



Staff Report – Item 7

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 7: Approve Agreement for ZGlobal Inc. of Power Supply Scheduling Coordination Services

Date: 11/9/2016

RECOMMENDATION

This recommends that SVCE Board authorize the Chief Executive Officer to enter into a 5 year agreement with ZGlobal Inc. (ZGlobal) for power supply scheduling coordination services (SC).

BACKGROUND

On August 15, 2016, SVCE issued an RFP for power supply and scheduling coordination services. On September 19, 2016 we received twelve proposals, four of which were from independent providers of SC services. We also received offers from power suppliers that were willing to provide SC services free of charge provided that they receive the bulk of the power supply contract.

SC services involve interfacing with the California Independent System Operator to exchange information regarding projected loads, generation supply schedules, and grid conditions to help the CAISO maintain system balance and grid reliability. Scheduling coordinators must maintain a 24 X 7 operation and specialized information systems in order to deal with grid operations that may arise at any time. SC services also involve processing financial settlements with the CAISO for load and generation schedules and can include short term energy trading, risk management, and other services.

ANALYSIS & DISCUSSION

SVCE's power supply requirement is likely to be the largest of all the CCAs operating in California today. Consequently, it's important that we diversify not only the source of electricity, but also the suppliers/marketers that will serve our territory. This supplier diversification objective is best served by contracting with an independent scheduling coordinator as opposed to utilizing SC services that are being provided free of charge from some of the larger marketers.

Four proposals were received from independent scheduling coordinators, the best of which was received from ZGlobal. Advantages of the ZGlobal proposal include independence, strong market expertise, and low cost. The following lists services that ZGlobal will provide to SVCE:

- Financial Settlement Services
- Load Scheduling Services
- Load Forecasting Services
- Portfolio Management Services
- Risk Management Services

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The average cost of providing the SC services (\$0.05 per MWh) are minimal in comparison to the average cost of power supply (\$45 per MWh), while the service itself is essential to ensure proper accounting of supply and renewable portfolio credits. The following table shows the cost of SC services over the next 5 years.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$94,800	\$193,392	\$197,260	\$201,205	\$205,229

Scheduling coordination service is essential to the delivery of power that SVCE will acquire on behalf of its residential and commercial customers. The recommended contract with ZGlobal will enable SVCEA to obtain cost-effective SC services along with other value added services such as development of risk management policies and procedures. Utilizing an SC service provider like ZGlobal, that is independent of power marketing, will facilitate diversification of power suppliers.

ATTACHMENTS

1. Agreement for ZGlobal Inc. of Power Supply Scheduling Coordination Services

Final for Execution

SCHEDULING SERVICES AGREEMENT

This Scheduling Services Agreement ("Agreement"), dated as of October 21, 2016 ("Effective Date"), is entered into between ZGlobal Inc. ("ZGlobal") and Silicon Valley Clean Energy Authority, a California joint powers authority ("SVCEA" or "Client"). ZGlobal and Client are referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Client desires to have ZGlobal perform the Services (as defined below);

WHEREAS, ZGlobal is in the business of providing energy scheduling/settlement and related services as an agent, including the Services; and

WHEREAS, except as otherwise defined in the body of this Agreement, terms and expressions used in this Agreement shall have the meanings contained in Exhibit A.

NOW THEREFORE, in consideration of the promises, covenants and conditions contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ZGlobal and Client, intending to be legally bound, hereby agree as follows:

ARTICLE 1 **TERM AND TERMINATION**

1.1 Term. The "Primary Term" of this Agreement shall be five (5) years, beginning on the Commencement Date, unless terminated earlier as provided in this Agreement. At the conclusion of the Primary Term, this Agreement shall automatically continue for successive one (1) year terms (each such term an "Additional Term"), unless either Party has given the other Party at least ninety (90) days' written notice prior to the end of the Primary Term or the Additional Term that it does not wish to renew the Agreement or unless terminated earlier as provided in this Agreement (the period during which the Agreement remains in effect, the "Term").

1.2 Termination for Convenience. During the Term, either Party may terminate this Agreement at any time for any reason or no reason upon one hundred eighty (180) days' prior written notice for ZGlobal and ninety (90) days' prior written notice for Client. For the avoidance of doubt, Client may request the cancellation of a Service on prior written notice to ZGlobal without terminating the Agreement.

1.3 Termination for Cause. During the Term, if one of the following events (each, an "Event of Default") occurs with respect to a Party (the "Defaulting Party"), the other Party (the "Non-Defaulting Party") shall have the right to terminate this Agreement upon delivery of written notice to the Defaulting Party:

(a) A Party fails to make when due any undisputed payment due under this Agreement, if such failure is not remedied within five (5) Business Days after written notice of such failure is given to the Party failing to make payment;

(b) A Party breaches a material covenant or agreement in this Agreement (other than a default in a payment obligation), if such breach is not remedied within ten (10) Business Days after written notice is given to the Party in breach of its covenants or agreements under this Agreement;

(c) A Party makes an assignment or any general arrangement for the benefit of creditors; or files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such petition filed against it; or otherwise becomes bankrupt or insolvent (however evidenced); or becomes unable to pay its debts as they fall due;

(d) ZGlobal fails to maintain Performance Assurance in accordance with Article VII, and does not remedy such breach within three (3) Business Days after written notice from Client; or

(e) One or more of a Party's representations or warranties set forth in Section 5.1 or 5.2 (as applicable) are no longer true or correct, and such representation or warranty is not corrected within thirty (30) days after written notice is given to the Party whose representation or warranty is no longer true or correct.

1.4 Effect of Termination. Notwithstanding anything else set forth herein, the terms and conditions of this Agreement shall remain in effect until the Parties have fulfilled all outstanding obligations, including payment in full of amounts due and transfer of information to Client or Client's designee, and the termination of this Agreement shall not relieve either Party of (i) any unfulfilled obligation or undischarged liability of such Party existing as of the termination date, including without limitation the transition of the Services to Client or its designee (ii) the consequences of any breach or default under this Agreement to the extent not excused by this Agreement, or (iii) any obligations or liabilities arising from provisions of this Agreement that either expressly or by their nature survive the termination of this Agreement. Within 90 days after the termination of this Agreement, any amounts due from either Party shall be paid, any corrections or adjustments to payments previously made shall be determined, and any refunds made. No termination by ZGlobal shall be effective until the later of (x) the termination date specified in ZGlobal's written notice of termination or (y) the date upon which ZGlobal has transitioned the Services to Client or its designee in accordance with Section 2.3; provided that such transition period shall not exceed forty-five (45) days. The Client's cancellation of a Service shall not act as a termination of the Agreement.

1.5 Exclusive Remedy. For the avoidance of doubt, except for and subject to its right to indemnification under Article 8, if Client is not satisfied with ZGlobal's performance of Services hereunder, Client's sole and exclusive remedy shall be to terminate this Agreement pursuant to Section 1.2 or Section 1.3 above, as applicable.

1.6 Cooperation. In connection with the termination of this Agreement, ZGlobal shall take such actions as Client may reasonably request and ZGlobal agrees to work cooperatively with Client to facilitate the transition of Services from ZGlobal to Client or Client's designee.

ARTICLE 2

DESCRIPTION OF CLIENT ASSETS; SERVICES

2.1 **Description of Client Assets.** As requested by Client, ZGlobal will provide Services for the loads and generation assets set forth in Exhibit B attached hereto ("Client Assets"), as amended in writing by the Parties from time to time.

2.2 **Services.** ZGlobal, as agent for Client pursuant to this Agreement, shall provide the following Services for the Client Assets, commencing on the date identified for each Service (Client to check all that apply, and provide a start date for any checked Service):

<i>Check All that Apply</i>	<i>Services Description</i>	<i>Start Date</i>
	Generation Scheduling Services	
N/A	Scheduling and Outage Coordination (Exhibit C)	_____
<u> X </u>	Financial Settlement Services (Exhibit D)	4/1/2017
	Load Scheduling Services	
<u> X </u>	Scheduling and Outage Coordination (Exhibit C)	4/1/2017
	Load Forecasting Services	
<u> X </u>	Forecasting Services (Exhibit E)	4/1/2017
	Portfolio Management Services	
<u> X </u>	Portfolio Management Services (Exhibit G)	4/1/2017
	Risk Management Services	
<u> X </u>	Risk Management Program Development and Support Services (Exhibit H)	<u>1/1/2017</u>
	Information Resources	
N/A	Information Resources (Exhibit K)	_____

Each Exhibit checked above is attached hereto and incorporated herein by reference, and collectively comprise the "Services" to be performed by ZGlobal under this Agreement.

2.3 **Continuity of Service.** In the event Client cancels a Service, this Agreement terminates, or ZGlobal fails, ceases or is unable to provide the Services under this Agreement for any reason, then, to the extent necessary, the Parties shall take all steps necessary to terminate the designation of ZGlobal as agent for Client for the Service or Services, and ZGlobal shall take such actions as Client may reasonably request in order to transition responsibility for the performance of the Service or Services to Client or a replacement provider. Additionally, as part of the transfer of a Service or Services under this Section 2.3, ZGlobal agrees to assign to Client, at Client's request, any underlying agreements with third-party software or service providers necessary for

continued performance of the Service or Services, including the Information Resources (as defined below).

2.4 Information Access. ZGlobal shall provide Client and Client's designated representatives and consultants with access to the software, databases, data, and information portal(s) identified in Exhibit K (collectively, the "Information Resources").

2.5 Designation of ZGlobal as Agent. Client hereby designates ZGlobal as its agent and representative in connection with and to the extent reasonably required to perform the Services. Client agrees to promptly:

- (a) Notify CAISO and any other relevant entities of this arrangement; and
- (b) Provide ZGlobal with all necessary and appropriate information and data for ZGlobal to begin performing the Services.

2.6 Standard of Performance. ZGlobal shall perform the Services consistent with Good Industry Practice and Applicable Laws, and in accordance with written direction from Client (if any).

ARTICLE 3 **COMPENSATION; BILLING AND PAYMENT**

3.1 Compensation. As consideration for the Services performed by ZGlobal hereunder, Client shall pay ZGlobal all undisputed applicable Services Fees in accordance with Exhibit I. In the event Client, in good faith, disputes ZGlobal's computation of amounts due and owing, Client will provide ZGlobal with written documentation explaining the disputed amount and describing in detail the factual and legal basis of the dispute. Client must pay all charges which are not in dispute in accordance with the payment terms outlined above. Client will cooperate with ZGlobal to resolve any payment dispute expeditiously.

3.2 Billing Statements. ZGlobal shall deliver to Client on or before the tenth (10th) Business Day of the month following that month for which Services were provided a monthly Scheduling Coordinator Services statement (each a "Statement") setting forth the Services Fees applicable to the Services performed during that period. Payments shall be made to ZGlobal on or before thirtieth (30th) Business Day after receipt of each Statement.

3.3 Failure to Pay. Client's failure to make timely payments hereunder shall be considered a breach. In the event such breach is not cured within fifteen (15) days following written notice by ZGlobal, then Client shall be in default and ZGlobal may:

- (a) Apply any revenues or payments received by ZGlobal for the benefit of Client from Balancing Authorities, Transmission Owners/Operators the CAISO, or any other third party towards the outstanding amount owed to ZGlobal;
- (b) Apply any monies from the Services Payment Security posted by Client pursuant to Exhibit C towards the outstanding amount owed to ZGlobal; and/or

(c) Terminate this Agreement and all Services provided for herein pursuant to Section 1.3(a) above.

3.4 Late Payments. Any payment that is not received by ZGlobal on or before the date required shall incur a monthly late fee, which shall be the total undisputed outstanding balance due multiplied by the Interest Rate ("Late Fee").

3.5 Audit Rights. Client (or its designee) shall have the right, with prior written notice, at its sole expense and during normal working hours, to examine the records of ZGlobal to the extent reasonably necessary to verify the accuracy of any Statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any Statement or Late Fee, the necessary adjustments in such Statement or Late Fee and the payments thereof will be promptly made and shall bear interest calculated at the Interest Rate.

3.6 Independent Contractor. ZGlobal shall provide the Services to Client as an independent contractor, not as an employee of Client. ZGlobal shall not have or claim any right arising from employee status.

ARTICLE 4 **CONFIDENTIALITY; PROPRIETARY RIGHTS**

4.1 Confidentiality.

(a) Each Party shall hold in confidence all information disclosed to it by the other Party or its representatives that pertains to Client's or ZGlobal's business, as the case may be, and that is not publicly available, including this Agreement, proprietary practices, technical information and relevant data ("Confidential Information"). The Parties hereto acknowledge that SVCEA is a local agency and subject to provisions of the California Public Records Act (Cal. Government Codes section 6250 and following). The Parties are expressly authorized to disclose the existence of this Agreement and the Term. Unless otherwise provided by this Agreement or Applicable Laws, all other terms of this Agreement are confidential and neither Party may disclose such confidential information to anyone, other than (i) as may be agreed to in writing by the Parties in advance of such disclosure; (ii) to any of such Parties' directors, officers and employees and directors, officers and employees of affiliated companies and representatives thereof or their advisors who need to know such information and agree, for the benefit of the other Party, to treat such information confidentially to the same extent required by this Agreement; (iii) to the extent required to be disclosed by Applicable Laws or legal process or other mandatory or voluntary standard, and then only to the extent of such requirement; or (iv) to any actual or potential lender or lenders providing financing to a Party or any of its affiliates, to any actual or potential investor in a Party or any of its affiliates or to any other potential acquirer of any direct or indirect ownership interest in Party or any of its affiliates or to any advisor providing professional advice to Party or any of its affiliates or to any such actual or potential lender, investor or acquirer who needs to know such information and agree to treat such information confidentially to the same extent required by this Agreement. The Parties are entitled to all remedies available at law or in equity, including specific performance, to enforce this provision; however, neither Party will be liable for any damage suffered as a result of the use or disclosure of confidential information made in

accordance with the express terms and conditions of this Agreement. This provision will survive for a period of five (5) years following the expiration of this Agreement.

(b) Confidential Information shall not include (i) information that is publicly available or that enters the public domain pursuant to Applicable Laws, or (ii) information obtained by a Party from a third party not known to be under an obligation of non-disclosure to Client or ZGlobal, as the case may be.

(c) Notwithstanding the foregoing, each Party may disclose Confidential Information to the extent necessary to perform this Agreement, and to any Governmental Authority, but only to the extent legally required to do so. If a Party is requested or required by any Governmental Authority to disclose any of the other Party's Confidential Information, such Party shall provide the other Party with prompt notice of such request(s) so that the other Party may seek, at its sole expense, a protective order or other appropriate remedy with respect to such disclosure.

4.2 Proprietary Rights. Client shall retain all rights, title and interest in and to all models, tools, systems or processes owned by and used or developed by ZGlobal in the course of providing Services pursuant to this Agreement including, but not limited to, patent rights, trade secrets, mask works and copyrights; provided, however, that ZGlobal shall have a non-exclusive right to use said models, tools, systems or processes to serve Client or other agencies approved by Client without further consideration.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 ZGlobal's Representations and Warranties. ZGlobal represents and warrants to Client as follows:

(a) It is duly organized, validly existing and in good standing under the laws of the state of its incorporation, and in each jurisdiction where it is required to be qualified as a foreign corporation;

(b) It has obtained all regulatory approvals and Permits necessary for it to legally perform its obligations under this Agreement;

(c) It possesses the requisite expertise to perform its obligations hereunder, and it is not restricted in any manner, through an agreement not to compete or similar agreement, from performing the Services for Client;

(d) The execution and delivery of this Agreement and the performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms or conditions in its governing documents, any contract or other agreement to which it is a party or any Applicable Laws; and

(e) This Agreement constitutes ZGlobal's legally valid and binding obligation enforceable against it in accordance with the terms thereof; and

(f) There are no bankruptcy proceedings pending or being contemplated by it or, to its knowledge, threatened against it.

5.2 Client's Representations and Warranties. Client represents and warrants to ZGlobal as follows:

(a) It is duly organized, validly existing and in good standing under the laws of the state of California;

(b) The execution and delivery of this Agreement and the performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms or conditions in its governing documents, any contract or other agreement to which it is a party or any Applicable Laws; and

(c) This Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with the terms thereof; and

(d) There are no bankruptcy proceedings pending or being contemplated by it or, to its knowledge, threatened against it.

5.3 Annual Updates. Upon the request of the other party on or prior to the anniversary of the Effective Date and no later than thirty (30) days after each anniversary of the Effective Date, ZGlobal and Client shall each confirm in writing to the other that their respective representations and warranties set forth above remain true and correct.

ARTICLE 6

RELATIONSHIP OF THE PARTIES; DISCLAIMERS

6.1 Relationship of the Parties. ZGlobal shall act as Client's agent while performing the Services hereunder. Except when and to the extent that ZGlobal is performing the Services, neither Party has the right, power or authority to assume, create or incur any liability or obligation, express or implied, against, in the name of or on behalf of the other Party, or to enter into any agreement or undertaking for, or act as or be an agent or legal representative of, or otherwise bind, the other Party. Further, this Agreement shall not be interpreted or construed as creating any association, joint venture or partnership between the Parties, or any other arrangement other than the contractual arrangement expressly set forth in this Agreement.

6.2 Other Business. Subject to Section 4.1 above, nothing in this Agreement shall preclude ZGlobal from performing Services similar to those hereunder for other clients.

6.3 Warranty Disclaimers. Client acknowledges that it has entered into this Agreement and is contracting to receive the Services based solely upon the expressed representations and warranties in this Agreement. As a result, Client accepts all Services provided under this Agreement "as is" and "with all faults." The Parties expressly negate and disclaim any other representation or warranty with respect to the Services provided under this Agreement, whether written or oral, expressed or implied, including any representation or warranty with respect to merchantability or fitness for any particular purpose.

ARTICLE 7

PERFORMANCE ASSURANCE

7.1 Performance Assurance. As a condition of Client's obligations hereunder, ZGlobal shall provide to Client no later than April 1, 2017 and thereafter maintain throughout the Term cash or a letter of credit (the "Performance Assurance") in the amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000). The Performance Assurance shall be held by Client as security for ZGlobal's performance hereunder. If ZGlobal establishes the Performance Assurance by means of a letter of credit, the letter of credit must be provided in a form reasonably acceptable to Client. The Performance Assurance will be returned to ZGlobal at the end of the Term upon the satisfaction of ZGlobal's obligations under this Agreement (net of any amounts applied to ZGlobal's obligations). After April 1, 2018, at ZGlobal's written request, Client agrees to consider in good faith ZGlobal's request to reduce the amount of the Performance Assurance; provided, however, that any reduction will be made at Client's sole discretion and Client is under no obligation to grant such request.

7.2 Security Interest in Performance Assurance. To secure its obligations under this Agreement, and until released as provided herein, ZGlobal hereby grants to Client a present and continuing first-priority security interest ("Security Interest") in, and lien on (and right to net against), and assignment of the Performance Assurance and any and all interest thereon or proceeds resulting therefrom or from the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of Client, and ZGlobal agrees to take all action as Client reasonably requires in order to perfect Client's Security Interest in, and lien on (and right to net against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

7.3 Event of Default. Upon or any time after the occurrence of, and during the continuation of, an Event of Default caused by ZGlobal, Client may do any one or more of the following:

- (a) Exercise any of its rights and remedies with respect to the Performance Assurance, including any such rights and remedies under law then in effect;
- (b) Draw on any outstanding letter of credit issued for its benefit; and
- (c) Liquidate all Performance Assurance then held by or for the benefit of Client free from any claim or right of any nature whatsoever of ZGlobal, including any equity or right of purchase or redemption by ZGlobal.

Client shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce ZGlobal's obligations under this Agreement (ZGlobal remains liable for any amounts owing to Client after such application), subject to Client's obligation to return any surplus proceeds remaining after these obligations are satisfied.

ARTICLE 8
LIMITATION OF LIABILITY; INDEMNITY

8.1 Limitation of Liability.

(a) To the extent permitted by Applicable Laws, ZGlobal hereby agrees to indemnify, defend and hold harmless Client, its partners, officers, directors, representatives and employees (collectively, the "Client Indemnitees"), from and against any and all losses, claims, damages and liabilities (including third-party claims, reasonable attorney, consultant, accounting and other professional fees, and reasonable fees and costs actually incurred in enforcing this Agreement, and any penalties or fines imposed by Governmental Authority) (collectively, "Losses") relating to ZGlobal's performance of the Services and any breach by ZGlobal of the provisions of this Agreement, except to the extent caused by the fraud, negligence or the willful misconduct or breach of this Agreement by the Client Indemnitees. The foregoing notwithstanding, to the extent a Loss is due to a communications failure between ZGlobal and the CAISO, ZGlobal's liability hereunder, unless excused by Force Majeure, shall be limited to reimbursing Client for only those fees or charges imposed by CAISO or any other third party caused by the failure of ZGlobal to communicate the necessary information received from Client in a timely manner.

ZGlobal shall be promptly notified in writing of any such claim or suit brought against any Client Indemnitee and shall be permitted to manage at its cost and expense a defense against or negotiate a settlement (other than any settlement involving criminal liability or admission of guilt or responsibility by such Client Indemnitee) of such claim or suit through counsel reasonably acceptable to Client. The Client Indemnitees shall provide, at ZGlobal expense, such cooperation as ZGlobal may reasonably request in connection with its defense or settlement of the claim or suit against such Client Indemnitee.

(b) To the extent permitted by Applicable Laws, Client hereby agrees to indemnify, defend and hold harmless ZGlobal, its partners, officers, directors, and employees (collectively, the "ZGlobal Indemnitees"), from and against any and all Losses arising from the breach by Client of the provisions of this Agreement including, without limitation, the loss or claims for loss or damage to property, except to the extent caused by the fraud, negligence or the willful misconduct or breach of this Agreement by the ZGlobal Indemnitees.

Client shall be promptly notified in writing of any such claim or suit brought against a ZGlobal Indemnitee and shall be permitted to manage at its cost and expense a defense against or negotiate a settlement (other than any settlement involving criminal liability or admission of guilt or responsibility by such ZGlobal Indemnitee) of such claim or suit through counsel reasonably acceptable to ZGlobal. The ZGlobal Indemnitees shall provide, at Client expense, such cooperation as Client may reasonably request in connection with its defense or settlement of the claim or suit against such ZGlobal Indemnitee.

(c) For the avoidance of doubt, consistent with the provisions set forth in Section 8.1 above, neither Party shall have any responsibility or liability for any third party agreements not incorporated by reference by this Agreement or transactions not contemplated by this Agreement entered into by the other Party, including but not limited to such Party or any third

party failing to perform, inadequately performing, and/or incorrectly performing under or breaching any such third party agreements or transactions.

(d) Except as expressly provided herein, nothing in this Agreement shall be construed to create a duty to, any standard of care with reference to, or any liability in connection with any person not a party to this Agreement.

(e) In no event shall either Party be liable to the other Party for any consequential, incidental or indirect damages for any cause of action, whether in contract or tort or otherwise. Incidental, consequential or indirect damages include, but are not limited to, lost profits or revenues and loss of business opportunity, whether or not the Party was aware or should have been aware of the possibility of such damages.

8.2 Limitation on Damages. FOR BREACH OF ANY PROVISION, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED TO DIRECT DAMAGES AND EACH PARTY AGREES TO WAIVE ALL OTHER TYPES OF DAMAGES OR REMEDIES TO WHICH IT MIGHT BE ENTITLED UNDER THIS AGREEMENT, INCLUDING CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS, LOST OPPORTUNITY COSTS, OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR IN CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS IMPOSED HEREIN ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

8.3 Indemnification. Notwithstanding the foregoing Sections 8.1 and 8.2, each Party shall hold the other Party harmless as follows: the indemnitor shall defend, indemnify and hold harmless the indemnitee, its officers, agents and employees from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from or arising out of indemnitor's willful misconduct or gross negligence while engaged in the performance of obligations or exercise of rights created by this Agreement, except to the extent of those matters arising from indemnitee's negligence.

ARTICLE 9

MISCELLANEOUS

9.1 Entire Agreement. This Agreement is the Parties' complete and final expression of agreement on the subject matter of this Agreement and supersedes all prior agreements, representations, understandings, negotiations, offers and communications, whether oral or written, regarding the subject matter of this Agreement.

9.2 No Assignment. Neither Party may assign this Agreement or any right or obligation under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Any purported assignment in violation of this Section 9.2

shall be void. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

9.3 Modification and Amendment. This Agreement can be modified or amended only by a written agreement executed by an authorized representative of each Party.

9.4 Severability. If any provision of this Agreement is held invalid or unenforceable, all other provisions of this Agreement shall not be affected. With respect to a provision held invalid or unenforceable, the Parties shall amend this Agreement as necessary to effect the Parties' original intent as closely as possible.

9.5 No Waiver. If on any occasion a Party does not insist upon the performance of any term, condition or provision of this Agreement, such forbearance shall not operate or be construed as an acceptance of any variation in any term, condition or provision of this Agreement or relinquishment of any right under this Agreement. No waiver by either Party of any right or of any default by the other Party under this Agreement shall be effective unless the waiver is in writing and signed by the waiving Party, and no waiver shall operate or be construed as a waiver of any other or further right or as a waiver of any future default, whether of like or different character or nature.

9.6 Governing Law. This Agreement is governed by and shall be construed according to the laws of the State of California, without regard to principles of conflicts of law.

9.7 Preparation of Agreement. This Agreement was prepared jointly by the Parties, each Party having had access to advice of its own counsel, and not by either Party to the exclusion of the other Party, and this Agreement shall not be construed against either Party as a result of the manner in which this Agreement was prepared, negotiated or executed.

9.8 No Third-Party Rights. This Agreement is intended solely for the benefit of the Parties, and nothing in this Agreement shall be construed to create any rights in favor of, any duty to or standard of care with reference to, or any liability to any person not a party to this Agreement.

9.9 Notices. Except as otherwise expressly provided in this Agreement, all notices and other communications to be given or made under this Agreement shall be in writing, shall be addressed as specified below, and shall either be personally delivered or sent by courier, by registered or certified mail, or by facsimile. Initially, the respective Parties' addresses and facsimile numbers are:

If to ZGlobal:	ZGlobal Inc. 750 Main St. El Centro, CA 92243
With a copy to:	604 Sutter Street, Ste. 250 Folsom, CA 95630
If to Client	_____ _____

All notices shall be deemed delivered (a) when delivered in person, (b) if received on a Business Day for the receiving Party, when transmitted by facsimile to the receiving Party's facsimile number specified above and, if received on a day that is not a Business Day for the receiving Party, on the first Business Day following the date transmitted by facsimile to the receiving Party's facsimile number specified above, (c) one day after being delivered to a courier for overnight delivery, addressed to the receiving Party at the address specified above (or such other address as the receiving Party may have specified by written notice delivered to the delivering Party at its address or facsimile number specified above), or (d) five (5) days after being deposited in a United States Postal Service receptacle, postage prepaid, registered or certified, return receipt requested, addressed to the receiving Party at the address specified above (or such other address as such the receiving Party may have specified by written notice delivered to the delivering Party at its address or facsimile number specified above). Any Party may, by written notice, change the address or facsimile number, or both, to which notices and communications are to be sent.

9.10 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which, taken together, shall constitute only one legal instrument. The delivery of an executed counterpart of this Agreement by facsimile shall be deemed to be valid delivery of the counterpart.

9.11 Survival. Notwithstanding any provision herein to the contrary, Articles 3, 4, 6, 7, 8 and 9 shall survive the termination or expiration of this Agreement.

9.12 Publicity. Either Party may issue or release for external publication any press release, article, advertising or other publicity matter in any form (including print, electronic or interview) relating to the Services or this Agreement; provided, however, the disclosing Party shall, if reasonably possible, provide advance notice of such disclosure to the other Party.

9.13 Interpretation. In this Agreement:

(a) The headings are for convenience of reference only and shall be ignored in construing this Agreement;

(b) Where the context requires, the singular includes the plural and vice versa;

(c) The words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation";

(d) Unless the context otherwise indicates, references in this Agreement to articles, sections or exhibits are references, respectively, to articles, sections or exhibits of or to this Agreement;

(e) All exhibits referenced in this Agreement are incorporated into this Agreement and are an integral part of this Agreement;

(f) If a conflict or inconsistency exists between any exhibit and this Agreement (exclusive of the exhibits), the provisions of this Agreement (exclusive of the exhibits) shall control; and

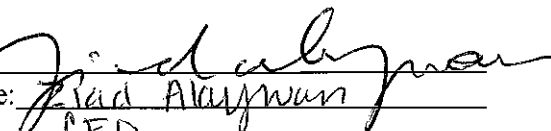
(g) All references in this Agreement to contracts, agreements and other documents shall be deemed to refer to such contracts, agreements and other documents as amended, modified and supplemented from time to time.

9.14 No Recourse Against Constituent Members of SVCEA.

SVCEA is organized as a joint powers authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to the Joint Powers Agreement effective as of March 31, 2016 (the "Joint Powers Agreement") and is a public entity separate from its constituent members and under the Joint Powers Agreement such members have not assumed liability for any obligations or liabilities of SVCEA. SVCEA will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. ZGlobal will have no rights and will not make any claims, take any actions or assert any remedies against any of SVCEA's constituent members in connection with this Agreement.

To evidence their acceptance of this Agreement, the Parties have caused their authorized representatives to sign below as of the Effective Date.

ZGLOBAL INC.

By: 
Name: Foad Alayman
Title: CEO

SILICON VALLEY CLEAN ENERGY AUTHORITY

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Final for Execution

EXHIBIT A

Definitions

Each of the following capitalized terms shall, for all purposes of this Agreement, have the respective meanings set forth below.

“Additional Term” has the meaning set forth in Section 1.1.

“Agreement” means this Scheduling Services Agreement, including all exhibits attached to this Agreement, as amended, modified, or supplemented from time to time.

“Applicable Laws” means all constitutions, treaties, laws, ordinances, rules, regulations, orders, interpretations, Permits, judgments, decrees, injunctions, writs and orders of any Governmental Authority or arbitrator that apply to either or both of the Parties, the Client Assets, the Services or the terms of this Agreement.

“Balancing Authority” means the entity responsible for integrating resource plans ahead of time, maintaining load-interchange-generation balance within a Balancing Authority Area, and supporting interconnection frequency in real time.

“Balancing Authority Area” means 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.

“Business Day” means any Day other than a Saturday, a Sunday, the day after Thanksgiving, or a Day on which commercial banks in California are authorized or required to close.

“California Independent System Operator” and **“CAISO”** mean the California Independent System Operator.

“CAISO Tariff” means the CAISO FERC Electric Tariff, as amended from time to time.

“Client Assets” has the meaning set forth in Exhibit B.

“Client Assets Operating Parameters” means the various operating parameters set forth in Exhibit B.

“Commencement Date” means that date declared by Client by written notice to ZGlobal following the Effective Date upon which ZGlobal commences providing any of the Services under this Agreement.

“Confidential Information” has the meaning set forth in Section 4.1.

“Day” means a calendar day beginning at 12:00 midnight, Prevailing Pacific Time.

“Effective Date” has the meaning set forth in the introductory paragraph of this Agreement.

“Energy” means electricity measured in MWh.

“Event of Default” has the meaning set forth in Section 1.3.

“Financial Settlement Services” has the meaning set forth in Exhibit D.

“Forecasting Services” has the meaning set forth in Exhibit E.

“Force Majeure” means, in respect of a non-performing Party, an event beyond the reasonable control of the non-performing Party that the non-performing Party is unable to prevent, avoid or overcome through the exercise of diligent efforts, and that is not the result of the non-performing Party’s fault or negligence or failure to comply with any provision of this Agreement. The following events, among others, shall, to the extent they meet the requirements set forth in the immediately preceding sentence, constitute Force Majeure: acts of God, landslide, lightning, earthquake, fire, explosion, flood, storm, hurricane, tornado, storm, insurrection, war, blockade, riot, civil disturbance, sabotage, terrorism and embargo.

“Forced Outage” an Outage for which sufficient notice cannot be given to allow the Outage to be factored into CAISO’s day-ahead market or real time market bidding processes.

“Good Industry Practice” means those practices, methods and acts that would be implemented and followed by prudent operators in the Western United States during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with good business practices, reliability and safety, and shall include, at a minimum, those professionally responsible practices, methods and acts described in the preceding sentence that comply with applicable standards and the requirements of Governmental Authorities, WECC standards, WREGIS Standards, the CAISO and Applicable Laws. Good Industry Practice is not intended to be the optimum practice, method or act to the exclusion of all others, but rather is intended to be any of the practices, methods and/or actions generally accepted in the region.

“Governmental Authority” means any federal, state, local, municipal, tribal or other governmental, administrative, judicial or regulatory entity having or asserting jurisdiction over a Party, the Client Assets, the Services or this Agreement.

“Interest Rate” means the means the rate of interest per annum publicly announced from time to time by Bank of America as its ‘Prime Rate’, plus three percent (3%), or the maximum rate permitted by Applicable Laws, whichever is less.

“Late Fee” has the meaning set forth in Section 3.4.

“Losses” has the meaning set forth in Section 8.1(a).

“Month” means a calendar month

“Parties” means ZGlobal and Client.

“Party” means either ZGlobal or Client.

“Performance Assurance” has the meaning set forth in Section 7.1.

“Permit” means any license, permit, approval, consent, authorization, waiver, exemption, variance, franchise or similar order of or from any Governmental Authority.

“Primary Term” has the meaning set forth in Section 1.1.

“Outage” means disconnection, separation or reduction in capacity, planned or forced, of one or more elements of an electric system.

“Participating Generator Agreement” means an agreement between CAISO and the owner of a generator that participates in the CAISO markets, a pro forma version of which is set forth in Appendix B.2 to the CAISO Tariff.

“Portfolio Management Services” has the meaning set forth in Exhibit G.

“Risk Management Program Development and Support Services” has the meaning set forth in Exhibit H.

“RECs” means renewable energy certificates, which represent the environmental attributes of the power produced from renewable energy projects and which are sold separately from the electricity commodity from such renewable energy projects.

“Scheduling Coordinator” or “SC” means any entity certified by the CAISO for the purposes of undertaking the functions identified in the CAISO Tariff for Scheduling Coordinators.

“Scheduling Coordinator Services” has the meaning set forth in Exhibit C.

“Security Interest” has the meaning in Section 7.2.

“Service” means any of the Services expressly identified in Section 2.2 (and set forth in the corresponding exhibits) to be performed by ZGlobal under this Agreement.

“Services” means all of the services expressly identified in Section 2.2 (and set forth in the corresponding exhibits) to be performed by ZGlobal under this Agreement.

“Services Fees” means the various fees for Services performed under this Agreement as set forth in Exhibit I.

“Statement” means a billing statement delivered according to Section 3.2.

“Transmission Owner/Operator” means an entity owning or operating transmission facilities or having firm contractual rights to use such transmission facilities.

“WECC” means the Western Electricity Coordinating Council and its successors.

“WREGIS” means the Western Renewable Energy Generation Information System and its successors.

[End of Exhibit A]

Final for Execution

EXHIBIT B

Client Assets

1. Client Assets.

- The following is a list of assets subject to this Agreement (e.g., generators) and, if applicable, load and types of transactions to be scheduled (i.e., CAISO ISTs, imports/exports and WECC bilateral transactions) (collectively, the “Client Assets”).
 - Load
 -
 - Current Supply Contracts
 -
 - Anticipated
 -

2. Operating Parameters.

- The various operating parameters for the Client Assets are set forth in the agreements below, as may be supplemented from time to time by Client upon prior written notice to ZGlobal (“Client Assets Operating Parameters”).
 - Power Purchase Agreements
 - Meter Service Agreements
 - Participating Generator Agreements
 - Transmission Service Agreements
 - Qualified Reporting Entity Agreements

[End of Exhibit B]

Final for Execution

EXHIBIT C

Scheduling and Outage Coordination Services

If applicable, this Exhibit C details the scheduling and outage coordinator services ("Scheduling Coordinator Services") to be performed or provided by ZGlobal at Client's written request under this Agreement.

1. Categories of Scheduling Coordinator Services

Scheduling Coordinator Services functions vary depending upon location (inside the CAISO vs. outside the CAISO) and need for real-time support. At Client's written request, ZGlobal shall perform the Scheduling Coordinator Services for the following categories:

- CAISO
 - 7-day per week day-ahead pre-scheduling Services
 - 7 day, 24 hour real-time Services
 - Non-Business Day real-time Services
- WECC (non-CAISO)
 - Business Day day-ahead Services
 - 7 day, 24 hour real-time Services
 - Non-Business Day real-time Services

2. Description of Scheduling Coordinating Services

Scheduling Coordinator Services may include scheduling and/or bidding of Client's generation, load, transactions and contractual resources with the appropriate Balancing Authorities, Transmission Owners/Operators, purchasing/selling entities and others as necessary.

In order to effectively provide Scheduling Coordinator Services, ZGlobal shall perform activities and tasks and Client shall provide information and support as described in the following paragraphs.

3. Client's Responsibilities

3.1 Client shall select and specify in writing the categories of Scheduling Coordinator Services listed in this Exhibit C that ZGlobal shall provide.

3.2 Designation of ZGlobal as Client's Scheduling Coordinator. At least ten (10) Business Days before the Commencement Date for ZGlobal to provide Scheduling Coordinator Services on behalf of Client, Client shall have performed all tasks necessary to allow ZGlobal to provide Scheduling Coordinator Services for Client. This includes but is not limited to executing relevant agreements, notifying relevant entities and enabling ZGlobal's access to systems on behalf of Client such as OASIS, OATI (and/or other applicable transmission scheduling applications), the CAISO's SIBR and CMRI systems, meter data and meteorological data. Prior to the

Commencement Date, ZGlobal will identify all tasks necessary for Client to complete so that ZGlobal can commence the Scheduling Coordinator Services on the Commencement Date.

3.3 Information to be Provided by Client to ZGlobal. Client shall provide ZGlobal with all relevant information to allow ZGlobal to effectively bid and/or schedule Client's resources, load and transactions ("Portfolio") into the applicable market/Balancing Authority Area. This includes data such as Client's load information, transactions with counterparties, facilities' capabilities and limitations, planned and forced outages or derates, transmission paths to be utilized, bid prices for energy and ancillary services markets, access to relevant meteorological data and all other pertinent information required by the CAISO or Balancing Authorities. Prior to the Commencement Date, ZGlobal will identify the information required from Client under this paragraph.

Information required for day-ahead pre-scheduling shall be provided no later than 7:30 AM Pacific Prevailing Time on the trading/pre-scheduling day in accordance with the Western Electricity Coordinating Council's (WECC's) pre-scheduling timelines and CAISO Tariff. For example, the current WECC pre-scheduling timeline requires that on schedules for flow days Friday and Saturday be submitted on Thursday. Similarly, schedules for flow days Sunday and Monday are required to be submitted on Friday. The CAISO pre-schedules one day prior to flow day every day.

Information required for day-of scheduling shall be provided no later than 30 minutes prior to the applicable scheduling deadline. For WECC Balancing Authorities other than the CAISO, the hour-ahead scheduling deadline is currently 20 minutes prior to the flow hour. For the CAISO, the real-time scheduling deadline is currently 75 minutes prior to the flow hour.

3.4 Fees and Costs Imposed as a Result of Scheduling and/or Bidding. Client shall be entitled to and responsible for all costs and revenues charged or paid to ZGlobal and/or Client from Balancing Authorities, Transmission Owners/Operators, and the CAISO, or other third parties as a result of ZGlobal scheduling and/or bidding Client's Portfolio. This includes items such as the CAISO's Grid Management Charge ("GMC"), ancillary services and energy imbalance, among others. The intent is that ZGlobal acts as a conduit for dollar flows between Client and the CAISO, Balancing Authorities, Transmission Owners/Operators, and other third parties.

Client payments for all costs and fees shall be remitted to ZGlobal no less than two (2) Business Days prior to the CAISO, Balancing Authorities and/or Transmission Owners/Operators timelines required per the appropriate tariff or contract. Client understands and agrees that failure to timely remit any such costs and fees to ZGlobal could result in Client's security being drawn upon, as further described in paragraph 3.5 below.

3.5 Client Security. To ensure ZGlobal's performance of the Services, and to secure Client's payment obligations hereunder, Client agrees to post the following forms of security:

- **CAISO Registration Security.** ZGlobal is required to post \$500,000 with CAISO to demonstrate ZGlobal's ability to act as a SC on an on-going basis (the "Registration Security Deposit"). ZGlobal shall post and maintain the

Registration Security Deposit as required by the CAISO at no cost or expense to Client.

- **Estimated Aggregate Liability Security.** ZGlobal is also required to post with CAISO an amount greater than 111.11% of ZGlobal's Estimated Aggregate Liability ("EAL")/.9 as SC for Client. ZGlobal's EAL is determined by the CAISO for SC obligations based on outstanding, estimated and extrapolated financial amounts. Within five (5) Business Days of ZGlobal's written request, Client agrees to deposit security with ZGlobal in an amount equal to the lesser of (a) \$75,000 or (b) the actual EAL obligation (as determined using the CAISO EAL calculation), which will be utilized to satisfy ZGlobal's EAL security requirements ("EAL Security Deposit"). If ZGlobal's EAL increases during the Term, ZGlobal shall promptly notify Client and Client shall promptly deposit additional security with ZGlobal such that the EAL Security Deposit is never less than 111.11% of ZGlobal's EAL (as determined using the CAISO EAL calculation) up to \$75,000. If Client ever fails to timely remit any costs and fees to ZGlobal as required under paragraph 3.4 above, then Client understands that CAISO may draw upon the EAL Security Deposit to satisfy any outstanding ZGlobal obligations as SC for Client. If the EAL Security Deposit is ever drawn upon by CAISO, then Client shall promptly replenish the amount that was drawn. ZGlobal shall return the EAL Security Deposit to Client within five (5) Business Days of the termination of this Agreement.

4. ZGlobal's Responsibilities

4.1 **Professional Services.** ZGlobal shall perform the following Scheduling Coordinator Services in a professional manner consistent with the requirements of this Agreement and Good Industry Practices and Applicable Laws.

4.2 **Scheduling.** ZGlobal shall submit to the CAISO and/or Balancing Authorities schedules and/or bids consistent with the CAISO's and/or Balancing Authorities' timelines as prescribed by their tariffs and Client's CAISO Participating Generator Agreements (if required).

4.2.1 **Final Schedules.** ZGlobal shall provide Client with final confirmed day-ahead pre-schedules no later than 5:00 PM Pacific Prevailing Time the day prior to the day that electricity flows. Any changes to the pre-schedules shall be provided to Client as soon as practicable, but no later than 8:00 AM Pacific Prevailing Time the next day.

4.2.2 **OASIS and Other Pertinent Applications.** If Client uses applications such as OASIS, OATI and ICE, and ZGlobal's access to such applications is necessary for its performance of the Services under this Agreement, upon ZGlobal's written request Client shall provide reasonable access to such applications to the extent required by ZGlobal to perform the Services under this Agreement.

4.2.3 **Outage Reporting and Notification.** ZGlobal shall provide the CAISO, Balancing Authorities and/or Transmission Owners/Operators with all required notices and updates regarding Client's generation facilities as required by applicable procedures,

requirements and standards. This includes information such as SLIC outage requests, SLIC Forced Outages, CAISO Forced Outage reports, among other requirements.

4.2.4 NERC Tagging and Checkout. ZGlobal shall be responsible for all tagging and checkout of schedules consistent with pertinent timelines.

[End of Exhibit C]

Final for Execution

EXHIBIT D

Financial Settlement Services

If applicable, this Exhibit D details financial settlement services (“Financial Settlement Services”) to be performed or provided by ZGlobal at Client’s written request under this Agreement.

1. Categories of Financial Settlement Services

Financial Settlement Services functions vary depending on the specific Scheduling Coordinator Services provided to Client (e.g., CAISO, bilateral transactions, Open Access Transmission Tariff (OATT), and power purchase agreements (PPA)). In coordination with the Scheduling Coordinator Services set forth in Exhibit C, ZGlobal shall perform Financial Settlement Services for the following categories:

- CAISO Settlement statement verification and invoice processing
- CAISO Shadow settlement
- OATT statement verification
- PPA statement verification
- Bilateral transactions verification by counterparty

2. Description of Services

ZGlobal will provide Financial Settlement Services on behalf of Client to allow for settlement of Client’s transactions with the appropriate Balancing Authorities, Transmission Owners/Operators, counterparties and others as necessary. Such Financial Settlement Services shall coincide with the Scheduling Coordinator Services that ZGlobal is providing to Client pursuant to Exhibit C of this Agreement.

2.1 CAISO Settlement Verification. ZGlobal will download the CAISO daily settlement statements and review the settlement statements to ensure that they are consistent with Client’s scheduled and metered volumes. ZGlobal will verify that the CAISO’s charges/revenues are accurate. ZGlobal will also provide Client with a summary description of the CAISO charge types and how they are applied to Client’s schedules and metered volumes.

On a weekly basis or pursuant to the CAISO Payment Calendar (as defined below), ZGlobal will receive or remit payments on behalf of Client for all CAISO Invoices and Payment Advices related to their CAISO transactions. Pursuant to Exhibit C, paragraph 3.4, all CAISO costs and revenues related to Clients’ transactions shall be the responsibility of Client.

In the case of net Payment due to CAISO, Client shall remit funds to ZGlobal no less than two (2) Business Days prior to the CAISO due date published on the CAISO payment calendar available on its website (“Payment Calendar”). In the case of net payments due to ZGlobal for the Client transactions, ZGlobal will remit funds to Client no less than two (2) Business Days after the CAISO posts funds to ZGlobal. In both cases, ZGlobal will provide an invoice or payment advice to Client for remittance.

2.2 CAISO Shadow Settlement. ZGlobal will independently perform parallel CAISO settlement calculations prior to the CAISO's publication of settlement statements to provide Client with preview of expected CAISO charges for agreed CAISO charge types related to the Scheduling Coordinator Services that ZGlobal is providing to Client under this Agreement (the "Shadow Settlement"). The CAISO Shadow Settlement results will be compared to CAISO charge types and differences between dollar values will be highlighted and investigated when deemed necessary. ZGlobal shall publish regular exception reports resulting from shadow settlements within 30 Days of receipt of monthly T+3, T+12, T+55 CAISO invoices and on an annual basis. Content and publishing schedule is to be determined by mutual agreement between ZGlobal and Client, but at a frequency no less than once per month in addition to an annual report summarizing monthly content."

2.3 OATT Statement Verification. ZGlobal will review the settlement statements to ensure that they are consistent with Client's scheduled and metered volumes. ZGlobal will verify that the charges are accurate. ZGlobal will also provide Client with a description of the charge types and how they are applied to Client's schedules and metered volumes.

2.4 PPA Verification. ZGlobal will review the settlement statements to ensure that they are consistent with Client's scheduled and metered volumes. ZGlobal will verify that the charges/revenues are accurate. ZGlobal will also provide Client with a description of the charge types and how they are applied to Client's schedules and metered volumes.

2.5 Bilateral Transactions Verification by Counterparty. ZGlobal shall review settlement statements for accuracy and coordinate with third parties as necessary to resolve discrepancies. Upon confirming accuracy of such statements, ZGlobal will provide a final invoice to Client for remittance to the appropriate parties.

2.6 Dispute Submittal. ZGlobal shall act as Client's representative with regard to disputes associated with Client's facilities and transactions for which ZGlobal is providing Scheduling Coordinator Services. This includes informally querying the CAISO with respect to the dispute or questionable charge, formally submitting disputes per the CAISO's dispute process and providing Client with progress status and eventual results of the dispute. To the extent there are other types of disputes, ZGlobal shall assist Client by providing information and data as necessary to resolve such disputes.

3. Client's Responsibilities

3.1 Client shall select and specify in writing the categories of Financial Settlement Services listed in this Exhibit D that ZGlobal shall provide.

3.2 Information to be Provided by Client to ZGlobal. Client shall provide ZGlobal with all relevant information to allow ZGlobal to effectively settle Client's Portfolio into the applicable market/Balancing Authority Area. This includes data such as Client's load information, transactions with counterparties, facilities' capabilities and limitations, planned and forced outages or derates, transmission paths to be utilized, bid prices for energy and ancillary services markets, Settlement Quality Meter Data (as that term is defined in the CAISO Tariff), access to relevant

meteorological data and all other pertinent information required by counterparties, the CAISO, or Balancing Authorities.

3.3 Payments. Payments shall be remitted no less than two (2) Business days prior to the CAISO, Balancing Authorities and Transmission Owners/Operators timelines required per the appropriate tariff or contract.

4. ZGlobal's Responsibilities

4.1 Professional Services. ZGlobal shall perform the Financial Settlement Services in a professional manner consistent with this Agreement, Good Industry Practices and Applicable Laws.

[End of Exhibit D]

Final for Execution

EXHIBIT E

Forecasting Services

If applicable, this Exhibit E details forecasting services ("Forecasting Services") to be performed or provided by ZGlobal at Client's written request under this Agreement.

1. Categories of Forecasting Services

Forecasting Services functions vary depending upon resource type, number of resources and location of resources. At Client's written request, ZGlobal shall perform the Forecasting Services for the following categories:

- Total Load
 - Annual energy demand (MWh/month)
 - Quarterly energy demand (MWh/month)
 - Monthly energy demand (MWh/month)
 - Day-Ahead preschedule demand by hour (MWh/hour)
 - Intra-day (Hour-Ahead) schedule volumes (MWh/hour)

2. Description of Services

ZGlobal proposes to provide Forecasting Services on behalf of Client to allow for scheduling of Client's demand with the CAISO and other appropriate Balancing Authorities and others as necessary. Such Forecasting Services shall coincide with then Scheduling Coordinator Services that ZGlobal is providing to Client pursuant to Exhibit C of this Agreement.

2.1 Day-Ahead Forecasting. ZGlobal will use a computerized algorithm to convert input data to a 24-hour energy forecast of Client's demand. The forecast will be used for Day-Ahead prescheduling purposes, and will be produced at a time sufficient to meet relevant markets' and counterparties' processing timelines. The input data will include, but not be limited to, relevant meteorological data, historical data, and time of day and year.

2.2 Intra-Day (Hour-Ahead) Forecasting. ZGlobal will utilize relevant meteorological historical data, and time of day and year to determine an hourly energy forecast for the upcoming hours of the day necessary for Hour-Ahead scheduling purposes.

2.3 Longer Term (Monthly, Quarterly, Annual) Energy Production Forecast. ZGlobal will utilize relevant historical data, expected change in customer base and external factors such as economic growth to determine an hourly forecast for the period (up to one year) as directed by Client.

3. Client's Responsibilities

3.1 Client shall select and specify in writing the categories of Forecasting Services listed in this Exhibit E that ZGlobal shall provide.

3.2 Information to be Provided by Client to ZGlobal. Client shall provide ZGlobal with all relevant information to allow ZGlobal to effectively forecast Client's demand to allow for scheduling into the CAISO and as applicable, other market/Balancing Authority Areas. This includes data such as historical energy demand, meteorological data, and expected changes in customer base. Information shall be provided by Client to ZGlobal in time sufficient to perform Forecasting Services, as determined and specified in writing by ZGlobal. Information shall be provided by Client in electronic format to ZGlobal's Oracle database or other automation-ready format to be specified by ZGlobal, without errors. If ZGlobal is required to subscribe to additional data services, described below in Paragraph 4, Client shall also remain current on pass-through costs of paid data services. As a forecast necessarily requires input data, any failure by Client to provide data will result in the inability of ZGlobal to provide a forecast.

4. ZGlobal's Responsibilities

4.1 Professional Services. ZGlobal shall perform the Forecasting Services in a professional manner consistent with this Agreement, Good Industry Practices and Applicable Laws. ZGlobal will endeavor to provide Client's forecast in a timely manner, and in accordance with appropriate trading timeframes. ZGlobal will subscribe to paid data services, if ZGlobal deems necessary for use as input data as noted in above in Paragraph 2, and will invoice Client for the cost of such service(s), including any costs shared among multiple other clients, if applicable.

ZGlobal will endeavor to produce forecasts as accurate as possible. As demand forecasting is an inexact art, ZGlobal makes no warranty of accuracy of its forecasts. Client indemnifies and holds harmless ZGlobal for any direct or indirect financial loss or other damages due to inaccuracy of forecasts or failure to produce forecasts.

5. Intellectual Property

The forecast results and its methodologies are the proprietary intellectual property of ZGlobal. ZGlobal grants Client royalty-free use of forecasts for the purposes stated above in Paragraph 2. ZGlobal reserves the right to update, improve, or otherwise alter its forecast methodologies without notice. ZGlobal may use forecasts and related information created on behalf of Client in a non-identifiable manner for purposes unrelated to the client, such as in publication in trade journals, presentation at conferences or industry forums, or in advertising. In such cases, ZGlobal will notify Client of such use.

[End of Exhibit E]

Final for Execution

EXHIBIT F

Facilities Management Services

Not Applicable

[End of Exhibit F]

Final for Execution

EXHIBIT G

Portfolio Management Services

If applicable, this Exhibit G details specific services ("Portfolio Management Services") to be performed or provided by ZGlobal at Client's written request under this Agreement.

1. Categories of Portfolio Management Services

Portfolio Management Services functions vary depending upon level of responsibility the Client desires ZGlobal to undertake (real-time, day-ahead, forward). At Client's option, Client shall expressly direct ZGlobal in writing to perform Portfolio Management Services for the following categories:

- Assess and manage Client's net open position by performing analysis to develop strategies for:
 - Short term Energy positions (Operating Month through Real Time)
 - Capacity positions
 - Transmission positions (including CAISO markets)
 - Financial positions
 - Energy Storage and Demand Response bidding
- Utilize applications and data for assessment of Client's portfolio. Examples of applications and data are shown below:
 - Production forecast for renewable energy resources
 - Production meter data for renewable energy resources
 - Imbalance energy costs for specific resources
 - Other costs that affect resource revenue
 - Execute financial transactions:
 - Forward (including the CAISO's Congestion Revenue Rights (CRRs))
 - Day-Ahead
 - Hour-Ahead
- Assist Client with developing in-house expertise as directed by Client. This includes training, information, data and analysis.

2. Description of Services

ZGlobal proposes to provide Portfolio Management Services on behalf of Client to allow for managing Client's net open position.

3. Client's Responsibilities

3.1 Client shall select and specify in writing the categories of Portfolio Management Services listed in this Exhibit G that ZGlobal shall provide.

3.2 Authorization for ZGlobal to Transact on Behalf of Client. To the extent reasonably required by ZGlobal to perform the Portfolio Management Services requested by Client, Client will provide authorization for ZGlobal to transact on Client's behalf consistent with parameters established by Client and agreed upon by ZGlobal in writing prior to engaging in such transactions. As a condition of performance of the Portfolio Management Services, ZGlobal will identify and Client shall have performed all tasks necessary to allow ZGlobal to provide Portfolio Management Services for Client. This includes but is not limited to executing relevant agreements, notifying relevant entities and enabling ZGlobal's access to systems on behalf of Client.

3.3 Information to Be Provided by Client to ZGlobal. ZGlobal shall identify and Client shall provide ZGlobal with all relevant information to allow ZGlobal to determine Client's net open position, effectively bid, schedule and execute transactions in order to close Client's net open position. This includes data such as Client's load information, transactions with counterparties, facilities' and contractual economic data, capabilities and limitations, planned and Forced Outages or derates, transmission paths to be utilized, bid prices for energy and ancillary services markets, access to relevant meteorological data and all other pertinent information.

Parameters required for Day-Ahead and Hour-Ahead Portfolio Management Services shall be agreed to between ZGlobal and Client at a time to allow ZGlobal to effectively perform Portfolio Management Services, but no later than 48 hours prior to day that electricity is to be scheduled onto the electrical grid.

Parameters required for forward Portfolio Management Services shall be agreed to between ZGlobal and Client at a time to allow ZGlobal to effectively perform Portfolio Management Services, but no later than one calendar week prior to day that electricity is to be scheduled onto the electrical grid.

3.4 Fees and Costs Imposed as a Result of Portfolio Management Services. For transactions that ZGlobal transacts on behalf of Client, Client shall be responsible for all costs and revenues Client incurs as a result of such transactions. Costs and revenues may emanate from Balancing Authorities, Transmission Owners/Operators, the CAISO or third parties. This includes items such as the CAISO's Grid Management Charge (GMC), ancillary services, among others. The intent is that ZGlobal acts as a conduit for dollar flow between Client and the CAISO, Balancing Authorities, Transmission Owners/Operators and third parties.

4. ZGlobal's Responsibilities

4.1 Transactions. At Client's written direction, ZGlobal shall execute transactions on behalf of Client designed to implement Client's portfolio management strategy. Prior to executing any transactions, ZGlobal and Client shall document portfolio management strategy, roles, responsibilities, allowable transactions (for example, product, term, and counterparty), and process for performing Portfolio Management Services pursuant to this Agreement.

4.2 Strategy Review. Client and ZGlobal shall meet on a regular basis to review Client's portfolio management strategy, but no less than twice per year.

4.3 Transaction Data. All transaction data shall be recorded and stored by ZGlobal and provided to Client as requested. Transaction data shall include information such as counterparty, tenure, price, volume, location, and product.

4.4 Reports. ZGlobal shall publish regular Portfolio Management Services reports. Reports shall include exception reports resulting from shadow settlements within 30 Days of receipt of monthly T+3, T+12, T+55 CAISO invoices. Content and publishing schedule is to be determined by mutual agreement between ZGlobal and Client, but at a frequency no less than once per month. ZGlobal shall provide standardized monthly reports including, but not limited to, the following, upon Client's request: net short and long positions, day ahead energy charges, imbalance charges, portfolio changes, and potential areas for improvement and CRR effectiveness reports. Upon Client's request, ZGlobal shall also provide ad hoc settlement and contract analysis and settlement charge code and billing determinant data.

4.5 Professional Services. ZGlobal shall perform Portfolio Management Services in a professional manner consistent with this Agreement, Good Industry Practices and Applicable Laws.

[End of Exhibit G]

Final for Execution

EXHIBIT H

Risk Management Program Development and Support Services

If applicable, this Exhibit H details specific services (“Risk Management Program Development and Support Services”) to be performed or provided by ZGlobal at Client’s written request under this Agreement.

1. Categories of Risk Management Program Development and Support Services

Risk Management Program Development and Support Services functions vary depending upon level of responsibility the Client desires ZGlobal to undertake (policies, processes, and procedures). At Client’s written request, ZGlobal shall perform Risk Management Program Development and Support Services for the following categories:

Initial assessment of Risk Policy Review Current Risk Management Documents and Tools

- Confirmation of Organizational Objectives,
- Confirmation of Client’s Risk Management Organizational Structure and Responsibilities,
- Understanding of procurement strategy, including methods for measurement and management of net open positions for the short, mid and long-term,
- Perform comprehensive review of information and documentation provided by Client
- Assess and document Client’s risk tolerance
- Develop for discussion purposes approaches for monitoring and managing Net Open Position on an intermediate and long-term basis and associated risk
- Compare and contrast existing practices and information with those that are needed to reflect Client’s risk tolerance

Develop Comprehensive Risk Policy Consistent with Client’s Risk Tolerance, includes provisions for the following:

- Measuring and closing Net Open Position in the short-term (less than one year); Concepts and approaches for intermediate and long term management
- Procurement to satisfy load obligations
- Submitting load and resource bids and offers into markets
- Executing bilateral physical transactions including exposure to credit risk
- Executing financial transactions
- Submitting offers to markets
- Hedging instruments consistent with Client’s risk tolerance
- Approved products

Develop Operating Procedures for Risk Management Activities

- Measuring and closing Net Open Position in the short term (less than one year)
- Procurement to satisfy load obligations
- Executing bilateral physical transactions including exposure to credit risk

- Executing financial transactions
- Submitting offers into markets
- Hedging instruments consistent with Client's risk tolerance
- Approved products

Develop documented material suitable for presentation to management and/ or Board of Directors and will include:

- Confirmation of Organizational Objectives,
- Confirmation of the Risk Management Organizational Structure and Responsibilities,
- Identification and prioritization of Risks given its portfolio definition,
- Analysis of current Risk Tolerance including assessment of limit structures and approved products and recommendations for improvement,
- Understanding of procurement strategy, including methods for measurement and management of net open positions for the short, mid and long-term,
- Recommendations for changes to credit procedure and counterparty transaction limits,
- Updated Risk Management Policy, and
- Updated reporting and metrics as needed.
- Develop and present material to Client's management team for approval
- Modify material based on feedback from Client as necessary
- Discussion of intermediate and long term Net Open Position management

On-going Support Services. Once the updated policy and procedures including approved risk tolerances have been adopted, ZGlobal will be available for on-going support upon request to provide the following services as outlined in approved risk procedures:

- Provide on a monthly basis counterparty credit risk exposure report,
- Perform annual counterparty credit strength evaluation and provide credit assessment based on the clients approved counterparty credit limits, including evaluating new counterparties on an as needed basis,
- Assist in establishing the proper security requirements for purchase power agreements based on client's desired level of risk exposure,
- Assist in the review of letters of credit and parental guarantees received as security deposits from counterparties,
- Monitor counterparty business risk and provide reporting on news pertaining to their business and could have impact, including providing updates from credit rating agencies when applicable,
- Evaluate periodically the energy risk management policy and procedures, and provide recommendations to improve overall effectiveness including comparison with other municipal utilities and best practices for similar entities,
- Review the hedging strategy and compare with other municipal utilities and best practices for similar entities. Provide recommendations if needed,
- Assess risks of term transactions and long-term agreements,

- Perform evaluation of the current value-at-risk calculation and provide recommendations to improve overall effectiveness. Provide recommendations on risk metrics appropriate for a municipal entity to measure risk exposure, and
- .

ZGlobal will provide on-demand support through the duration of this contract. Lead times to complete requested services will vary depending on the tasks. Based on the availability of team members high-level schedules will be determined by mutual agreement.

2. Description of Services

ZGlobal proposes to provide Risk Management Program Development and Support Services on behalf of Client to create their Risk Management Program and provide support in managing Client's net open position.

3. Client's Responsibilities

3.1 Client shall select and specify in writing the categories of Portfolio Management Services listed in this Exhibit H that ZGlobal shall provide.

3.2 Information to Be Provided by Client to ZGlobal. ZGlobal will identify and Client shall provide ZGlobal with all relevant information to allow ZGlobal to determine Client's risk including:

- Credit assessment for new counterparty is completed upon review of third-party security documents
- Third party review of security documents assumes that documents are readily available.
- Input data is readily available for assessing hedging strategy and estimating Value at Risk calculation
- All necessary information to allow ZGlobal to determine Client's net open position and other metrics defined by the documented Risk Policy, Process, or Procedure.

4. ZGlobal's Responsibilities

4.1 Strategy Review, Client and ZGlobal shall meet on a regular basis to review Risk Management documentation and review the risk strategy, but no less than once per year.

4.2 Required Data, All transaction data shall be recorded and stored by ZGlobal and provided to Client as requested. Transaction data shall include information such as counterparty, tenure, price, volume, location, and product.

4.3 Reports, ZGlobal shall publish regular reports. Content and publishing schedule is to be determined by mutual agreement between ZGlobal and Client, but at a frequency no less than once per quarter.

4.4 Professional Services, ZGlobal shall perform these services in a professional manner consistent with this Agreement, Good Industry Practices and Applicable Laws.

[End of Exhibit H]

Final for Execution

EXHIBIT I

Services Fees

This Exhibit I describes the Services Fees ("Services Fees") to be remitted to ZGlobal from Client for all Services performed pursuant to this Agreement. It also lists additional contact information for Client and ZGlobal.

Service Fees

- Note Service Fees Shown Below are Waived for the First Six Months after each service Start Date as listed in Section 2.2.
- Set-up and Scheduling Coordinator Transition Fees = \$0
- Scheduling Coordinator Services Fee = \$4,250 per month for 12 months then escalated by 2.0% each year thereafter
- Financial Settlement Services Fee = \$0
- Forecasting Services Fee = \$5,125 per month for 12 months, then escalated by 2.0% each year thereafter
- Facility Management Services Fee = \$N/A
- Portfolio Management Services Fee = \$6,425 per month for 12 months, then escalated by 2.0% each year thereafter
- Risk Management Program Development and Support Services Fee = \$0

[End of Exhibit I]

Final for Execution

EXHIBIT J

Contacts

Real Time:

Tel: 760-483-5000

24hrdesk@zglobal.biz

Additional Contacts:

Day Ahead:

Eric Vaa

Tel: (916)985-9461

E-mail: eric@zglobal.biz

Monthly/Structured:

Kevin Coffee

Tel: (916)985-9461

E-mail: kcoffee@zglobal.biz

Deal Confirmations:

Christine Vangelatos

Tel: (916)985-9461

Email: christine@zglobal.biz

CLIENT CONTACTS

[End of Exhibit J]

Final for Execution

EXHIBIT K

Information Resources

This Exhibit K describes the software, databases, data, and information portal(s) developed or acquired by ZGlobal on Client's behalf that ZGlobal shall provide Client and Client's designated representatives and consultants access to in connection with the Services:

- **MCG Integrated Asset Manager (IAM) –**

Services provided under this Agreement include storing Client's energy transactional and settlement data hosted and maintained by MCG via a software services agreement with ZGlobal. Client's operational, scheduling and settlement data stored in the MCG IAM shall be provided electronically as part of the Generation and Load Scheduling Services via regular data downloads, reporting and/or ad hoc requests, including:

- Email communication
- Shared folders
- Pushed reports

Client shall retain Rights in Data, Confidentiality and Non-Disclosure for all its scheduling, settlement and contractual information. **CAISO Shadow Settlements**

CAISO shadow settlements that are used to validate CAISO daily and monthly settlement statements, invoices and payment notices will be made available to Client via a mutually agreed method through customized reports and bill determinant files. Shadow settlement data and files are to be calculated or prepared using the relevant CAISO shadow settlement system utilized by ZGlobal during the term of this Agreement between ZGlobal and Client including but not limited to: Power Settlements Settlecore, MCG IAM and/or other customized tools developed by ZGlobal staff. CAISO shadow settlements shall be provided as part of Generation Scheduling Services and Load Scheduling Services, as applicable.

- **CRR Analysis**

Results of CRR analysis performed for Client including any inputs (e.g. - prices, constraints and outages) used to prepare such results will be made available to Client via a mutually agreed method through customized reports and data files. CRR analyses are to be performed utilizing various database services and tools acquired by ZGlobal to perform such analysis, including but not limited to: Yes Energy's PowerSignals, ZGlobal proprietary Oracle databases, CAISO OASIS, Plexos Integrated Energy Model and/or other similar data sources and applications. Direct access by Client staff to one or more of ZGlobal's database sources or software tools shall be governed by any relevant software license or use agreements ZGlobal has with the relevant third party during the term of this Agreement between ZGlobal and Client. In some cases, this may require Client to have its own agreement and fee structure with said third party and ZGlobal will promptly notify

Client if a separate agreement is required. Systems related to CRR Analysis shall be provided as part of the Portfolio Management Services.

[End of Exhibit K]