and month-ahead RA in accordance with requirements and Energy Risk Management Policy.

Table 10. 46MMT Preferred Conforming Portfolio

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26
Table 11. 38MMT Preferred Conforming Portfolio

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**g. HYDRO GENERATION RISK MANAGEMENT**

WCE’s conforming portfolios are simply a load share of the RSP. The RSP includes large in-state hydropower. While WCE does not directly rely on hydropower generation, variances in hydro generation impact the CAISO system overall. Low water years can result in higher market prices affecting surplus sales revenue or increasing balancing costs. WCE hedges its energy purchases to mitigate impacts of short-term market price variability. WCE is targeting a rate stabilization reserve level equal to a minimum of 120 days of operating costs. These reserves may be called upon to the extent that WCE’s hedging strategy increases the cost of power due to drought conditions. Reduced hydropower generation may lead to reduced levels of curtailment, as curtailment often occurs in high water high wind scenarios.

WCE has not conducted a quantitative analysis of the conforming portfolios with regard to hydropower as WCE does not plan to directly rely on these resources. To the extent that market purchases or unspecified resources include hydropower, WCE’s hedging strategy and portfolio diversification properly hedge for hydropower and other fuel-based risks.

**h. LONG-DURATION STORAGE DEVELOPMENT**

WCE has joined with 10 other CCAs in a joint RFI for long-duration storage. Storage technologies requested include battery technologies, pumped storage, and other. Resource online dates are expected to be prior to January 1, 2026. It is expected that WCE will join a subsequent RFO in August 2020. WCE will continue to evaluate adding storage to its
procurement process especially where wind or solar resources may be combined with storage technologies. WCE recognizes the value of long-term and short-term storage resources as the penetration of renewable capacity increases and the need for RA increases.

i. **OUT-OF-STATE WIND DEVELOPMENT**

Since WCE is still in the early stages of procurement, it has not actively and specifically pursued out of state wind development. WCE recognizes the value of out of state wind resources and will continually evaluate the potential to invest in wind resources where current and proposed transmission resources permit energy delivery to its service area.

j. **TRANSMISSION DEVELOPMENT**

The resources WCE is currently contracted with are those that are located in close proximity of its service area or have been previously used to serve customers on SCE’s system. WCE’s near-term procurement goals focus on local or existing resources. WCE anticipates that future resources may be located outside of the local transmission area and will update the IRP as more planning information is known.

IV. **Action Plan**

This section presents WCE’s planned activities for the next 1-3 years as identified in its CCA Implementation Plan and the 2020 Renewables Portfolio Standard Procurement Plan.

a. **PROPOSED ACTIVITIES**

**Regional Renewable Resources**

WCE has a goal of supporting and developing local renewable resources. Additional local supply supports WCE’s objective of greater electrical security given limited transmission access to the larger CAISO grid. Spending money on local supply also supports the objective of supporting the local economy. However, there are some obstacles to procuring local renewable supply.

WCE therefore proposes to procure regional renewable power as financial circumstances allow, and supplement with cheaper, non-local renewables available on a short-term bilateral basis. This may include utility-scale solar, wind, geothermal or other forms of renewable supply. WCE’s wholesale services adviser has issued a solicitation for Category 1 and 2 power and RECs from marketers as needed to meet WCE’s RPS obligations and renewable percentage objectives described earlier. WCE plans to approve confirmations at the August 2020 Board Meeting resulting from the solicitation.

WCE will make use of the wholesale service advisor’s enabling agreements – with Western System Power Pool, Edison Electric Institute, and International Swaps and Derivatives Association (WSPP, EEI and ISDA) – to transact with marketers on a short-term basis. As more local renewables are contracted, the need for short-term renewable supply will diminish. Planned mechanisms for procurement of local renewable energy include FIT for renewable energy systems with capacity less than 1 MW and with minimal on-site loads, and
NEM arrangements like those offered by SCE for solar systems under 1 MW that principally
serve on-site load.

Energy Efficiency
The CPUC oversees the allocation of energy efficiency funds for program implementation to
each of the four investor-owned utilities in California: Pacific Gas & Electric, Southern
California Edison, Southern California Gas Company, San Diego Gas & Electric; Regional
Energy Networks, and CCAs. Energy efficiency programs were originally funded by the
Public Goods Charge. With the expiration of that fund, the CPUC approved a decision in
December 2011 to use a portion of the Procurement Energy Efficiency Balancing Account
(PEEBA) to replace the PGC funding. Additionally, efficiency and other research and
development programs are funded through the EPIC, which is collected from all customers.

WRCOG, which provides administrative and management services to WCE, already focuses
on energy efficiency in western Riverside County. WRCOG currently receives funding
through SCE and Southern California Gas Company to implement its Local Government
Partnership. WRCOG also works with the Southern California Regional Energy Network to
participate in their EE programs. WRCOG plans to continue its current efficiency work post
WCE implementation, and develop additional efficiency programs that enhance, but do not
duplicate, existing programs in its overall integrated demand side management strategies.

WCE may complete the CPUC application process for “elect to administer” and/or full
administration of energy efficiency programs and use of funds collected through the existing
EPIC surcharges paid by WCE customers. Additional details related to WCE’s energy
efficiency plan will be developed once WCE Program phase-in is underway and the financial
viability of WCE is established.

Demand Response
DR programs provide incentives to customers to reduce demand upon request by the LSE (i.e.,
WCE), reducing the amount of generation capacity that must be maintained as infrequently
used reserves. DR programs can be cost effective alternatives to capacity otherwise needed to
comply with the RA requirements. The programs also provide rate benefits to customers who
have the flexibility to reduce or shift consumption for relatively short periods of time when
generation capacity is most scarce. Like energy efficiency, DR can be a win/win proposition,
providing economic benefits to the electric supplier and customer service benefits to the
customer.

WCE is interested in exploring the potential for DR within its service area. However, it is not
clear at present how much potential there may be for effective DR. Other CCAs have initiated
some prototype DR projects but have not found opportunities for large scale DR deployment
to date. Two newly emerging areas of DR are electric vehicle and heat pumps with thermal
storage combined with smart grid or timer control. WCE will explore the potential for fuel
switching as a form of DR.

SCE offers several DR programs to its customers such as the Base Interruptible Program, the
Demand Bidding Program, the Optional Binding Mandatory Curtailment Plan, and access to
some DR aggregator programs. These may be available to WCE’s customers as well.
Some existing CCAs provide access to these programs, while others do not. WCE will explore options for including DR programs into its overall integrated demand side management strategies. WCE recently went through a Request for Proposal process to examine Implementation of a Smart Thermostat Program to start. Due to the Initial startup and ongoing costs, WCE has elected to postpone moving forward with development, as it seeks funds to cover these costs.

**Distributed Generation**

WCE is strongly supportive of developing local renewable generation and has been in contact with a few developers on some potential projects. These projects are a few years away and if WCE officially becomes involved as any of them move forward, WCE will provide more information in future IRPs. One significant element of that objective is to incentivize the development of distributed generation, primarily rooftop and small-scale solar PV. WCE plans to implement NEM and FIT rate schedules which will be more remunerative than the comparable SCE schedules to encourage residents, businesses and developers to install more solar generation within the WCE service area. WCE’s resource plan calls for several MWs of both NEM and FIT capacity to be developed within the first several years of operation.

The net metering rate allows PV customers to sell extra energy generated by their PV systems at the retail rate, which is significantly higher than the average procurement cost for energy. For customers, NEM provides a financial incentive to install solar PV. Because WCE customers are likely to be using and benefitting from SCE’s NEM rate schedule, WCE will continue to offer this advantageous rate to continue supporting existing and encouraging additional PV installations.

There are clear environmental benefits and strong customer interest in distributed PV systems. To support such systems, WCE may provide direct financial incentives from revenues funded by customer rates to further support use of solar power and/or other renewable resources within the local area. With regard to WCE’s NEM program, WCE’s adopted rate allows participating customers to sell excess energy produced by customer-sited renewable generating sources to WCE. Such a program is consistent with principles identified in Assembly Bill 920 (“AB 920”), which directed the CPUC to establish and implement a compensation methodology for surplus renewable generation produced by NEM facilities located within the service territories of California’s large investor owned utilities, including SCE. WCE has chosen to offer enhanced compensation structures, relative to those implemented because of AB 920, as part of the direct incentives that may be established to promote distributed generation development within the region. To the extent that incentives offered by WCE improve project economics for its customers, it is reasonable to assume that the penetration of distributed generation within the region would increase. Additionally, WCE is launching a study to determine where and what type and what volume of DR will be required in the WCE region for grid reliability.

**Other Clean Energy Programs**

WCE’s communities, on its own and through the Western Riverside Council of Governments (WRCOG), have been and will continue to be active participants in local environmental planning, including electric service improvements. Notably, during the past several years, the
municipalities within WCE’s service area have conducted detailed GHG inventory analyses and adopted municipal energy action plans designed to reduce energy usage, promote energy efficiency, and support the deployment of electric vehicles through 2020. Cities have adopted Climate Action Plans, with a goal to reduce GHG emissions to 1990 levels.

b. PROCUREMENT ACTIVITIES

<table>
<thead>
<tr>
<th>Product Year</th>
<th>Resource Adequacy</th>
<th>Energy/RPS/Carbon-Free</th>
</tr>
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| 2020         | • Contract with SCE for 2020-2022 obligations | • Baseload conventional Energy via two RFOs  
• 34,000 MWh CAT 3 RECs. 10.5 Year Contract  
• RFO for Short-term PCC1 and PCC2 RECs delivered in 2020 |
| 2021         | • RA RFO to be issued Q3 2020 | • DR Program RFI Issued Q2 2020  
• Responded to SDG&E RFO for long-term PCC1 contract |
| 2021 and later |                  | • Joint RFI Long-Duration Storage Issued Q2 2020. RFO Expected to be issued August 2020. Online dates expected before January 1, 2026 |

WCE has identified some regulatory and market risks associated with acquiring resources to meet the GHG-free and renewable procurement goals established by its local governing board, and the goals set forth by SB 350. The risks and the associated impact analysis are below:

Resource Adequacy
The recent decision by the Commission to delegate Central Procurement Entity obligations to PG&E and SCE create uncertainty in the RA market. Specific market disruptions include the following:

- WCE’s planning effort assumes that the CCA is fully compliant with the CPUC and CAISO’s RA requirements, and WCE is investing significant financial resources in RA resources to achieve those requirements. SCE, acting as a Central Procurement Entity (CPE), has incentive to hold onto excess RA resources causing market distortions. The final rulemaking around the CPE is not finalized at the time of this filing, creating additional uncertainty in both price and availability.
• Many CCAs, including WCE, are exploring new capacity resources that can mitigate the use of fossil fuel resources while meeting RA obligations. Depending on the final CPE rulemaking, procurement incentives for GHG-free resources for use in RA obligations may be affected.

• Renewable portfolio standards, GHG reduction goals, and retirement of nuclear and fossil fuel will create additional need for RA.

COVID-19 Impacts
The medium and long-term impacts of COVID 19 are yet unknown. Some considerations considering COVID-19 are provided below.

• At the time of this filing, credit markets have been negatively impacted by the COVID-19 pandemic. While interest rates remain at all-time lows, the ability for entities to secure financing has been limited. Limited financing may reduce the ability of developers to respond appropriately to RFIs and RFOs, thereby reducing the availability of RPS eligible resources.

• Load shapes have changed due to California’s stay-at-home orders and continued work-from-home guidelines. Commercial and industrial loads are effectively lower and residential usage during the day mirrors that of Sundays. The combined impact is lower overall loads and risk of over Procurement for energy and RA resources. Additionally, sustained changes in load profiles could impact future IEPR load forecasts. Furthermore, installations of energy efficiency measures may be slowed as contractors were unable to continue work for a period of time.

• Rate setting will be impacted if revenues shift from commercial and industrial loads to residential. The cost-basis for residential rate setting will be impacted if there are long-term impacts to usage profiles as the workforce shirts toward a work-at-home model.

• PCIA rates will also be impacted as market prices continue to be low.

• CAISO curtailments were historically high during the months of April and May 2020 due to snowpack levels and reduced demand. Reductions in demand, absent investments in storage, could result in an extended curtailment period.

• A second wave of COVID-19 infections, along with the timing of economic recovery, will also create uncertainty in the near future.

Curtailment
WCE considers the impact of curtailment and negative pricing on its planned individual portfolio and factors potential curtailment into its long-term planning. Due to the difficulty in accurately forecasting curtailment, WCE plans to actively review the historical data on curtailment and negative pricing for the regions where WCE is considering future procurement for contracted or owned generating resources. As WCE evaluates new procurement, the potential amount of future curtailment is one factor that WCE will consider. Although WCE does not plan to develop an individualized forecast of future curtailment, WCE will factor potential curtailment into its risk assessment for procurement. In addition, WCE will take actions to limit the impacts of curtailment on its ratepayers as it procures. WCE plans to pursue contract terms that recognize and limit the potential financial impacts of negative pricing and give WCE greater flexibility to direct economic curtailment.
WCE performed a quantitative analysis on negative pricing over the next ten years. Figure 11 compares the number of hours of negative electric pricing for SP15 to the quantity of solar and wind curtailments. While curtailments have grown over time, the amount of negative pricing hours, while peaking in 2016, has remained relatively flat. There is, however, a relationship between the amount of renewable generation, curtailment and negative pricing. WCE has estimated the number of negative pricing hours through 2030 for the SP15 trading hub.

WCE developed a forecast of curtailment based on actual planned and under construction projects, which does not include projections or retirements. Forecasts by fuel type are show below, where the dashed vertical line distinguishes actual values from forecasted. Large hydro production is assumed to be based on average water years and does not factor in potential resource retirements.
The annual estimate of negative pricing hours is shown below.

### Table 13. Negative SP15 Pricing Hours, by year

<table>
<thead>
<tr>
<th>Year</th>
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<tbody>
<tr>
<td>2015</td>
<td>223</td>
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<td>2016</td>
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*through May 31, 2020

Negative pricing hours pose some difficulty in estimating. It occurs relatively infrequently, making up on average just 2.7 percent of annual hourly prices. Although renewable generation weighted by CAISO load is a statistically significant predictor, there is considerable variation in renewable generation, the majority of which does not result in negative market pricing. Figures 11 and 12 illustrate that while renewable generation has grown, there has been a diminishing impact on negative pricing. The estimates in Table 12 assume the relationship over the past five years to hold into the future. It is likely that the market will adjust as storage is implemented, resulting in fewer hours with negative pricing. WCE continually monitors its loads and load forecasts as key variables such as weather and modified load shapes are observed.

d. COMMISSION DIRECTION OR ACTIONS

WCE is not seeking any specific CPUC direction at this time. WCE has completed the required data templates. Most of the entries are for generic resources and contracts, except for specific resources entered into at the time of Board Approval of this Plan. The data provided is consistent with the portfolio results described earlier.
e. DIABLO CANYON POWER PLANT REPLACEMENT

Diablo Canyon is scheduled to retire in 2024 and 2025, which will remove over 2,000 MW of baseload power. Decision 19.04.040 allocated this lost capacity to currently serving LSEs. WCE is not required to comply with D.19.04.040, as it was not serving customers at the time of the decision and did not receive an allocation.

f. LESSONS LEARNED

Through this process WCE has identified the following lessons learned:

1. The RSP does a good job of analyzing resources from a state perspective; however, the RSP does not well-represent individual LSE resource choice.
2. Hedging strategies are an appropriate way for WCE to plan for hydropower variability.
3. In the recent decision granting Central Procurement Entity (CPE) authority to SCE, WCE is no longer required to plan for future RA needs, unless it elects to self-procure. As such, LSEs should not be required to enter future RA resources in the RDT.
Glossary of Terms

Alternative Portfolio: LSEs are permitted to submit “Alternative Portfolios” developed from scenarios using different assumptions from those used in the Reference System Plan. Any deviations from the “Conforming Portfolio” must be explained and justified.

Approve (Plan): the CPUC’s obligation to approve an LSE’s integrated resource plan derives from Public Utilities Code Section 454.52(b)(2) and the procurement planning process described in Public Utilities Code Section 454.5, in addition to the CPUC obligation to ensure safe and reliable service at just and reasonable rates under Public Utilities Code Section 451.

Balancing Authority Area (CAISO): the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

Baseline Resources: Those resources assumed to be fixed as a capacity expansion model input, as opposed to Candidate resources, which are selected by the model and are incremental to the Baseline. Baseline resources are existing (already online) or owned or contracted to come online within the planning horizon. Existing resources with announced retirements are excluded from the Baseline for the applicable years. Being “contracted” refers to a resource holding signed contract/s with an LSE/s for much of its energy and capacity, as applicable, for a significant portion of its useful life. The contracts refer to those approved by the CPUC and/or the LSE’s governing board, as applicable. These criteria indicate the resource is relatively certain to come online. Baseline resources that are not online at the time of modeling may have a failure rate applied to their nameplate capacity to allow for the risk of them failing to come online.

Candidate resource: those resources, such as renewables, energy storage, natural gas generation, and demand response, available for selection in IRP capacity expansion modeling, incremental to the Baseline resources.

Capacity Expansion Model: a capacity expansion model is a computer model that simulates generation and transmission investment to meet forecast electric load over many years, usually with the objective of minimizing the total cost of owning and operating the electrical system. Capacity expansion models can also be configured to only allow solutions that meet specific requirements, such as providing a minimum amount of capacity to ensure the reliability of the system or maintaining greenhouse gas emissions below an established level.

Certify (a Community Choice Aggregator Plan): Public Utilities Code 454.52(b)(3) requires the CPUC to certify the integrated resource plans of CCAs. “Certify” requires a formal act of the Commission to determine that the CCA’s Plan complies with the requirements of the statute and the process established via Public Utilities Code 454.51(a). In addition, the Commission must review the CCA Plans to determine any potential impacts on public utility bundled customers under Public Utilities Code Sections 451 and 454, among others.

Clean System Power (CSP, formerly “Clean Net Short”) methodology: the methodology used to estimate GHG emissions associated with an LSE’s Portfolio based on how the LSE will expect to rely on system power on an hourly basis.
Community Choice Aggregator: a governmental entity formed by a city or county to procure electricity for its residents, businesses, and municipal facilities.

Conforming Portfolio: the LSE portfolio that conforms to IRP Planning Standards, the 2030 LSE-specific GHG Emissions Benchmark, use of the LSE’s assigned load forecast, use of inputs and assumptions matching those used in developing the Reference System Portfolio, as well as other IRP requirements including the filing of a complete Narrative Template, a Resource Data Template and Clean System Power Calculator.

Effective Load Carrying Capacity: a percentage that expresses how well a resource is able to avoid loss-of-load events (considering availability and use limitations). The percentage is relative to a reference resource, for example a resource that is always available with no use limitations. It is calculated via probabilistic reliability modeling and yields a single percentage value for a given resource or grouping of resources.

Electric Service Provider: an entity that offers electric service to a retail or end-use customer, but which does not fall within the definition of an electrical corporation under Public Utilities Code Section 218.

Filing Entity: an entity required by statute to file an integrated resource plan with CPUC.

Future: a set of assumptions about future conditions, such as load or gas prices.

GHG Benchmark (or LSE-specific 2030 GHG Benchmark): the mass-based GHG emission planning targets calculated by staff for each LSE based on the methodology established by the California Air Resources Board and required for use in LSE Portfolio development in IRP.

GHG Planning Price: the systemwide marginal GHG abatement cost associated with achieving a specific electric sector 2030 GHG planning target.

Integrated Resources Planning Standards (Planning Standards): the set of CPUC IRP rules, guidelines, formulas and metrics that LSEs must include in their LSE Plans.

Integrated Resource Planning (IRP) process: integrated resource planning process; the repeating cycle through which integrated resource plans are prepared, submitted, and reviewed by the CPUC.

Long term: more than 5 years unless otherwise specified.

Load Serving Entity: an electrical corporation, electric service provider, community choice aggregator, or electric cooperative.

Load Serving Entity (LSE) Plan: an LSE’s integrated resource plan; the full set of documents and information submitted by an LSE to the CPUC as part of the IRP process.

Load Serving Entity (LSE) Portfolio: a set of supply- and/or demand-side resources with certain attributes that together serve the LSE’s assigned load over the IRP planning horizon.

Loss of Load Expectation (LOLE): a metric that quantifies the expected frequency of loss-of-load events per year. Loss-of-load is any instance where available generating capacity is insufficient to serve electric demand. If one or more instances of loss-of-load occurring within...
the same day regardless of duration are counted as one loss-of-load event, then the LOLE metric can be compared to a reference point such as the industry probabilistic reliability standard of “one expected day in 10 years,” i.e. an LOLE of 0.1.

**Net Qualifying Capacity:** Qualifying Capacity reduced, as applicable, based on: (1) testing and verification; (2) application of performance criteria; and (3) deliverability restrictions. The Net Qualifying Capacity determination shall be made by the California ISO pursuant to the provisions of this California ISO Tariff and the applicable Business Practice Manual.

**Non-modeled costs:** embedded fixed costs in today’s energy system (e.g., existing distribution revenue requirement, existing transmission revenue requirement, and energy efficiency program cost).

**Nonstandard LSE Plan:** type of integrated resource plan that an LSE may be eligible to file if it serves load outside the CAISO balancing authority area.

**Optimization:** an exercise undertaken in the CPUC’s Integrated Resource Planning (IRP) process using a capacity expansion model to identify a least-cost portfolio of electricity resources for meeting specific policy constraints, such as GHG reduction or RPS targets, while maintaining reliability given a set of assumptions about the future. Optimization in IRP considers resources assumed to be online over the planning horizon (baseline resources), some of which the model may choose not to retain, and additional resources (candidate resources) that the model is able to select to meet future grid needs.

**Planned resource:** any resource included in an LSE portfolio, whether already online or not, that is yet to be procured. Relating this to capacity expansion modeling terms, planned resources can be baseline resources (needing contract renewal, or currently owned/contracted by another LSE), candidate resources, or possibly resources that were not considered by the modeling, e.g., due to the passage of time between the modeling taking place and LSEs developing their plans. Planned resources can be specific (e.g., with a CAISO ID) or generic, with only the type, size and some geographic information identified.

**Qualifying capacity:** the maximum amount of Resource Adequacy Benefits a generating facility could provide before an assessment of its net qualifying capacity.

**Preferred Conforming Portfolio:** the conforming portfolio preferred by an LSE as the most suitable to its own needs; submitted to CPUC for review as one element of the LSE’s overall IRP plan.

**Preferred System Plan:** The Commission’s integrated resource plan composed of both the aggregation of LSE portfolios (i.e., Preferred System Portfolio) and the set of actions necessary to implement that portfolio (i.e., Preferred System Action Plan).

**Preferred System Portfolio:** the combined portfolios of individual LSEs within the CAISO, aggregated, reviewed and possibly modified by Commission staff as a proposal to the Commission, and adopted by the Commission as most responsive to statutory requirements per Pub. Util. Code 454.51; part of the Preferred System Plan.

**Reference System Plan:** The Commission’s integrated resource plan that includes an optimal portfolio (Reference System Portfolio) of resources for serving load in the CAISO balancing
authority area and meeting multiple state goals, including meeting GHG reduction and reliability targets at least cost.

**Reference System Portfolio**: the multi-LSE portfolio identified by staff for Commission review and adopted/modified by the Commission as most responsive to statutory requirements per Pub. Util. Code 454.51; part of the Reference System Plan.

**Short term**: 1 to 3 years (unless otherwise specified).

**Staff**: CPUC Energy Division staff (unless otherwise specified).

**Standard LSE Plan**: type of integrated resource plan that an LSE is required to file if it serves load within the CAISO balancing authority area (unless the LSE demonstrates exemption from the IRP process).

**Western Community Energy**: Western Community Energy is a CCA program consisting of 7 member cities.

**Western Riverside Council of Governments (WRCOG)**: A Joint Powers Agreement representing member local governments that seek to provide cooperative planning, coordination, and technical assistance on issues of mutual concern that cross jurisdictional lines. WRCOG includes 18 cities, County of Riverside, 2 municipal water districts, Riverside County Superintendent of Schools, and Morongo Band of Mission Indians.