

-----Contract Overview-----

General Contract Terms

- Contract is based on the industry-standard Edison Electric Institute (EEI), Master Power Purchase and Sale Agreement
- Contract insulates municipal funds/budgets before, during and after the delivery period
- Five year delivery period, beginning on June 1, 2010 and ending on May 31, 2015
- Fixed annual pricing throughout the term

Commercial Terms

- Full requirements product to be provided by the supplier, including all: electric energy, renewable energy, capacity, ancillary services (as required by the California Independent System Operator) and scheduling coordination services
- All MEA customers will receive at least 25% of energy deliveries from California Energy Commission eligible renewable resources
- Supplier must maintain a minimum, “investment grade” credit rating
- MEA’s credit exposure is limited to customer receipts/revenues
- MEA will be allowed to substitute renewable energy generated by newly developed and/or purchased resources for contracted energy volumes

Other Important Considerations

- Energy pricing will be refreshed prior to contract signing
- MEA will not execute PPA if pricing will not support Light Green (25% renewable) generation rates at or below those of PG&E
- MEA customers may voluntarily participate in a competitively priced energy supply option that will provide 100% of energy deliveries from clean, renewable fuel sources – energy supplier will procure renewable energy volumes sufficient to support MCE’s “Deep Green” product

Finding Contract Provisions in Draft Agreement

- Contract energy price at or below PG&E’s generation charges for Light Green energy: Confirmation #5
- No risk or contribution from city, town, or county budgets: EEI Cover Sheet, Other Changes, #17
- Five year, full requirements contract (all energy, scheduling, load following, risk management) at a fixed price: Confirmation #2
- Minimum credit rating from supplier required: EEI Cover Sheet, Article 8, #8.2d
- Substituting MEA owned or acquired assets is allowed: Confirmation #10

- Deep green at 100% renewable energy: Confirmation #2.2
- Guaranteed supply of power 24 hrs/day: Confirmation #2