

# Marin Clean Energy

## 2016 Open Season Procurement Process

### Procedural Overview & Instructions

**1) Introduction:** Marin Clean Energy (“MCE”) has made a commitment to procuring increasing amounts of renewable and carbon-free energy for its customers. In fact, MCE’s default retail service option, Light Green, provides participating customers with a minimum 50 percent renewable energy (“RE”) content as well as additional carbon-free supply. Beginning in 2016, MCE will increase its annual renewable energy purchases with the goal of supplying Light Green customers with a minimum 80 percent renewable energy by 2025. Over the same ten-year period, MCE will incrementally increase its overall carbon-free energy content to 95 percent of all customer energy deliveries. Also commencing in 2016, MCE’s voluntary 100 percent renewable energy service option, Deep Green, which is certified under the Center for Resource Solutions’ Green-e Energy program, will consist of primarily bundled RE products.

As part of its ongoing effort to deliver environmentally responsible, competitively priced retail service options, MCE has established an annual Open Season Procurement Process (“Open Season”). The Open Season provides a competitive, objectively administered opportunity for qualified suppliers of various energy products to fulfill certain portions of MCE’s future resource requirements. The specific energy products requested through the Open Season may vary from year to year in consideration of MCE’s ongoing integrated resource planning process – MCE’s annual integrated resource planning cycle, which commences with the development and approval of MCE’s Integrated Resource Plan each Fall, quantifies future resource requirements across a broad spectrum of energy products, including shaped energy, resource adequacy capacity, renewable energy and carbon-free energy. Certain of these future requirements are solicited through MCE’s Open Season. Because of MCE’s near-term need for additional bundled RE products in 2016 through 2018, MCE is advancing the commencement of its current Open Season process, initiating requests for offers in December, 2015 (rather than February, 2016). Conforming offers for requested products must be submitted in consideration of the following schedule:

<u>Product</u>	<u>Offers Due</u>
A. PCC1 (“Bucket 1”) deliveries commencing in 2016	Monday, January 11, 2016
B. PCC1 (“Bucket 1”) deliveries commencing in 2018 or later	Tuesday, March 1, 2016
C. PCC3 (“Bucket 3”) deliveries commencing in 2016	Tuesday, March 1, 2016
D. PCC2 (“Bucket 2”) deliveries commencing in 2016	Monday, May 2, 2016
E. Carbon-Free Energy: deliveries commencing in 2016	Monday, January 11, 2016

By participating in MCE’s Open Season process, a respondent acknowledges that it has read, understands, and agrees to the terms and conditions set forth in this Procedural Overview & Instructions. MCE reserves the right to reject any offer that does not comply with the requirements identified herein. Furthermore, MCE may, in its sole discretion and without notice, modify, suspend, or terminate the Open Season without liability to any organization or individual. The Open Season does not constitute an offer to buy or create an obligation for MCE to enter into an agreement with any party, and MCE shall not be bound by the terms of any offer until MCE has entered into a fully executed agreement.

Instructions for participating in the 2016 Open Season, including requested products and volumes are described below.

**2) Standardized Response Template:** All respondents must complete the current Standardized Response Templates (“Templates”) provided by MCE. Unique Templates have been prepared for certain requested

## Marin Clean Energy 2016 Open Season Procurement Process Procedural Overview & Instructions

products, and respondents should carefully review available Template options to ensure submittal of conforming responses. MCE will post the Templates on its website (<http://mcecleanenergy.org/energy-procurement/>) and will require respondents to independently access and download the Templates prior to response preparation. An unmodified version of the appropriate Template must be completed in its entirety based on instructions provided in the Template. MCE may update the Templates from time to time, so respondents are encouraged to periodically visit MCE’s website to determine if any changes have been incorporated in the Templates. Only submittals of the currently applicable Templates will be reviewed.

**3) Request for Renewable Energy:** Based on MCE’s most recent planning process, the following renewable energy product requirements have been identified<sup>1</sup>:

<b>Marin Clean Energy Resource Balance</b>										
<b>Dec-15</b>										
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Energy Requirements (GWh)</b>										
Retail Load	1,857	1,870	1,884	1,897	1,911	1,924	1,938	1,951	1,965	1,969
<b>Renewables Open Position (GWh)</b>										
Portfolio Content Category 1	45	31	44	425	473	515	563	610	658	705
Portfolio Content Category 2	188	254	268	283	299	314	328	343	357	371
Portfolio Content Category 3	58	58	58	58	58	58	58	58	58	58
<b>Total Renewables Open Position (GWh)</b>	<b>290</b>	<b>342</b>	<b>370</b>	<b>766</b>	<b>829</b>	<b>887</b>	<b>949</b>	<b>1,011</b>	<b>1,072</b>	<b>1,134</b>

\* All volumes are presented as gigawatt hours/year. RPS open positions are based on MCE’s internal renewable procurement targets, which exceed state-wide mandates.

All proposed generating resources must be certified by the California Energy Commission (“CEC” or “Commission”) as Eligible Renewable Energy Resources (or must receive CEC certification prior to the commencement of any energy deliveries proposed in the appropriate response Template), as set forth in applicable sections of the California Public Utilities Code (“Code”), which may be amended or supplemented from time to time. Each respondent shall be responsible for certification of the proposed resource through the applicable process administered by the CEC and shall be responsible for maintaining such certification throughout the contract term.

With regard to MCE’s requested Portfolio Content Category 1 (“Bucket 1”) volumes, the following specifications will apply:

---

<sup>1</sup> MCE may have energy requirements that extend beyond the forecast period presented in this table. Respondents are encouraged to follow Open Season guidelines when proposing contract term lengths.

**Marin Clean Energy**  
**2016 Open Season Procurement Process**  
**Procedural Overview & Instructions**

**A. Bucket 1-Eligible Renewable Energy (deliveries commencing in 2016):**

**i. Resource Location:** The point of physical interconnection for any eligible generator must be within the area generally termed NP15, as defined by the CAISO. Evaluative preference will be given to any resource located within 100 miles of MCE's service territory.

**ii. Product:** Electric energy, Green Attributes/Renewable Energy Credits and Capacity Attributes (if available).

**iii. Resource Eligibility:** All deliveries shall meet minimum specifications for the PCC1 as described in the Code and applicable regulations.

**iv. Generating Capacity:** Minimum one (1) megawatt ("MW"), AC.

**v. Annual Delivery Specifications:** Delivered energy volumes shall be limited to the noted annual open position for Bucket 1 resources. Maximum annual deliveries for proposed deliveries after the 2025 calendar year may not exceed specified volumes for Bucket 1 resources identified for the 2025 calendar year (705 GWh, shown in the above table).

**vi. Initial Date of Delivery:** No sooner than January 1, 2016.

**vii. Term of Agreement:** Not less than one (1) years and not more than twenty five (25) years, commencing on the Initial Date of Delivery.

**viii. Proposed Pricing:** Each response must include product pricing under option a below but may include pricing under option b:

**a. Index Plus REC Premium** – A single fixed REC premium for each MWh of electric energy delivered from the proposed resource plus the hourly day-ahead market clearing price per MWh. The REC premium price shall remain constant throughout the entire contract term and shall not be adjusted by periodic escalators or time of delivery adjustments. *Respondents may propose alternative pricing options so long as both aforementioned pricing requirements have been satisfied.*

**b. Fixed Price** - A single, flat price for each MWh of electric energy delivered from the proposed resource. This energy price shall remain constant throughout the entire contract term and shall not be adjusted by periodic escalators or time of delivery adjustments. This energy price shall include procurement of the energy commodity, all Green Attributes/Renewable Energy Credits related thereto, Capacity Attributes (if available), transmission charges to the delivery point, including but not limited to CAISO imbalance costs, fees and penalties as well as scheduling fees associated with delivered energy volumes. *Alternative pricing options may be proposed so long as the aforementioned single flat pricing requirement has been satisfied.*

**ix. Point of Delivery:** Respondents may propose product delivery under one of the following options:

**Marin Clean Energy**  
**2016 Open Season Procurement Process**  
**Procedural Overview & Instructions**

a. Respondent shall be financially and operationally responsible for delivery of all electric energy to the NP15 trading hub, as defined by the CAISO [TH\_NP15\_GEN-APND]. Respondent shall serve as its own scheduling coordinator or make arrangements for a third party scheduling coordinator at no cost to MCE.

b. Respondent shall be financially and operationally responsible for delivery of all electric energy to the generator's applicable production node. MCE shall serve as its own scheduling coordinator, or make arrangements for a third party scheduling coordinator at MCE's sole expense, scheduling all electric energy from the generator's applicable production node.

**x. Minimum Development Progress:** To the extent that a proposed generating resource is not yet commercially operational, documentation substantiating achievement of the following development milestones must be provided by the respondent for each eligible generator, including: 1) evidence of site control; and 2) evidence that respondent has submitted a generator interconnection application to the appropriate jurisdictional entity; provided, however, that if respondent has completed interconnection studies or executed an interconnection agreement, as applicable, respondent should provide copies of such materials, including applicable appendices. Such documentation must be provided to MCE at the time of Template submittal.

**B. Bucket 1-Eligible Renewable Energy (deliveries commencing in 2018 or later):**

**i. Resource Location:** The point of physical interconnection for any eligible generator must be within the area generally termed NP15, as defined by the CAISO. Evaluative preference will be given to any resource located within 100 miles of MCE's service territory.

**ii. Product:** Electric energy, Green Attributes/Renewable Energy Credits and Capacity Attributes (if available).

**iii. Resource Eligibility:** All deliveries shall meet minimum specifications for the PCC1 as described in the Code and applicable regulations.

**iv. Generating Capacity:** Minimum one (1) megawatt ("MW"), AC.

**v. Annual Delivery Specifications:** Delivered energy volumes shall be limited to the noted annual open position for Bucket 1 resources. Maximum annual deliveries for proposed deliveries after the 2025 calendar year may not exceed specified volumes for Bucket 1 resources identified for the 2025 calendar year (705 GWh, shown in the above table).

**vi. Initial Date of Delivery:** No sooner than January 1, 2018.

**vii. Term of Agreement:** Not less than two (2) years; and not more than twenty five (25) years, commencing on the Initial Date of Delivery.

**Marin Clean Energy**  
**2016 Open Season Procurement Process**  
**Procedural Overview & Instructions**

**viii. Proposed Pricing:** Each response must propose a single, flat price for each MWh of electric energy delivered from the proposed resource. This energy price shall remain constant throughout the entire contract term and shall not be adjusted by periodic escalators or time of delivery adjustments. This energy price shall include procurement of the energy commodity, all Green Attributes/Renewable Energy Credits related thereto, Capacity Attributes (if available), transmission charges to the delivery point, including but not limited to CAISO imbalance costs, fees and penalties as well as scheduling fees associated with delivered energy volumes. *Alternative pricing options may be proposed so long as the aforementioned single flat pricing requirement has been satisfied.*

**ix. Point of Delivery:** Respondents may propose product delivery under one of the following options:

**a.** Respondent shall be financially and operationally responsible for delivery of all electric energy to the NP15 trading hub, as defined by the CAISO [TH\_NP15\_GEN-APND]. Respondent shall serve as its own scheduling coordinator or make arrangements for a third party scheduling coordinator at no cost to MCE.

**b.** Respondent shall be financially and operationally responsible for delivery of all electric energy to the generator's applicable production node. MCE shall serve as its own scheduling coordinator, or make arrangements for a third party scheduling coordinator at MCE's sole expense, scheduling all electric energy from the generator's applicable production node.

**x. Minimum Development Progress:** To the extent that a proposed generating resource is not yet commercially operational, documentation substantiating achievement of the following development milestones must be provided by the respondent for each eligible generator, including: 1) evidence of site control; and 2) evidence that respondent has submitted a generator interconnection application to the appropriate jurisdictional entity; provided, however, that if respondent has completed interconnection studies or executed an interconnection agreement, as applicable, respondent should provide copies of such materials, including applicable appendices. Such documentation must be provided to MCE at the time of Template submittal.

With regard to MCE's requested Portfolio Content Category 3 ("Bucket 3") volumes, the following specifications will apply:

**C. Bucket 3-Eligible Renewable Energy:**

**i. Resource Location:** Within the Western Electricity Coordinating Council ("WECC"). Preference shall be given to resources located in close proximity to California.

**ii. Product:** Green Attributes/Renewable Energy Credits. Product must meet minimum specifications for Bucket 3 resources, which are described in the Code and applicable regulations.

**Marin Clean Energy**  
**2016 Open Season Procurement Process**  
**Procedural Overview & Instructions**

**iii. Resource Eligibility:** Product shall meet minimum specifications for the PCC3 as described in the Code and applicable regulations.

**iv. Annual Delivery Specifications:** Product volumes shall be limited to the noted annual open position for Bucket 3 resources. Maximum annual product volumes for proposed deliveries extending beyond the 2025 calendar year may not exceed the specified volume for Bucket 3 resources identified for the 2025 calendar year (58 GWh, shown in the above table).

**v. Initial Date of Delivery:** No sooner than January 1, 2016.

**vi. Term of Agreement:** Not less than one (1) year, commencing on the Initial Date of Delivery; not more than three (3) years, commencing on the Initial Date of Delivery.

**vii. Proposed Pricing:** Each respondent shall propose a single, flat price for each megawatt-hour of electric energy produced by the proposed resource. This price shall remain constant throughout the entire contract term and shall not be adjusted by periodic escalators or time of delivery adjustments. This price shall include procurement of all Green Attributes/Renewable Energy Credits. *Respondents may propose alternative pricing options so long as the aforementioned pricing requirement has been satisfied.*

**viii. Minimum Development Progress:** The project must be on line prior to contract execution.

With regard to MCE's requested Portfolio Content Category 2 ("Bucket 2") volumes, the following specifications will apply:

**D. Bucket 2-Eligible Renewable Energy:**

**i. Resource Location:** Within the Western Electricity Coordinating Council ("WECC"). Preference shall be given to resources located in close proximity to California.

**ii. Product:** Electric Energy and associated Green Attributes (inclusive of Renewable Energy Credits ("RECs")) produced on or after the Trade Date and delivered, if needed, with Substitute Energy to Seller from the Project(s) to Buyer at the Delivery Point. All deliveries must meet minimum specifications for Bucket 2 resources, which are described in the Code and applicable regulations.

**iii. Resource Eligibility and E-Tag Requirements:** Product shall meet minimum specifications for the PCC2 as described in the Code and applicable regulations. Additionally, any supplier of Bucket 2 product volumes shall ensure that any e-tags associated with Substitute Energy deliveries (energy delivered to a point of interconnection within California) do not reflect a generating resource that uses coal or nuclear fuels to produce electric power.

**Marin Clean Energy**  
**2016 Open Season Procurement Process**  
**Procedural Overview & Instructions**

**iv. Generating Capacity:** Minimum one (1) MW, AC.

**v. Annual Delivery Specifications:** Delivered energy volumes shall be limited to the noted, annual open position for Bucket 2 resources. Maximum annual deliveries for proposed deliveries extending beyond the 2025 calendar year may not exceed the specified volume for Bucket 2 resources identified for the 2025 calendar year (371 GWh, shown in the above table).

**vi. Initial Date of Delivery:** No sooner than January 1, 2016.

**vii. Term of Agreement:** Not less than one (1) year, commencing on the Initial Date of Delivery; not more than three (3) years, commencing on the Initial Date of Delivery.

**viii. Proposed Pricing:** Each respondent must include product pricing under option a below but may include pricing under option b:

**a. Index Plus REC Premium** – A single fixed REC premium for each MWh of electric energy delivered from the proposed resource plus the hourly day-ahead market clearing price per MWh of Energy delivered by Seller at NP15 (currently referred to by CAISO as TH\_NP15\_GEN-APND). The REC premium price shall remain constant throughout the entire contract term and shall not be adjusted by periodic escalators or time of delivery adjustments. *Respondents may propose alternative pricing options so long as both aforementioned pricing requirements have been satisfied.*

**b. Fixed Price** - A single, flat price for each megawatt-hour of electric energy produced by the proposed resource. This price shall remain constant throughout the entire contract term and shall not be adjusted by periodic escalators or time of delivery adjustments. This price shall include procurement of the energy commodity, all Green Attributes/Renewable Energy Credits, transmission charges to the delivery point, including but not limited to CAISO imbalance costs, fees and penalties as well as scheduling fees associated with delivered energy volumes. *Respondents may propose alternative pricing options so long as both the aforementioned pricing requirements have been satisfied.*

**ix. Point of Delivery:** Each respondent shall be financially and operationally responsible for delivery of all electric energy to the NP15 trading hub, as defined by the CAISO [TH\_NP15\_GEN-APND]. Each respondent shall serve as its own scheduling coordinator or make arrangements for a third party scheduling coordinator at no cost to MCE.

**x. Minimum Development Progress:** To the extent that a proposed generating resource is not yet commercially operational, documentation substantiating achievement of the following development milestones must be provided by the respondent for each eligible generator, including: 1) evidence of site control; and 2) evidence of a completed generator interconnection application, including the date of intended (or actual) submittal to the

**Marin Clean Energy  
2016 Open Season Procurement Process  
Procedural Overview & Instructions**

appropriate jurisdictional entity. Such documentation must be provided to MCE at the time of Template submittal.

Prospective respondents should make every effort to align proposed transaction volumes and delivery timing with the specifications reflected in this table. For example, in consideration of MCE’s current open position, MCE has minimal need for additional Bucket 1 renewable energy supply prior to January 1, 2019. Note: MCE periodically updates this forecast in consideration of ongoing procurement efforts, resource planning initiatives and/or related policies adopted by MCE’s governing board. Such updates may not be reflected in posted Open Season materials but may impact MCE’s planning and procurement decisions as well as the evaluation of offers submitted in response to this Open Season process.

**4) Request for Carbon-Free Energy:**

MCE typically procures additional carbon-free energy supply (above MCE’s RE purchases) from non-RPS eligible hydroelectric generators located within California and throughout the Pacific Northwest. Based on MCE’s most recent planning process, the following carbon-free energy requirements have been identified (all volumes are presented as gigawatt hours/year).

<b>Marin Clean Energy Resource Balance</b>										
<b>Dec-15</b>										
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Energy Requirements (GWh)</b>										
Retail Load	1,857	1,870	1,884	1,897	1,911	1,924	1,938	1,951	1,965	1,969
<b>Additional Carbon Free Open Position (GW)</b>	80	51	206	215	223	232	240	249	257	264

With regard to MCE’s requested carbon-free energy volumes, the following specifications will apply:

**E. Carbon-Free Energy:**

- i. Resource Location:** Within the Western Electricity Coordinating Council (“WECC”).
- ii. Product:** Electric energy produced by a generating facility that does not produce greenhouse gas emissions during electric energy production. Any energy delivered by carbon-free generators located outside of California should be accompanied by an equivalent quantity of e-tags associated with such deliveries to ensure that MCE can defensibly include such carbon-free volumes when preparing applicable power source disclosure reports, including MCE’s annual power content label.
- iii. Minimum Annual Delivery Requirement:** 10,000 MWh/year.
- iv. Initial Date of Delivery:** No sooner than January 2016.

**Marin Clean Energy**  
**2016 Open Season Procurement Process**  
**Procedural Overview & Instructions**

**v. Term of Agreement:** Not more than twenty five (25) years, commencing on the Initial Date of Delivery.

**vi. Proposed Pricing:** Each respondent shall propose a single, flat price for each megawatt-hour of electric energy delivered to MCE. This energy price shall remain constant throughout the entire contract term and shall not be adjusted by periodic escalators or time of delivery adjustments. *Respondents may propose alternative pricing options, including index-based pricing options, so long as the aforementioned pricing requirement has been satisfied. To the extent that an index will form the basis for any alternative price proposal, the respondent shall specify the index to be used in determining the applicable energy price.*

**vii. Point of Delivery:** Each respondent shall be financially and operationally responsible for delivery of all electric energy to the NP15 trading hub, as defined by the CAISO [TH\_NP15\_GEN-APND]. Each respondent shall serve as its own scheduling coordinator or make arrangements for a third party scheduling coordinator at no cost to MCE.

**5) Transfer of Environmental Attributes/Renewable Energy Certificates:** As part of the proposed transaction associated with any renewable energy product, all Environmental Attributes/Renewable Energy Certificates must be tendered and transferred to MCE via the Western Renewable Energy Generation Information System (“WREGIS”), or its successor, without any additional costs or conditions to MCE. As appropriate, any e-tags associated with delivered product volumes shall be matched to associated renewable energy certificates within the WREGIS system before transferring such certificates to MCE.

**6) Acceptance of MCE’s Standard Contract Terms:** Each respondent shall review the terms and conditions included in MCE’s standard power purchase agreement for RE (the “PPA”). Any requested changes to the PPA must be included electronically, in redline form, as an attachment to the response. Respondents should be aware that MCE will not accept or discuss substantive changes to its credit requirements, as reflected in MCE’s PPA, nor will MCE consider credit requirements that impose any obligations on its member municipalities. If no changes are requested, respondent must include a statement indicating acceptance of MCE’s standard contract terms. ***Note: PPA changes submitted after the response deadline may result in disqualification of the respondent.*** MCE will post its PPA on the MCE website (<http://mcecleanenergy.org/energy-procurement/>) and will require respondents to independently access and download this document prior to response preparation.

**7) Open Season Schedule:** The Open Season will be administered based on the following schedule: a. Deadline for response submittal: only electronic submittals will be accepted; such submittals must be received by MCE no later than 5:00 P.M. Pacific Prevailing Time on each of the product-specific response delivery dates set forth in Section 1 of this Procedural Overview & Instructions.

- a. All responses should be submitted to Greg Brehm at [procurement@mcecleanenergy.org](mailto:procurement@mcecleanenergy.org) and must include the following subject line: Response to MCE 2015 Open Season.
- b. Supplier interviews/Q&A: As necessary, MCE may submit clarifying questions to certain respondents or conduct interviews, based on information provided in the Templates. MCE shall

**Marin Clean Energy**  
**2016 Open Season Procurement Process**  
**Procedural Overview & Instructions**

retain the right, in its sole discretion, to request information without notifying other respondents. MCE shall establish due dates for responses at the time of each request.

- c. Response evaluation and supplier notification: Following its review of proposed responses and clarifying materials as well as any interview(s) that may be conducted during this process, MCE will notify all selected suppliers of its intent to pursue contract negotiations. Those suppliers not selected during this process will be notified accordingly.
- d. Contract approval and execution: no later than November 30<sup>th</sup> of each calendar year.

**8) Evaluation of Responses:** MCE will evaluate responses against a common set of criteria that will include various factors. A partial list of factors to be considered during MCE's evaluative process is included below. This list may be revised at MCE's sole discretion.

- a. Overall quality of response, including general completeness and conformance with Open Season instructions
- b. Project location & local benefits (Including local hiring and prevailing wage consideration)
- c. Interconnection status, including queue position, full deliverability of RA capacity, and related study completion, if applicable
- d. Siting, zoning, permitting status, if applicable
- e. Price
- f. Qualifications of project team
- g. Ownership structure
- h. Environmental impacts and related mitigation requirements
- i. Financing plan & financial stability of project owner/developer
- j. Acceptance of MCE's standard contract terms
- k. Development milestone schedule, if applicable

**9) MCE Local Hire and Prevailing Wages:** Consistent with the California Public Utilities Commission policy objectives of Decision 10-04-052, Marin Clean Energy wishes to collect information from respondents regarding past, current and/or planned efforts by project developers and their contractors to:

- a. Employ C-10 licensed contractors and certified electricians.
- b. Pay the prevailing wage for electricians pursuant to the Labor Code.
- c. Utilize local apprentices during construction and maintenance.
- d. Pay workers the correct prevailing wage rates for each craft, classification and type of work performed.
- e. Utilize Project Labor Agreements on the proposed project or prior project developments.
- f. Display a poster at jobsites informing workers of prevailing wage requirements.
- g. Provide workers compensation coverage.

This information will be used to evaluate potential workforce impacts of proposed projects with the goal of promoting fair worker treatment and support of the existing wage base in local communities where contracted projects will be located.

**Marin Clean Energy**  
**2016 Open Season Procurement Process**  
**Procedural Overview & Instructions**

**10) MCE Legal Obligations:** MCE is required to comply with the Public Records Act as it relates to the treatment of any information marked “confidential.” MCE is not obligated to respond to any offer submitted as part of the Open Season.

**11) Shortlist Deposit:** Following supplier notification (i.e., shortlist selection), the selected respondent(s) will be required to submit a Shortlist Deposit of \$3.00 per kilowatt of proposed project capacity for each shortlisted generating project(s) within 10 business days of such notification. The Shortlist Deposit requirement shall not apply to PCC2, PCC3 or carbon-free energy offers, which conform to the specifications described above in Section 3 and 4. The Shortlist Deposit is generally intended to secure the obligations of any shortlisted respondent(s) during the negotiating period and to insure that each offer has been carefully considered. The Shortlist Deposit must be in the form of either a cash deposit or a Letter of Credit. “Letter of Credit” means an irrevocable standby letter of credit, in a form reasonably acceptable to MCE, issued either by (i) a U.S. commercial bank, or (ii) a U.S. branch of a foreign commercial bank that meets the following conditions: (A) it has sufficient assets in the U.S. as determined by MCE, and (B) it is acceptable to MCE in its sole discretion. The issuing bank must have a Credit Rating of at least A- from S&P or A3 from Moody’s, with a stable outlook designation. In the event the issuer is rated by both rating agencies and the ratings are not equivalent then the lower rating will apply. All costs of the Letter of Credit shall be borne by respondent. The Letter of Credit should be sent by overnight delivery to:

MCE Marin Clean Energy  
1125 Tamalpais Avenue  
San Rafael, CA 94901

The Shortlist Deposit will be returned to respondent under one or more of the following conditions: 1) following execution of a PPA and posting of required collateral; 2) MCE’s rejection of the respondent’s offer following shortlist selection; 3) failure of MCE and the shortlisted respondent to agree on terms of the offer or PPA; or 4) MCE’s termination of the Open Season process. Respondent will forfeit its deposit if: 1) material misrepresentations of information related to respondent’s offer are identified during the negotiating process; 2) respondent fails to comply with the terms and conditions of this Open Season process; 3) respondent unilaterally withdraws the offer or attempts to materially modify the terms of its offer during the ninety-day (90-day) period immediately following supplier’s acceptance of shortlist status. In addition, MCE shall be able to retain any Letter of Credit provided as a Shortlist Deposit as security under any executed PPA resulting from the Open Season process in the event that respondent fails to provide required security in accordance with the terms of such PPA.