City of Palo Alto (ID # 11055)

City Council Staff Report

Report Type: Consent Calendar **Meeting Date: 5/11/2020**

Summary Title: Approval of Clean Fuel Rewards Governance Agreement

Title: Adoption of a Resolution Approving the City's Participation in the State's Clean Fuel Reward Program, via the Execution of the Participating Electric Distribution Utility Joinder to the Clean Fuel Reward Program Governance Agreement

From: City Manager

Lead Department: Utilities

Recommendation

Staff recommends that Council adopt a resolution:

1) Approving the City's participation in the State's Clean Fuel Reward Program, which will provide rebates for Electric Vehicles at the point of purchase;
2) Approving Northern California Power Agency as the City's authorized initial representative on the Clean Fuel Reward Program Steering Committee;
3) Authorizing the City Manager to execute the Participating Electric Distribution Utility Joinder to the Clean Fuel Reward (CFR) Program Governance Agreement (Attachment B), to permit the City to participate in the State's Clean Fuel Rewards Program.

Executive Summary

The Clean Fuel Reward (CFR) program is a new statewide point-of-purchase cash rebate program for electric vehicles (EVs), required by the state's Low Carbon Fuel Standard (LCFS) regulation.[1] This rebate will be available at any participating car dealership within the state and is funded entirely by a percentage of utilities' LCFS credits earned from residential EV charging. Utilities participating in the LCFS program, including Palo Alto, are required to enter into the CFR Governance Agreement (Attachment B) and comply with the CFR Program's regulatory requirements.

Specifically, the CFR Governance Agreement requires Palo Alto to contribute 20% to 25% of its LCFS program funds to the CFR program to fund the EV rebates. Palo Alto's share of this funding is estimated to be approximately $0.5 million per year in the period 2020-2022 period. The City's participation in the CFR program is expected to increase as the number of EVs registered in Palo Alto increase from the current level of approximately 4,500, to 25,000 vehicles by 2030.

[1] 17 CCR § 95483 (c)(1)(A).

The CFR rebate amount per EV has not been determined yet, but it is expected to be in the range of $1,000 to $2,000 for every new EV purchased. If Palo Alto residents and businesses purchase 500 to 1,000 EVs per year, the community could potentially receive $0.5 to $2 million in rebates annually. The CFR program rebates are expected to be in place until 2030 and may be extended beyond that period.

Background

The California Air Resources Board (CARB) developed the Low Carbon Fuel Standard (LCFS) program in compliance with AB 32 (the Global Warming Solutions Act of 2006) to reduce the carbon intensity of transportation fuels used in California by 10% by 2020 and 20% by 2030[2]. Under the LCFS program, providers of alternate fuels generate credits that can be sold to producers of traditional fossil fuels, helping those entities meet AB 32 emission reduction requirements. Electric distribution utilities (EDUs) that provide electricity to charge EVs, as Palo Alto does, are eligible to receive LCFS credits based on the number of EVs in their service territory.

The City of Palo Alto has participated in the LCFS program since 2014 and to date has received approximately $3.5 million in funding to facilitate the adoption of EVs in Palo Alto. The City Council approved a Master Agreement for the City's sale of LCFS credits in March 2016 (Staff Report # 6489), approved the City's program for the use of LCFS revenues in October 2016 (Staff Report # 7301) and updated the program in 2019 to provide additional rebates (Staff Report # 10846). The portfolio of customer EV programs and associated estimated budgets is provided in Attachment C.

Discussion

In September 2018, CARB adopted amendments to the LCFS regulation creating a new statewide, electric utility-run point-of-vehicle purchase CFR program funded exclusively by LCFS credit revenue.[3] CARB promulgated these regulatory amendments to accelerate electric vehicle adoption, considered necessary to support the state's GHG reduction goals. Utilities, automakers, CARB, and California Public Utilities Commission (CPUC) have engaged in a collaborative process to implement the regulation by developing a statewide point-of-purchase reward program with the goals of achieving equity for all electric vehicle customers and making it seamless for customers to claim the rebate. Palo Alto was represented by the Northern California Power Agency (NCPA) in this process. The CPUC authorized Southern California Edison (SCE) to serve as the initial, short-term administrator for the CFR program, and directed the CFR Steering Committee and CARB to engage a longer-term replacement administrator as well.

CFR Program Governance

The CFR Steering Committee, comprised of seven utility representatives as voting members, will oversee the implementation and administration of the CFR program. In addition, CARB will have a non-voting seat on the Steering Committee to provide feedback and guidance. The five Large EDUs[4] will each have a seat on the Steering Committee. Small and medium EDUs will be represented by a "Northern EDU Member" and "Southern EDU Member," each elected by the participating EDUs located within Northern or Southern California, respectively. NCPA will represent Palo Alto on the Steering Committee. NCPA

[2] CARB's LCFS program overview is linked here: http://www.arb.ca.gov/fuels/lcfs/lcfs.htm

[3] The current LCFS regulation is linked here: https://ww3.arb.ca.gov/fuels/lcfs/fro_oal_approved_clean_unofficial_010919.pdf

[4] Large EDUs are defined in the CFR Governance Agreement as Los Angeles Department of Water and Power, Pacific Gas & Electric, Sacramento Municipal Utility District, San Diego Gas & Electric, and Southern California Edison.

will be the City's initial representative on the Steering Committee; staff will work with the other small and medium EDUs to select future representatives, as needed.

SCE will administer the program by retaining and overseeing third-party implementers, including a financial institution to receive and hold the participating utilities' LCFS revenues and distribute to dealers the reimbursements for point-of-purchase LCFS rewards, an independent accounting firm to perform regular audits, and one or more program implementers to engage in marketing, establish an online tool, and perform necessary administrative functions. One of the first actions of the Steering Committee will be to issue a competitive solicitation to select and retain third-party contractors, in conjunction with SCE.

CARB will retain oversight over the program and will verify that utilities are complying with applicable regulatory requirements. Additionally, there will be an Advisory Committee designed to solicit the views and feedback of a broad range of stakeholders to be actively engaged in the creation, implementation, administration, and oversight of the program.

CFR Program Governance Agreement

On January 2020, the CPUC formally approved a final version of the CFR Governance Agreement, enabling the five Large EDUs to execute the CFR Governance Agreement. Once the CFR Governance Agreement has been formally executed by the large EDUs, the CFR program will be initiated, and small and medium EDUs, including Palo Alto, will join the agreement via the Participating EDU Joinder Agreement (Exhibit A of the Agreement provided in Attachment B). The City Attorney has reviewed the agreement and has approved it for execution.

Palo Alto's Participation in the CFR Program

As a medium-sized Publicly Owned Utility (POU),[5] Palo Alto is required to annually transfer 20% of residential LCFS credit sales proceeds from October 2019 to December 2022, and 25% of residential LCFS credit proceeds beginning in 2023 to the CFR program. Palo Alto anticipates transferring $0.4 to $0.6 million per year to the CFR program in the 2020-22 period, based on estimated total LCFS credit sales proceeds of $2 to $3 million during that period. In addition, Palo Alto will also be making a one-time initial set-up cost payment of $364,198[6].

The City's transfer amounts will increase as the number of vehicles registered in Palo Alto increase over time, through 2030. The City's funding of CFR program rebates is independent from the funding the Palo Alto community will receive through the point of purchase EV rebates. Rebate funding is solely a function of the number of new vehicles purchased. Other EDU's will also be funding the common CFR account based on the number of EVs registered in their own service territories and independent of rebates their community members receive. The rebate amount is yet to be set and could also vary over

[5] Medium POUs are defined in 17 CCR§ 95481 (a)(41)(B)(2) as a local, publicly owned utility with annual load served of less than 10,000 Gigawatt hours and more than 700 Gigawatt hours in 2017.

[6] In addition, participating utilities are required to transfer a percentage share of $50 million for the initial start-up costs of the CFR Program. The initial contribution for Palo Alto is set at 0.73% or $364,198. The 0.73% is based on Palo Alto's share of the EV rebates processed by the current statewide Clean Vehicle Rebate Project (CVRP). The CVRP rebates are paid on a graduated scale based on income, while the CFR program would not have any income qualification.
Upon Council approval, the City's $364,198 payment is expected to be made by January 31, 2021.

time. For example, if the rebate amount is $1,000 to $2,000 for every new EV purchased and if residents and businesses purchase 500 to 1,000 EVs per year, the community will receive $0.5 to $2 million in rebates/rewards annually. The CFR program regulation is in place until 2030 and may be extended beyond that period.

Timeline
The CFR program is expected to be able to process the point-of-purchase rebates for new EV purchasers by the second half of 2020.

Resource Impacts
Palo Alto will make its CFR program contribution from the City's LCFS program funds. Palo Alto's share of this funding is estimated to be $0.5 million per year in the 2020-22 period based on an estimated $2.5 million in total LCFS revenues during that period. The City's required CFR program contribution is proportionate to the LCFS revenues received from the state, so if EV adoption increases in Palo Alto and more LCFS revenues are received, then the contribution amount will be proportionately higher. And vice versa, if EV adoption decreases and less LCFS revenues are received, then the contribution required to the CFR program will be proportionately less.

LCFS funds must be spent on EV-related programs, including the 20% to 25% required to fund the CFR program rebates, so there is no rate-payer impact as a result of the City's mandated participation in the CFR program. Overall, the community will benefit by participation in the program, and the extent of the benefit will be proportionate to the number of new electric vehicles purchased by residential and business members of the Palo Alto community.

Policy Implications
Palo Alto's Sustainability and Climate Action Plan (S/CAP) calls for the rapid adoption of EVs to meet the community's greenhouse gas reduction goals. The statewide CFR point-of-sale rebate is a good mechanism to promote EV adoption and is in line with S/CAP goals.

Stakeholder Engagement
To date there has been no specific stakeholder engagement undertaken regarding the CFR governance agreement. However, the Utilities Advisory Commission and informed members of the community are aware of this upcoming rebate/rewards program.

In the coming months, the rewards program will be publicized to the community through utility communication channels such as bill inserts, e-newsletters and at EV promotional events. Since the rebate is a statewide program, the rebates will also be publicized by dealerships and state-wide communication channels.

Environmental Review
The City's participation in the CFR program and execution of the Participating Electric Distribution Utility Joinder to the Clean Fuel Rewards Governance Agreement is not a project requiring California Environmental Quality Act review under section 21065 of Public Resources Code and section 15378(b)(5) of CEQA Guidelines, because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment.

Attachments:

- Attachment A: Resolution Clean Fuel Rewards Program

- Attachment B: CFR Governance Agreement
- Attachment C: Outline of LCFS Funded EV Customer Programs and Budgets

ATTACHMENT A

NOT YET APPROVED

Resolution No. _____
Resolution of the Council of the City of Palo Alto
Approving the City's Participation in the State's Clean Fuel Reward Program
Via the Execution of the Participating Electric Distribution Utility Joinder
to the Clean Fuel Reward Governance Agreement

R E C I T A L S

A. On November 2016, City Council approved the Sustainability Climate Action Plan (S/CAP) to lower the greenhouse gas emissions of the Palo Alto community; In December 2017 Council accepted the Sustainability Implementation Plan which identified the need for the community to rapidly adopt electric vehicles to meet community's greenhouse gas reduction goals.

B. In September 2019 the Utilities Advisory Commission discussed the results of a Palo Alto residential customer survey that identified the following four factors as most important to make customers more likely to purchase or lease an electric vehicle(EV): cash rebates, more charging infrastructure, low cost of electricity, and assistance to install EV chargers at home.

C. In 2019, the California Air Resources Board instituted the Clean Fuel Reward (CFR) as a new statewide point-of-purchase cash rebate program at participating car dealerships, under the state's Low Carbon Fuel Standard (LCFS) regulation;

D. The LCFS regulation requires electric distribution utilities such as Palo Alto, which receive funds through the LCFS program, to contribute 20% of these funds to the CFR program from 2019 to 2022 and 25% of funds from 2023 forward;

E. Participating electric distribution utilities collaboratively developed CFR Program Governance Agreement to fund and administer the EV rebate program, and the California Public Utilities Commission approved the agreement in January 2020.

F. Participating in the LCFS program has been beneficial to the Palo Alto community by garnering multiple millions of dollars in funding to facilitate EV adoption in the City, and participating in the CFR program will meet the needs of the community by seamlessly reducing the purchase price of EVs at the point-of-purchase.

G. The City's cost of participating in the CFR program is estimated at 0.5 million to $1 million per year, and will be funded by the City's LCFS Program revenues, with no ratepayer impacts.

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The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. The Council hereby approves the City's participation in the State's Clean Fuel Reward Program, which will provide rebates for Electric Vehicles at the point of purchase.

SECTION 2. The Council approves the Northern California Power Agency to be the City's initial authorized representative on the Clean Fuel Reward Program Steering Committee;

SECTION 3. The Council delegates authority to the City Manager and/or his/her designee to execute the Participating Electric Distribution Utility Joinder to the Clean Fuel Reward (CFR) Program Governance Agreement (Exhibit A to Attachment B) and to execute and approve future documents or agreements as needed to facilitate the City's participation, so long as they are in compliance with the California Air Resources Board's LCFS and CFR regulations, and the City's municipal code.

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SECTION 4. The Council finds that the adoption of this resolution approving City's participation in the CFR program and execution of the Participating Electric Distribution Utility Joinder to the Clean Fuel Rewards Governance Agreement is not a project requiring California Environmental Quality Act review under section 21065 of Public Resources Code and section 15378(b)(5) of CEQA Guidelines, because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

_____	_____
City Clerk	Mayor
APPROVED AS TO FORM:	APPROVED:
_____	_____
Assistant City Attorney	City Manager
	_____
	Director of Utilities
	_____
	Director of Administrative Service

CLEAN FUEL REWARD PROGRAM

GOVERNANCE AGREEMENT

BY AND AMONG

PACIFIC GAS AND ELECTRIC COMPANY

SAN DIEGO GAS & ELECTRIC COMPANY

SOUTHERN CALIFORNIA EDISON COMPANY

LOS ANGELES DEPARTMENT OF WATER & POWER

SACRAMENTO MUNICIPAL UTILITY DISTRICT

AND

THE OTHER ELECTRIC DISTRIBUTION UTILITIES PARTY HERETO

DATED AS OF (-), 2020

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CLEAN FUEL REWARD PROGRAM

GOVERNANCE AGREEMENT

This Governance Agreement ("**Agreement**") is made and entered into effective as of _____, 2020 (the "**Effective Date**"), by and among Pacific Gas and Electric Company ("**PG&E**"), San Diego Gas & Electric Company ("**SDG&E**"), Southern California Edison Company ("**SCE**"), Los Angeles Department of Water & Power ("**LADWP**"), Sacramento Municipal Utility District ("**SMUD**"), and the other electric distribution utilities that may become a Party hereto during the term of the Agreement.

RECITALS

WHEREAS, the Low Carbon Fuel Standard ("**LCFS**") regulation of the California Air Resources Board ("**CARB**") (as may be amended from time to time, the "**LCFS Regulation**") provides for the issuance of "base" credits for residential electric vehicle charging ("**LCFS Base Credits**") to electric distribution utilities ("**EDUs**") that participate in the LCFS program, each quarter;[1] and

WHEREAS, on September 27, 2018, CARB adopted amendments to the LCFS Regulation mandating the development and implementation of a statewide, common-design, EDU-run program to reduce the price of purchased and leased light-duty, zero emission, plug-in electric and electric hybrid vehicles ("**ZEVs**") at the point of sale that is funded by EDUs' LCFS Base Credit revenues that are assigned to the statewide program according to provisions in California Code of Regulations Title 13 sections 95481 and section 95483(c), and the Parties (as defined in Section 1.1 below) have agreed that the name for this program shall be the *Clean Fuel Reward Program* ("**CFR Program**"); and

WHEREAS, CARB's amended LCFS Regulation[2] requires that the CFR Program be (i) initiated through the investor-owned utilities ("**IOUs**"), publicly-owned utilities ("**POUs**") and electric cooperatives ("**COOPs**") participating in the CFR Program, and (ii) funded by the EDUs with revenue from the sale of LCFS Base Credits pursuant to mandatory EDU contributions of such LCFS Base Credit revenue to the CFR Program in accordance with the minimum percentage amounts determined by EDU-size[3] set forth in the LCFS Regulation ("**EDU Contributions**"); and

WHEREAS, the Parties hereby agree to establish and fund the CFR Program, per the direction of CARB, in an effort to accelerate the progress towards achieving the state and

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[1] *See* California Code of Regulations Title 13 sections 95480, *et seq.*

[2] *See* September 27, 2018 CARB Resolution 18-34 available at: https://www.arb.ca.gov/regact/2018/lcfs18/finalres18-34.pdf

[3] Participating EDUs' minimum percentages of LCFS Credit Revenue that must be contributed to the CFR Program pursuant to the LCFS Regulations are set forth in Appendix A.

national clean energy and environmental policies through the execution of this Agreement in compliance with CARB's directives, including but not limited to implementation of a sliding-scale incentive program based on the ZEV's all-electric operating range and equity for all customers; and

WHEREAS, the Parties recognized that in order to develop and implement the CFR Program in a timely manner to support accelerating ZEV market adoption in California, one of the EDUs needs to serve as the initial administrator of the CFR Program through the start-up process and early stages of the CFR Program; and

WHEREAS, in the absence of another EDU volunteer to serve as the initial administrator, SCE agreed to serve in such role on a short term basis provided that the California Public Utilities Commission ("**CPUC**") directed and CARB has authorized SCE to do so, and the other EDUs agree to have SCE serve in such capacity subject to SCE's receipt of the CPUC's direction and CARB's authorization to do so; and

WHEREAS, SCE filed Advice Letter #AL 3982-E with the CPUC on April 2, 2019 (the "**Advice Letter**") to request the CPUC to authorize and direct SCE to serve as the initial short-term administrator of the CFR Program and to effect SCE's proposed implementation plan for the CFR Program on the terms and conditions set forth in the Advice Letter; and

WHEREAS, on August 15, 2019, the CPUC issued Resolution E-5015 adopting and approving the Advice Letter and SCE's proposed implementation plan for the CFR Program, subject to certain modifications set forth in such Resolution (the "**CPUC Approval**"); and

WHEREAS, on [_____], 2019, CARB authorized and directed that the CFR Program be administered pursuant to this Governance Agreement and found that this Governance Agreement is in the public interest, is made for the public purposes stated in the LCFS Regulation, and is consistent with the LCFS Regulation (the "**CARB Authorization**"); and

WHEREAS, the Parties have agreed to appoint SCE as the initial administrator of the CFR Program consistent with the terms and conditions set forth in the Advice Letter, the CPUC Approval, the CARB Authorization, and this Agreement in order to expedite the implementation of the CFR Program for the benefit of the EDUs, CARB, and the State of California; and

WHEREAS, the Parties desire to enter into this Agreement to set forth the rights, powers, duties, obligations, and liabilities of the Parties concerning the conduct, operation, administration and funding of the CFR Program and any fees, costs, expenses and liabilities arising from the administration of the CFR Program by SCE as the Program Administrator, including those arising under this Agreement or any agreement entered into by SCE in connection with its role as the Program Administrator of the CFR Program, in each case pursuant to the terms and conditions of this Agreement; and

WHEREAS, each of the Large EDUs has executed and delivered this Agreement to one another on or before the Effective Date, and each additional Participating EDU who becomes a Party after the Effective Date shall execute and deliver a joinder to this Agreement pursuant to the provisions of Section 2.2 below.

NOW THEREFORE, in consideration of the mutual covenants, purposes and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1
CERTAIN DEFINITIONS

1.1. Defined Terms. As used in this Agreement, the following capitalized terms shall have the respective meanings specified in this Section 1.1.

(a) **"Accounts"** has the meaning set forth in Section 4.3(b).

(b) **"Additional LCFS Revenue Payments"** has the meaning set forth in Section 9.1(b)(ii).

(c) **"Administrative Expenses"** has the meaning set forth in Section 5.1.

(d) **"Advice Letter"** has the meaning set forth in the Recitals.

(e) **"Advisory Committee"** has the meaning set forth in Section 3.4.

(f) **"Affiliate"** means, with respect to any Person, any other Person controlling, controlled by, or under common control with such other Person. For purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have correlative meanings.

(g) **"Agreement"** has the meaning set forth in the preamble.

(h) **"Alternates"** has the meaning set forth in Section 3.3(c)**.**

(i) **"Annual Program Funds Amount"** means the total EDU Contributions deposited by all of the Participating EDUs during each calendar year following the Initial Funding Date, plus all interest and earnings thereon regardless of the Account in which such funds are held from time to time, during such calendar year**.**

(j) **"Bond"** has the meaning set forth in Section 7.4.

(k) **"CARB"** has the meaning set forth in the Recitals.

(l) **"CARB Authorization"** has the meaning set forth in the Recitals.

(m) **"CARB Representative"** has the meaning set forth in Section 3.3(a).

(n) **"CFR Program"** has the meaning set forth in the Recitals.

(o) "**Claim**" or "**Claims**" means any and all actions, causes of action, complaints, charges, claims, costs, damages, deficiencies, demands, expenses, fees, indebtedness, injuries, interest, judgments, liabilities, losses, obligations, orders, penalties, remedies, suits, sums of money, Taxes, and torts, of whatever kind or character, whether in law, equity or otherwise, direct or indirect, fixed or contingent, foreseeable or unforeseeable, liquidated or unliquidated, known or unknown, matured or unmatured, absolute or contingent, determined or determinable.

(p) **"Collective Deposit Account"** has the meaning set forth in Section 4.3(b)(ii).

(q) **"Contribution Percentage"** means, with respect to any Party at any time, the resulting percentage determined by multiplying 100 by a fraction, the numerator of which shall be the amount of such Party's Initial EDU Contribution, and the denominator of which shall be the aggregate total of shares all Initial EDU Contributions made by all Parties (including any former Parties) at such time. In calculating the respective Contribution Percentages of the Parties at an time, in the event that a court or arbitrator of competent jurisdiction has determined that any Party is released or excused from its obligation to pay, or is otherwise unable or not required to pay, its Contribution Percentage of any Indemnified Claim, then such Party's Initial EDU Contribution shall be excluded from the denominator for purposes of calculating the respective Contribution Percentages with respect to such Indemnified Claim as well as to any Indemnified Claim thereafter to which such exclusion would be applicable according to such court or arbitral order or determination.

(r) **"COOPs"** has the meaning set forth in the Recitals.

(s) **"Covenant Not to Sue"** has the meaning set forth in Section 7.3(a).

(t) **"Covered Person"** has the meaning set forth in Section 3.5(a).

(u) **"CPUC"** has the meaning set forth in the Recitals.

(v) **"CPUC Approval"** has the meaning set forth in the Recitals.

(w) **"Deposit Account"** means any Collective Deposit and any Individual Deposit Account.

(x) **"Designated Account Holder"** means any Governmental Authority (including, for the avoidance of doubt, a POU) or not for profit entity that is identified and selected by the Program Administrator and the Steering Committee to hold the Program Funds Account pursuant to Section 4.3(b)(i) or any Collective Deposit Account pursuant to Section 4.3(b)(ii).

(y) **"Disbursement Account"** has the meaning set forth in Section 4.3(c).

(z) **"Earmarked Credits"** means any LCFS Base Credits that are deposited into any EDU's LCFS balancing account by CARB at any time on or after the Final CPUC Approval Date.

(aa) **"EDU Contribution Account"** means, when used with respect to any Participating EDU at any time and from time to time, (i) if a Program Funds Account has been established and is being maintained at such time, the Program Funds Account, or (ii) if there is no Program Funds Account at such time, then either the Collective Deposit Account or the Individual Deposit Account for such Participating EDU into which such Participating EDU is instructed to make its EDU Contributions at such time in accordance with the instructions of the Program Administrator.

(bb) **"EDU Contributions"** has the meaning set forth in the Recitals.

(cc) **"EDUs"** has the meaning set forth in the Recitals.

(dd) **"Effective Date"** has the meaning set forth in preamble**.**

(ee) **"Excess Party"** has the meaning set forth in the Section 7.5(b)(iii).

(ff) **"FDIC"** means the Federal Deposit Insurance Corporation.

(gg) **"Final CPUC Approval Date"** the first date on which each of the following approvals from the CPUC shall have been received: (i) the CPUC Approval, (ii) the CPUC's approval of the advice letter submitted by PG&E for approval to enter into this Agreement, and (iii) the CPUC's approval of the advice letter submitted by SDG&E for approval to enter into this Agreement.

(hh) **"Financial Institution"** has the meaning set forth in Section 4.1(a).

(ii) **"Governmental Authority"** means the United States, or any state, county, city, municipal, territory, possession, foreign or other governmental or quasi-governmental entity or authority of any nature, including any courts, departments, commissions, boards, bureaus, agencies or other instrumentalities of any of the foregoing.

(jj) **"Holdback Funds"** has the meaning set forth in the Section 7.5(b)(iii).

(kk) **"Imaged Agreement"** has the meaning set forth in Section 10.19**.**

(ll) **"Implementer"** has the meaning set forth in Section 3.2(a)**.**

(mm) **"Indemnified Claim"** means (i) when used in connection with the SCE Indemnified Persons, the SCE Indemnified Claims, and (ii) when used in connection with the Steering Committee Indemnified Persons, the Steering Committee Indemnified Claims.

(nn) **"Indemnified Persons"** means any of the SCE Indemnified Persons and the Steering Committee Indemnified Persons, each an "**Indemnified Person**".

(oo) **"Individual Deposit Account"** has the meaning set forth in Section 4.3(b)(iii).

(pp) **"Individual Deposit Account Agreement"** has the meaning set forth in Section 4.3(b)(iii).

(qq) **"Initial EDU Contributions"** has the meaning set forth in Section 5.3.

(rr) **"Initial Funding Date"** has the meaning set forth in Section 5.3.

(ss) **"Invoice Subcommittee"** has the meaning set forth in Section 3.3(e).

(tt) **"IOUs"** has the meaning set forth in the Recitals.

(uu) **"Joinder"** has the meaning set forth in Section 2.2.

(vv) **"LADWP"** has the meaning set forth in the preamble.

(ww) **"Large EDU Members"** has the meaning set forth in Section 3.3(a)**.**

(xx) **"Large EDUs"** means PG&E, SDG&E, SCE, LADWP, and SMUD, each a "**Large EDU**".

(yy) **"Law Firms"** has the meaning set forth in Section 10.18.

(zz) **"LCFS"** has the meaning set forth in the Recitals.

(aaa) **"LCFS Base Credits"** has the meaning set forth in the Recitals.

(bbb) **"LCFS Credit Revenue"** means the aggregate gross revenue received by any EDU at any time from the sale, transfer or other disposition of Earmarked Credits.

(ccc) **"LCFS Non-Base Credit Revenue"** has the meaning set forth in the Section 7.5(b)(iii).

(ddd) **"LCFS Regulation"** has the meaning set forth in the Recitals.

(eee) **"Liability Reserve"** has the meaning set forth in Section 4.3(e).

(fff) **"Master Account Agreement"** has the meaning set forth in Section 4.3(b).

(ggg) **"Member"** has the meaning set forth in Section 3.3(a).

(hhh) **"ME&O"** has the meaning set forth in Section 4.2(a).

(iii) **"NCPA"** means the Northern California Power Agency.

(jjj) **"Northern EDU Majority Vote"** has the meaning set forth in Section 3.3(a).

(kkk) **"Northern EDU Member"** has the meaning set forth in Section 3.3(a).

(lll) **"Northern EDUs"** means any EDU listed as a Northern EDU on Schedule 1.1 hereto, as such Schedule may be amended from time to time hereafter; provided that in no event shall any Large EDU ever be listed as or deemed to be a Northern EDU.

(mmm)**"Operating Reserve"** has the meaning set forth in Section 4.3(e).

(nnn) **"PA Representative"** has the meaning set forth in Section 3.3(a).

(ooo) **"Participating EDU"** means any EDU that has (i) become a Party to this Agreement by either (A) executing and delivering a duly executed signature page to this Agreement to the other Parties on or prior to the Effective Date, or (B) executing and delivering a duly executed Joinder to this Agreement to the Program Administrator in accordance with the provisions of Section 2.2 following the Effective Date, and (ii) not withdrawn as a Party pursuant to Section 9.2 or been removed as Party pursuant to Section 9.3.

(ppp) **"Participating Northern EDU"** has the meaning set forth in Section 3.3(a).

(qqq) **"Participating Southern EDU"** has the meaning set forth in Section 3.3(a).

(rrr) **"Party"** means any entity that is a signatory to this Agreement as set forth on the signature pages hereto or that hereafter becomes a party to this Agreement by executing and delivering a duly executed Joinder to this Agreement to the Program Administrator in accordance with the provisions of Section 2.2 following the Effective Date, which entities are referred to collectively, as the "**Parties**". For the avoidance of doubt, unless and until an entity that is not an EDU becomes a Party to this Agreement, each Party is a Participating EDU, and vice versa, and the terms may be used interchangeably.

(sss) **"Percentage Target"** has the meaning set forth in Section 5.2.

(ttt) **"Person"** means an individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, unincorporated organization, association, organization or other entity or form of business enterprise or Governmental Authority.

(uuu) **"PG&E"** has the meaning set forth in the preamble.

(vvv) **"Policy"** has the meaning set forth in Section 7.4.

(www) **"POU"** has the meaning set forth in the Recitals.

(xxx) **"Program Administrator"** means SCE in its capacity as program administrator and administrative agent for the Parties with respect to the CFR Program for the term set forth in Section 3.1(b), or any successor Program Administrator appointed following the end of SCE's term as Program Administrator in accordance with the provisions of Section 3.1(c) or any amendment to this Agreement entered into pursuant to the provisions thereof.

(yyy) **"Program Agreement"** has the meaning set forth in Section 3.1(a).

(zzz) **"Program Auditor"** has the meaning set forth in Section 4.1(a).

(aaaa) **"Program Funds"** has the meaning set forth in Section 4.3(a).

(bbbb) **"Program Funds Account"** has the meaning set forth in Section 4.3(b)(i).

(cccc) **"Program Implementer"** has the meaning set forth in Section 4.1(a).

(dddd) **"Program Implementer Representatives"** has the meaning set forth in Section 4.5(a).

(eeee) **"Program Launch Date"** has the meaning set forth in Section 5.5.

(ffff) **"Program Legal Matters"** has the meaning set forth in Section 10.18.

(gggg) **"Program Material"** has the meaning set forth in Section 8.1.

(hhhh) **"Related Entities"** has the meaning set forth in Section 7.1(a).

(iiii) **"Release"** has the meaning set forth in Section 7.1(b).

(jjjj) **"Released Claims"** means (i) when used in connection with the SCE Released Parties, the SCE Released Claims, and (ii) when used in connection with the Steering Committee Released Parties, the Steering Committee Released Claims.

(kkkk) **"Released Parties"** means any of the SCE Released Parties and the Steering Committee Released Parties, each a "**Released Party**".

(llll) **"Remaining Liabilities"** has the meaning set forth in Section 9.1(b).

(mmmm) **"Removal Vote"** has the meaning set forth in Section 9.3(a).

(nnnn) **"Representative"** means, with respect to a particular Person, any director, member, partner, officer, employee, agent, consultant, advisor or other representative of such Person, including outside legal counsel, accountants and financial advisors; provided that in no event shall any Implementer, any other vendor or contractor retained by the Program Administrator on behalf of the CFR Program, or any of their respective Representatives be, or be deemed to be, a Representative of the Program Administrator or of any Participating EDU.

(oooo) **"Required Percentage"** has the meaning set forth in Section 5.4.

(pppp) **"Reserve Amounts"** means the aggregate amounts of Program Funds maintained at any time, and from time to time, in the Liability Reserve and the Operating Reserve.

(qqqq) **"Reward Amount"** has the meaning set forth in Section 3.3(d)(iii)

(rrrr) **"RFI"** has the meaning set forth in Section 3.2(a).

(ssss) **"RFP"** has the meaning set forth in Section 3.2(a).

(tttt) **"SCE"** has the meaning set forth in the preamble.

(uuuu) **"SCE Indemnified Claim"** has the meaning set forth in Section 7.5(a)(i).

(vvvv) **"SCE Indemnified Person(s)"** has the meaning set forth in Section 7.5(a)(i).

(wwww) **"SCE Released Claims"** has the meaning set forth in Section 7.1(a)(i).

(xxxx) **"SCE Released Part(y/ies)"** has the meaning set forth in Section 7.1(a)(i).

(yyyy) **"SDG&E"** has the meaning set forth in the preamble.

(zzzz) **"Shortfall Indemnity Termination Date"** has the meaning set forth in Section 7.9.

(aaaaa) **"Shortfall Party"** has the meaning set forth in the Section 7.5(b)(iii).

(bbbbb) **"Shortfall Payments"** has the meaning set forth in Section 9.1(b)(i).

(ccccc) **"Small EDU Members"** means the Northern EDU Member and the Southern EDU Member, each a "**Small EDU Member**".

(ddddd) **"SMUD"** has the meaning set forth in the preamble.

(eeeee) **"Southern EDU Member"** has the meaning set forth in Section 3.3(a).

(fffff) **"Southern EDUs"** means any EDU listed as a Southern EDU on Schedule 1.1 hereto, as such Schedule may be amended from time to time hereafter; provided that in no event shall any Large EDU ever be listed as or deemed to be a Southern EDU.

(ggggg) **"Southern EDU Supermajority Vote"** has the meaning set forth in Section 3.3(a).

(hhhhh) **"Steering Committee"** has the meaning set forth in Section 3.3(a).

(iiiii) **"Steering Committee Indemnified Claim"** has the meaning set forth in Section 7.5(a)(ii).

(jjjjj) **"Steering Committee Indemnified Person(s)"** has the meaning set forth in Section 7.5(a)(ii).

(kkkkk) **"Steering Committee Released Claims"** has the meaning set forth in Section 7.1(a)(ii).

(lllll) **"Steering Committee Released Part(y/ies)"** has the meaning set forth in Section 7.1(a)(ii).

(mmmmm) **"Tax"** or **"Taxes"** means any and all taxes, assessments, charges, duties, fees, levies, imposts or other governmental charges, including all federal, state, local or non-U.S. income taxes (including any tax on or based upon net income, gross income, or income as specially defined, or earnings, profits, or selected items of income, earnings or profits) and all gross receipts, payroll, employment, excise, severance, stamp, occupation, premium, environmental, customs duties, capital stock, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, ad valorem, transfer, service, franchise, license, windfall profits taxes, estimated, alternative or add-in minimum taxes and any other taxes of any kind whatsoever (whether or not requiring the filing of a Tax Return), together with any interest and any penalties and additions to tax.

(nnnnn) **"Tax Return"** means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedules and amendments thereof.

(ooooo) **"Third Party Program Administrator"** means any successor Program Administrator appointed at any time following the end of SCE's term as Program Administrator, in accordance with the provisions of Section 3.1(c) or any amendment to this Agreement entered into pursuant to the provisions thereof, that is not also a Participating EDU hereunder.

(ppppp) **"TOU"** has the meaning set forth in Section 4.2(b).

(qqqqq) **"Withdrawing Notice"** has the meaning set forth in Section 9.2(a).

(rrrrr) **"ZEVs"** has the meaning set forth in the Recitals.

1.2. Construction. As used herein, unless the context of this Agreement otherwise requires, (a) all references to Sections, Articles, Schedules or Exhibits are to Sections, Articles, Schedules or Exhibits of this Agreement; (b) each accounting term has the meaning assigned to it in accordance with GAAP; (c) words of any gender include each other gender; (d) words using the singular or plural number also include the plural or singular number, respectively; (e) the terms "hereof," "herein," "hereby," "hereto" and derivative or similar words refer to this entire Agreement; (f) the word "including" shall mean "including, without limitation"; (g) the word "or" shall be used in the inclusive sense of "and/or" and not exclusive; (h) each reference to "$" or "dollars" shall be to United States dollars; and (i) each reference to "days" shall be to calendar days.

ARTICLE 2
FORMATION OF CFR PROGRAM

2.1. Governance Agreement. This Agreement shall constitute a "Governance Agreement" (as that term is used in the Advice Letter and the CPUC Approval). The rights, powers, duties, obligations, and liabilities of the Parties to each other with respect to the CFR Program shall be determined pursuant to this Agreement. Each Party shall at all times comply with its respective duties, obligations, covenants and agreements set forth in this Agreement.

2.2. EDU Participation. As of the Effective Date, the Parties and Participating EDUs consist of PG&E, SDG&E, SCE, LADWP, and SMUD. Any EDU that desires to participate in the CFR Program and that is not already a Party hereto on the Effective Date as set forth in the preamble to this Agreement and the signature pages hereto, will be required to execute and deliver to the Program Administrator (with a copy to CARB) a joinder to this Agreement in the form attached hereto as Exhibit A (a "**Joinder**"), in order to become a Party and a Participating EDU hereunder.

ARTICLE 3
ADMINISTRATION OF CFR PROGRAM

3.1. SCE Appointment as Initial Program Administrator and Agent.

(a) Appointment. Each of the Participating EDUs (in its capacity as a Participating EDU) and each other current and future Party hereto hereby irrevocably appoints SCE as the initial Program Administrator, and hereby designates and authorizes SCE to act on its behalf as the Program Administrator under this Agreement and under any agreement approved by the Steering Committee that is entered into by the Program Administrator or any Participating EDU with respect to the CFR Program pursuant to the terms and conditions hereof (each, a "**Program Agreement**"), and authorizes the Program Administrator to take such actions on its behalf and to exercise such powers as are delegated to the Program Administrator by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto or as otherwise determined by the Steering Committee, in each case for the time period set forth in Section 3.1(b) below. As used herein, Program Administrator shall mean SCE in its capacity as program administrator and administrative agent for the Parties with respect to the CFR Program under this Agreement or any Program Agreement, or any successor to SCE appointed by the Parties as Program Administrator pursuant to the terms of the replacement administrative and governance structure for the CFR Program implemented pursuant to Section 3.1(c) below. It is understood and agreed that the use of the terms "agent" and "administrator" herein or in any other Program Agreement (or any other similar term) with reference to the Program Administrator or SCE is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between sophisticated contracting parties.

(b) Term. SCE is hereby appointed and authorized to serve in such role as Program Administrator from the Effective Date until the earliest to occur of (i) the third (3rd) anniversary of the commencement date of the third party contractor solicitation process

described in ARTICLE 4 below, unless SCE files an advice letter with the CPUC requesting authority to administer the CFR Program long term, in which case SCE will continue to serve as Program Administrator while the CPUC considers the appropriate disposition of the advice letter, and thereafter, if approved, in compliance with the CPUC resolution approving that advice letter, (ii) the date on which SCE is removed or ordered to be removed as Program Administrator by CARB or CPUC, and (iii) the effective date of resignation of SCE as Program Administrator as set forth in any written communication of resignation delivered by SCE to the other Parties after receiving CPUC authorization or approval to withdraw as Program Administrator.

(c) Replacement Structure. No later than the second anniversary of the Effective Date, the Steering Committee, with oversight from CARB, will develop and determine a replacement administrative and governance structure for the CFR Program that would go into effect upon the date of expiration or termination of SCE's appointment as Program Administrator in accordance with the provisions of Section 3.1(b), in order to ensure a seamless transition to a new administrative and governance regime following such date. The Parties will implement such replacement administrative and governance structure through an amendment to this Agreement establishing the terms of such replacement structure, which amendment shall be executed by all Parties no later than the date that is ninety (90) days before the third anniversary of the Effective Date.

3.2. Program Administrator Authority.

(a) Solicitation. The Program Administrator will serve as the principal agent of the Parties to develop, issue and administer the competitive Request for Proposals ("**RFP**"), Request for Information with Pricing ("**RFI**") or other such solicitations to acquire the services of one (or more) qualified firm(s) to develop, administer and implement the CFR Program, subject to the terms below. All Parties shall assist the Program Administrator in the performance of the associated responsibilities, as may be requested by the Program Administrator during the solicitation process, and the Program Administrator shall work with the Steering Committee in selecting the successful respondent(s) to the solicitation. The Steering Committee shall make recommendations to the Program Administrator regarding the competitive solicitation, selection of offers, and negotiation of third-party contracts. The Program Administrator shall have the discretionary contracting authority (i) to recommend the third party firms and institutions that it deems to be the best-qualified to perform the necessary and appropriate functions to develop, implement and maintain the CFR Program, which at a minimum will include the Program Auditor, Financial Institution, and Program Implementer (each, an "**Implementer**"), (ii) to negotiate the terms and conditions of any Program Agreement entered into with any Implementer in connection with the CFR Program, and (iii) subject to receipt of approval from the Steering Committee, to enter into Program Agreements with the Implementers as Program Administrator of the CFR Program on behalf of the Parties. The selection of each Implementer and the final form of each Program Agreement shall require the approval of both the Program Administrator and the Steering Committee. The mechanics of the solicitation process are set forth in further detail in ARTICLE 4 below.

(b) Post-Solicitation Program Administration. The Program Administrator will also serve as the principal agent of the Parties with respect to the administration of the CFR Program, in providing instructions to the Implementers and in enforcing the provisions of the

Program Agreements both during and following the solicitation process. All Parties shall assist the Program Administrator in the performance of the associated responsibilities necessary for the successful functioning and operation of the CFR Program, as may be requested by the Program Administrator from time to time in accordance with the provisions of this Agreement, the Program Agreements and the decisions and resolutions of the Steering Committee that will be responsible for oversight of the CFR Program.

(c) Reporting. The Program Administrator shall provide the Steering Committee quarterly reports on program administration, financial accounting and program results, which quarterly reports are anticipated to be delivered to the Steering Committee by the end of the first month that commences following the close of each of the first three calendar quarters, and by the last day of February following the close of the fourth calendar quarter and the calendar year. At any other time, the Program Administrator shall provide the Steering Committee such other information as may be reasonably requested by the Steering Committee with reasonable advance notice of not less than ten (10) business days for the Program Administrator to collect the requested information. The Program Administrator and the Steering Committee shall cause to be provided to the Participating EDUs on a quarterly basis such Tax information regarding the operation of the CFR Program as the Program Administrator determines is reasonably necessary for the Participating EDUs to calculate their Taxes with respect to the CFR Program.

3.3. Steering Committee.

(a) Composition. The CFR Program will be overseen by a joint steering committee (the "**Steering Committee**") made up of seven (7) voting members (each, a "**Member**"), one (1) non-voting representative appointed by the Program Administrator (the "**PA Representative**"), and one (1) non-voting LCFS program implementation representative from CARB with oversight authority over the Steering Committee (the "**CARB Representative**").

(i) The Members will consist of (1) one senior representative from and appointed by each Large EDU (the "**Large EDU Members**"), one (1) Member (the "**Southern EDU Member**") selected by the Southern EDUs that are Participating EDUs (the "**Participating Southern EDUs**"), and one (1) Member (the "**Northern EDU Member**") selected by the Northern EDUs that are Participating EDUs (the "**Participating Northern EDUs**").

(ii)

(A) Southern EDU Member annual voting structure. The Southern EDU Member shall be confirmed annually before each new calendar year and shall be either a representative from one of the Participating Southern EDUs or a qualified third-party representative, as determined by the Participating Southern EDUs. The Southern EDU Member shall be selected by at least a 2/3 majority vote (with each of the Participating Southern EDUs receiving a single vote each of equal weight) of the Participating Southern EDUs ("**Southern EDU Supermajority Vote**"), if the Member is a representative from one of the Participating Southern EDUs. If the Southern EDU Member is a third-party representative they shall be

selected by a unanimous vote of the Participating Southern EDUs. Votes shall be submitted by a senior representative (Assistant General Manager level or higher; or equivalent position(s)) through a conference call vote with an email confirmation of the final vote following the call. A proxy voting representative may be assigned by each Participating Southern EDU through a written notification from their senior representative to the other Participating Southern EDUs.

(B) Initial adoption period. Notwithstanding the provisions of Section 3.3(a)(ii)(A) above, selection of the Southern EDU Member will be conducted as set forth in this Section 3.3(a)(ii)(B) until December 31st, 2020. Once the first Participating Southern EDU has become a Party to this Agreement in accordance with the provisions of Section 2.2, it will select the initial Southern EDU Member. A new vote will be held among the Participating Southern EDUs to elect the Southern EDU Member each time a new Southern EDU becomes a Party to this Agreement in accordance with the provisions of Section 2.2, until December 31st, 2020. All votes during this initial adoption period will continue to follow the Southern EDU Supermajority Vote and senior representative voting requirements set forth in Section 3.3(a)(ii)(A). The Participating Southern EDUs will vote, in accordance with the provisions of Section 3.3(a)(ii)(A), to elect a Southern EDU Member for the 2021 calendar year before the end of 2020. After December 31, 2020, even if any new Southern EDU becomes a Party to this Agreement in accordance with the provisions of Section 2.2, there will be no new vote on a Southern EDU Member until the annual vote, unless a vote is called for under Section 3.4(b).

(iii) The Northern EDU Member shall be selected by vote of the Participating Northern EDUs (which vote may be cast directly by any such Participating Northern EDU or indirectly by a third party Representative granted a proxy by any such Participating Northern EDU to act on its behalf for purposes of such vote) representing more than 50% of the aggregate EDU Contributions made as of such date by all Participating Northern EDUs, as determined from time to time (a "**Northern EDU Majority Vote**"), and shall be either a senior representative from one of the Participating Northern EDUs or a member of the staff of NCPA or other qualified third party representative.

(iv) Each of the seven Members on the Steering Committee shall serve on the Steering Committee until such time as a replacement is designated for such Member pursuant to the provisions of Section 3.3(b) below. The Steering Committee shall maintain a Chair, a Vice-Chair and Secretary positions. The Members that hold these positions described in the preceding sentence shall be selected from within the Steering Committee by a vote thereof pursuant to Section 3.3(i), and shall, subject to the provisions of Section 3.3(b), maintain those positions for a one year term, unless agreed upon in writing by all Members (other than the Member holding the position). The Chair (or, in the absence of the Chair, the Vice-Chair) shall preside over all meetings of the Steering Committee, and the Secretary (or, in the absence of the Secretary, any person appointed by the Chair or, in the Chair's absence, by the Vice-Chair) shall take and maintain the minutes of the proceedings of the meetings of the Steering Committee.

(v) The Program Administrator will designate a staff person to serve as the PA Representative, who will be invited to participate in all meetings of the Steering Committee. The PA Representative will be the Program Administrator's non-voting representative on the Steering Committee and will serve as the primary point of contact between

the Program Administrator and the Steering Committee. The Program Administrator may remove and replace the PA Representative at any time with or without cause, effective upon written notice to the Members provided in accordance with the provisions of Section 10.14.

(vi) CARB will designate a senior LCFS program staff person to serve as the CARB Representative, who will be invited to participate in all meetings of the Steering Committee. The CARB Representative will monitor and provide feedback to and oversight of the Steering Committee regarding LCFS and vehicle incentive goals and implementation. CARB may remove and replace the CARB Representative at any time with or without cause, effective upon written notice to the Members provided in accordance with the provisions of Section 10.14.

(b) Member Removal, Resignation and Replacement. Each Large EDU may remove and/or replace any Large EDU Member appointed by it at any time with or without cause, effective upon written notice to the other Members. The Participating Southern EDUs may by a Southern EDU Supermajority Vote remove and/or replace the Southern EDU Member at any time with or without cause, effective upon written notice to the Members documenting the results of such Southern EDU Supermajority Vote. The Participating Northern EDUs may by a Northern EDU Majority Vote remove and/or replace the Northern EDU Member at any time with or without cause, effective upon written notice to the Members documenting the results of such Northern EDU Majority Vote. A Member may resign at any time from the Steering Committee by delivering his or her written resignation to the Chair (or in the absence of a Chair, the Vice Chair or Secretary). Any such resignation shall be effective upon receipt thereof unless it is specified to be effective at some other time or upon the occurrence of some other event. The Steering Committee's acceptance of a resignation shall not be necessary to make it effective. Any vacancy on the Steering Committee resulting from the resignation, removal, death or disability of a Member shall be filled by (i) if a Large EDU Member, the same Large EDU that appointed such Member pursuant to Section 3.3(a), (ii) if a Southern EDU Member, by written notice to the other Members documenting the results of the Southern EDU Supermajority Vote held to select a replacement for such Southern EDU Member, or (iii) if a Northern EDU Member, by written notice to the other Members documenting the results of the Northern EDU Majority Vote held to select a replacement for such Northern EDU Member, in each case with such appointment to become effective immediately upon delivery of written notice of such appointment to the Chair (or in the absence of a Chair, the Vice Chair or Secretary).

(c) Alternates. In addition to the Member removal and replacement procedures set forth in Section 3.3(b) above, each Large EDU, the Participating Southern EDUs (by Southern EDU Supermajority Vote), and the Participating Northern EDUs (by Northern EDU Majority Vote), may by written notice delivered to the Chair designate up to two (2) alternative representatives ("**Alternates**") who may, upon written or oral notice by such Party/Parties to the Chair that the Member designated by such Party/Parties is unable to attend any meeting (or participate in any action by written consent) of the Steering Committee (or any subcommittee thereof) and shall instead be represented by the Alternate designated in such notice, attend, participate and vote at any regular or special meeting of the Steering Committee (or any subcommittee thereof), or participate and vote in any action by written consent, in lieu of the regular Member designated by such Party/Parties. The Program Administrator may also designate one or more alternate representatives to attend and participate in any meeting of the

Steering Committee (or any subcommittee thereof) in lieu of the designated PA Representative. CARB may also designate one or more alternate representatives to attend and participate in any meeting of the Steering Committee (or any subcommittee thereof) in lieu of the designated CARB Representative.

(d) Roles and Responsibilities: The Steering Committee is responsible for strategic direction, program guidance, oversight of policy objectives, and overall governance and supervision of the CFR Program, subject to the oversight of CARB exercised through the CARB Representative's participation on the Steering Committee as provided by Section 3.3(a)(vi). These roles and responsibilities will include but not be limited to:

(i) participation with the Program Administrator in the development, review and selection processes related to the competitive solicitation process to select the Implementers, and final approval of the solicitation process, the selection of Implementers and the final form of the Program Agreements to be entered into with the Implementers;

(ii) reviewing and approving the CFR Program's budget and the initial starting balance for the CFR Program, each of which shall be submitted to the Steering Committee by the Program Administrator for review and approval;

(iii) approving the initial CFR rebate amount ("**Reward Amount**") and approving any required adjustments thereto or in the method of payment of any Reward Amounts, in each case as recommended by the Program Administrator following CARB approval of the methodology for determining the Reward Amount;

(iv) determining the process for approving payment of invoices for administrative and marketing functions, including Implementer invoices, in accordance with the provisions of ARTICLE 6, and the Steering Committee shall also have the authority to make any changes to the invoice approval processes set forth in ARTICLE 6 or otherwise as determined by the Steering Committee from time to time, in order to maintain the efficient operation of the CFR Program;

(v) determining whether to adjust the amounts specified to be held in the Liability Reserve or the Operating Reserve as set forth in Section 4.3(e) and the amount of any such increase, but in no event shall any such specified amounts be decreased without the prior written consent of the Program Administrator;

(vi) reviewing the performance of the CFR Program and recommending any required adjustments thereto;

(vii) approving the timing and content of public announcements about this Agreement and/or the CFR Program (as described in Section 8.2);

(viii) terminating this Agreement (as described in Section 9.1);

(ix) removing a Party as a party under this Agreement (as described in Section 9.3);

(x) amending this Agreement, or waiving, discharging, or terminating any provision hereof (as described in Section 10.7);

(xi) reviewing the quarterly reports and other information required to be provided by the Program Administrator under Section 3.2(c); and

(xii) any and all other roles and responsibilities for the Steering Committee set forth in this Agreement or in any Program Agreement.

(e) Subcommittees. The Steering Committee may, by resolution, designate from among the Members one or more subcommittees, each of which shall be comprised of two or more Members, and that, subject to the limitations set forth in the next sentence, shall have and may exercise any authority of the Steering Committee as the Steering Committee may delegate to it in the resolution forming such subcommittee. The Steering Committee shall not, and shall not have the power or authority to, designate or authorize any subcommittee with all of the powers and authority of the Steering Committee, or with the authority of the Steering Committee in reference to: (A) final approval of the initial Reward Amount or the amount of any adjustment thereto, (B) any proposed increase (or other adjustment) to the amounts specified to be held in the Liability Reserve or the Operating Reserve as set forth in Section 4.3(e), (C) final approval of payment of any invoice for Administrative Expenses (provided that the Steering Committee may create one or more subcommittees with the responsibility and authority to review, reject, negotiate, pre-approve and submit to the Steering Committee for final approval any or all such invoices (each, an "**Invoice Subcommittee**")), (D) altering or repealing any resolution of the Steering Committee that by its terms provides that it shall not be so amendable or repealable, or (E) final approval of any Implementers. The Steering Committee may dissolve any subcommittee or remove any member (or non-voting participant) of a subcommittee through a Steering Committee vote conducted pursuant to the provisions of Section 3.3(i) below at any time. The Parties anticipate that, in addition to an Invoice Subcommittee, potential subcommittees may include (but not be limited to) subcommittees to address dealer training, marketing and outreach, and financial forecasting. The Steering Committee and any subcommittee thereof, and their respective Members, may consult with and seek and rely upon information and advice from employees and representatives of any Participating EDUs, Implementers, Advisory Committee members, Governmental Authorities, legal counsel, independent accountants and other Persons as to matters which they believe to be within such Person's professional or expert competence. The Steering Committee shall designate a chair and secretary for each subcommittee. The chair (or in the absence of the chair, the secretary) shall preside over all meetings of the subcommittee, and the secretary (or, in the absence of the secretary, the chair or any person appointed by the chair) shall take and maintain the minutes of the proceedings of the meetings of the subcommittee. All minutes of subcommittee meetings shall be made available to all Steering Committee Members. If any member of the Advisory Committee is invited to a subcommittee meeting or a Steering Committee meeting, then the portion(s) of the minutes of such meeting during which such member of the Advisory Committee was present shall also be made available to all members of the Advisory Committee.

(f) Regular Meetings. Regular meetings of the Steering Committee shall be held no less than monthly during the first year, and quarterly thereafter, via a conference call at a date and time that is either (i) determined by the Chair (or in the absence thereof, by the Vice

Chair or Secretary) after consulting with the Members at the immediately preceding meeting, or (ii) scheduled by the Chair (or in the absence thereof, by the Vice Chair or Secretary) on not less than five (5) calendar days' notice to the Members, the PA Representative and the CARB Representative. All meetings (regular or special) of the Steering Committee shall be held by means of telephone or video conference or other communications device that permits all Members, the PA Representative and the CARB Representative participating in the meeting to hear each other, provided that if all Members agree any meeting may be held in person at a mutually agreed location. The Parties acknowledge and agree that the presence and participation of all Members (or their respective Alternates) on the Steering Committee at the meetings and proceedings of the Steering Committee is important for the successful development, implementation, operation and oversight of the CFR Program and, accordingly, each Party shall use its commercially reasonable efforts to have its respective Member (or Alternate) attend each meeting (regular and special) of the Steering Committee. To the extent reasonably practicable, any written materials for regular meetings of the Steering Committee shall be provided to all Members, the PA Representative and the CARB Representative not less than seventy-two (72) hours prior to the meeting. Unless specifically noted on such meeting materials or in the cover correspondence distributed with such meeting materials that such materials (or any portion thereof) are not to be distributed outside of the Steering Committee, each Member shall be free to distribute copies of the meeting materials to the Participating EDUs that such Member represents on the Steering Committee.

(g) Special Meetings. Special meetings of the Steering Committee to address emergency, urgent or other time sensitive matters shall be held on the call of the Program Administrator or any two (2) Members upon written notice to the Members, the PA Representative and the CARB Representative sent at least 2 business days prior to the meeting, or upon such shorter notice as may be approved by all the Members. To the extent reasonably practicable, any written materials for special meetings of the Steering Committee shall be provided to all Members, the PA Representative and the CARB Representatives not less than twenty-four (24) hours prior to the meeting (it being understood that it may not always be practicable to meet such a timeframe). Any Member may waive such notice as to himself or herself.

(h) Quorum; Voting Percentages. Members holding a majority of the voting percentages held by all Members (as described below in this Section 3.3(h)), shall constitute a quorum for the transaction of business of the Steering Committee. For the avoidance of doubt, as long as such a quorum is present, the Steering Committee may meet and act even if there are vacancies on the Steering Committee at such time, including, without limitation, during the time period following the Effective Date prior to the appointment of any Small EDU Member to the Steering Committee. At all times when the Steering Committee is conducting business at a meeting of the Steering Committee, a quorum of the Steering Committee must be present at such meeting. If a quorum shall not be present at any meeting of the Steering Committee, then the Members present at the meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Until such time as SCE is no longer the Program Administrator, the voting percentages of the Members (which shall always total 100% in the aggregate) shall be:

Member	Voting Percentage

SCE's Member	33.0%
Each remaining Large EDU Member	12.5%
The Southern EDU Member	8.5%
The Northern EDU Member	8.5%

Unless previously modified pursuant to a replacement structure implemented by way of an amendment to this Agreement entered into pursuant to the provisions of Section 3.1(c), the following voting percentages set forth below will serve as the default replacement structure in the event of the replacement of the initial Program Administrator. In the event that another Large EDU replaces SCE as the Program Administrator, then its designated Member shall have a 33.0% voting percentage and SCE's Member shall have a 12.5% voting percentage, and the other voting percentages shall remain unchanged. In the event that a Participating Southern EDU replaces SCE as the Program Administrator, then such Participating Southern EDU shall have the sole power to appoint the Southern EDU Member and the Southern EDU Member shall have a 25.0% voting percentage, each Large EDU Member shall have a 13.3% voting percentage, and the Northern EDU Member shall have a 8.5% voting percentage. In the event that a Participating Northern EDU replaces SCE as the Program Administrator, then such Participating Northern EDU shall have the sole power to appoint the Northern EDU Member and the Northern EDU Member shall have a 25.0% voting percentage, each Large EDU Member shall have a 13.3% voting percentage, and the Southern EDU Member shall have a 8.5% voting percentage. In the event that the Program Administrator is not an EDU, then unless otherwise approved by the Steering Committee in connection with its approval of such replacement Program Administrator, the Program Administrator shall have no (0%) voting percentage, and each Large EDU Member shall have a 16% voting percentage, and the Southern EDU Member and the Northern EDU Member shall each have a 10% voting percentage.

(i) Vote Required for Action. Except as expressly set forth otherwise with respect to certain actions in this Agreement, (i) all actions of the Steering Committee must be taken at any duly scheduled or called meeting thereof at which a quorum is present and shall require the affirmative vote of Members (or of their respective Alternate or designated proxy as set forth below) holding a majority of the aggregate voting percentages held by all Members present at such meeting, and (ii) all actions of any subcommittee of the Steering Committee must be taken at any duly scheduled or called meeting of such subcommittee at which a quorum (i.e., a majority of the aggregate voting percentage held by all members of such subcommittee) is present and shall require the affirmative vote of Members (or of their respective Alternate or designated proxy as set forth below) holding a majority of the aggregate voting percentages held by all Members who are members of such subcommittee. Voting by proxy, which proxy must be in writing and signed by the Member or Alternate designated by the Party granting a proxy, granted to another Member (or Alternate therefor) will be allowed in case a Party with a Member on the Steering Committee is not able to have its designated Member or Alternate attend any regular or special meeting.

(j) Action by Written Consent. Notwithstanding anything herein to the contrary, any action of the Steering Committee (or any subcommittee thereof) may be taken

without a meeting if either (a) a written consent of Members holding at least sixty-six percent (66%) of the aggregate voting percentage held by all Members on the Steering Committee (or subcommittee), and which consent must include the signature of the Member (or Alternate) designated by the Program Administrator, shall approve such action; provided, that prior written notice of such action is provided to all Members, the PA Representative and the CARB Representative at least two (2) business days before such action is taken, or (b) a written consent constituting all of the Members on the Steering Committee (or subcommittee) shall approve such action. Such written consent shall have the same force and effect as a vote at a meeting where a quorum was present.

3.4. Advisory Committee

(a) The CFR Program's performance will be monitored by an advisory committee (the "**Advisory Committee**") comprised of representatives of stakeholder organizations (such as EDUs, regulatory agencies, industry groups, ZEV manufacturers and dealers, other industry representatives, environmental NGOs, social and economic justice groups, and other community-based organizations) that have a direct interest in the success of the CFR Program. A list of the stakeholders that the Parties anticipate inviting to join the Advisory Committee is set forth on Schedule 3.4(a) hereto, which Schedule may be amended from time to time by the Steering Committee.

(b) The purpose and role of the Advisory Committee will be to provide feedback to the Steering Committee on CFR Program performance and on market and industry trends and best practices to ensure a successful program. The Advisory Committee shall provide such information and feedback to the Steering Committee, and may make recommendations to the Steering Committee on program implementation, in response to consumer and dealer feedback, on metrics needed to evaluate program effectiveness and on CFR Program or process improvement, but the Advisory Committee shall have no management, operational, or decision-making power or authority, or any other type of power or authority, with respect to the CFR Program and neither the Steering Committee nor the Program Administrator shall be required to implement or follow any recommendations made by the Advisory Committee.

(c) The Advisory Committee and Steering Committee will meet or have conference calls or electronic meetings not less than twice a year to share feedback on CFR Program performance. The Steering Committee shall inform the Advisory Committee, by way of written or electronic notice to all members of the Advisory Committee or at an in-person, telephonic or electronic meeting of the Advisory Committee, prior to effecting any adjustment to the Reward Amount.

3.5. Duties

(a) This Agreement is not intended to, and does not, create or impose any fiduciary duty on any Party, the Program Administrator, the PA Representative, the CARB Representative, any Member or any member of the Advisory Committee appointed by a Participating EDU (each of the foregoing, a "**Covered Person**"). Furthermore, each of the Parties hereby waives any and all fiduciary duties that, absent such waiver, may be implied on any Covered Person by applicable law, and in doing so, acknowledges and agrees that the duties

and obligation of each Covered Person to each other, to any other Party and to the CFR Program with respect to the CFR Program or the matters that are the subject of this Agreement, are only as expressly set forth in this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are expressly agreed by the Parties to replace such other duties and liabilities of such Covered Person.

(b) Whenever in this Agreement a Covered Person is permitted or required to make a decision (including a decision that is in such Covered Person's "discretion" or under a grant of similar authority or latitude), the Covered Person shall be entitled to consider only such interests and factors as such Covered Person desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting any other Party, Member or third party. Whenever in this Agreement a Covered Person is permitted or required to make a decision in such Covered Person's "good faith," the Covered Person shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or any other applicable law.

ARTICLE 4
SOLICITATION PROCESS.

4.1. Solicitation.

(a) As set forth above, the Steering Committee, under the oversight of the CARB Representative, will work with the Program Administrator to develop and ultimately approve the RFP/RFI processes to select the Implementers who will be engaged to develop, administer and implement the CFR Program, and the Program Administrator will serve as the primary agent of the Parties to issue and administer the RFP/RFI processes, subject to the terms below. The Parties agree that at least the following three Implementer functions will be required for the statewide CFR program: (i) implementation of the CFR program activities ("**Program Implementer(s)**"); (ii) a FDIC insured financial institution to receive, hold, and/or distribute CFR funds ("**Financial Institution**"); and (iii) an independent accounting firm to perform regular audits ("**Program Auditor**"). The Parties acknowledge and agree that additional Implementers may also be required as determined and approved by the Program Administrator and the Steering Committee.

(b) The Program Administrator will utilize a competitive solicitation/bidding process by issuing a Request for Proposal/Information with pricing (RFP/RFI) to potential Implementers to submit a proposal or quote on a specific commodity or service. The RFP/RFI bid process is a fair and standardized method for the Program Administrator to systematically obtain and demonstrate best value for goods and services procured and ensure that the CFR Program's vendor costs are reasonable according to prevailing market conditions.

(c) Competitive awards resulting from the RFPs/RFIs will be based upon the comparison of commercial and/or technical information from multiple independent suppliers. The RFP/RFI process will start with the development and definition of business requirements contained in a Statement of Work (SOW) or Specification. A list of prospective qualified suppliers will be established. The Program Administrator will receive input and approval from

the Steering Committee on the RFP/RFIs and development of an evaluation criteria prior to receipt of the bids. The Program Administrator will manage the competitive procurement process including the evaluation of the RFP responses. The successful bidder will be selected based on the established criteria (e.g., technical, commercial, supplier responsibility, and risk considerations). Negotiations are entered into, if necessary. Once negotiations with a proposed Implementer are complete, the Program Administrator will submit the proposed Program Agreement with such Implementer together with any requested supporting documentation to the Steering Committee for review and approval; provided that approval of each Program Implementer and the Program Auditor shall require the approval of Members holding at least sixty-six percent (66%) of the aggregate voting percentage held by all Members on the Steering Committee, which approval must include the approval of the Member designated by the Program Administrator and, as long as there are at least five (5) Members on the Steering Committee, the approval of at least three (3) other Members in addition to the Member designated by the Program Administrator. If the Steering Committee rejects the proposed Program Agreement with any vendor, it shall provide the Program Administrator with a detailed set of terms and conditions that must be included in the Program Agreement for the Steering Committee to provide its approval thereof. The Program Administrator shall then continue negotiations with the proposed Implementer or with other respondents to the solicitation process in order to meet the terms and conditions specified by the Steering Committee, and may then submit one or more revised proposals to the Steering Committee for approval. Following Steering Committee approval, the approved procurement award and Program Agreement will be delivered to the applicable vendor selected to serve as such Implementer.

4.2. Program Implementer(s).

(a) The Program Implementer(s) will consist of one or more third parties (which may include multiple contractors or a prime contractor that engages multiple subcontractors) to engage in Marketing, Education and Outreach ("**ME&O**") activities for the CFR Program; establish, operate, and maintain the web-based portal for ZEV dealers to request reimbursement for payment of a Reward Amount and to submit documentation required to establish compliance with requirements for such reimbursement; and to review and evaluate the dealership requests for Reward Amount reimbursements to confirm whether they comply with the reimbursement requirements set forth in the applicable Program Agreement; and to perform such other services and obligations as are set forth in the applicable Program Agreement. The Program Implementer(s) will also assist with the collection of data, including all data necessary for participant and CFR Program reporting, and submit invoices to the Program Administrator to request payments owed to the Program Implementer or to approved subcontractors or vendors that have been engaged in accordance with the terms of the applicable Program Agreement. The Program Implementer(s) will perform, or contract for, other administrative and ME&O functions necessary and appropriate for the efficient operation of the CFR Program pursuant to the terms and conditions of the Program Agreements entered into with such Program Implementers by the Program Administrator on behalf of the Parties.

(b) A rate education and outreach implementation plan will be developed by the Program Implementer, in collaboration with the Steering Committee and the CPUC's Energy Division, designed to educate ZEV purchasers and the public on time-of-use ("**TOU**") rates (in general), other applicable rates and the benefits of off-peak charging. The rate education and

outreach plan will include a proposal for point of purchase or dealership educational materials. Rate education and outreach materials developed for the statewide CFR program will specify that there are a variety of rate options available depending on the different EDU service territories and will direct customers to contact their specific utility for more information. At a minimum, rate education will be required for all IOU customers who participate in the CFR Program.

(c) The Program Implementer's contract will require it to collect certain data, including but not limited to customer name, address, Vehicle Identification Number (VIN), ZEV make and model. The Program Implementer will provide this information to the Participating EDU that serves that particular customer, and to any non-Participating EDU that serves that customer that has executed and delivered the non-disclosure agreement with the Program Implementer required under Section 4.2(d). See Appendix B for a copy of the data collection template.

(d) In order to receive certain confidential customer related information from the Program Implementer (such as customer name, address, vehicle make, and other information relevant for purposes of grid planning, marketing of any additional utility ZEV programs and similar permitted uses), each Participating EDU shall be required to execute and deliver a non-disclosure agreement with the Program Implementer in a form negotiated by the Program Administrator and approved by the Steering Committee, which shall include the applicable confidentiality and data security requirements governing the handling of such information under applicable laws.

4.3. Financial Institution.

(a) The Financial Institution shall be a state or federally regulated bank or other financial institution that is insured by the FDIC and selected through a RFP/RFI process approved by the Steering Committee. The Financial Institution will receive and hold the EDU Contributions and all interest or other earnings thereon (collectively, "**Program Funds**") in designated Accounts (as defined and described below), and will disseminate Program Funds from the Accounts upon receipt of appropriate instructions from the Program Administrator, including (i) to pay reimbursements to ZEV dealers for their qualifying Reward Amount payments following verification thereof by the Program Implementer pursuant to the terms of its Program Agreement, and (ii) to pay other CFR Program costs, expenses and liabilities, including Administrative Expenses following approval of payment of the invoice by the Steering Committee or CARB in accordance with ARTICLE 6, and any amounts payable for or in connection with Indemnified Claims pursuant to Sections 7.5(b)(ii) and 7.5(b)(iii).

(b) Subject to such modifications to the below provisions as may be proposed by the Program Administrator and approved by the Steering Committee, the Program Administrator will enter into a master agreement with the Financial Institution (the "**Master Account Agreement**") that will provide for the establishment and maintenance of one or more bank accounts to hold, disburse or otherwise administer the Program Funds ("**Accounts**"). While the terms of the Master Account Agreement and the structure of the Accounts will not be able to be finalized until the completion of the RFP/RFI process to select a Financial Institution, the Parties currently anticipate that the basic financial structure of the CFR Program will follow

one of the structural models set forth below (with such modifications thereto as are proposed by the Program Administrator and approved by the Steering Committee), which are ranked in order of preference and which, to the extent a higher priority option is available prior to finalization of the Master Account Agreement, shall be approved by the Steering Committee in such order, subject to the provisions of Section 4.3(f) below and consideration of relevant Tax reporting and administration requirements:

(i) if the Program Administrator and the Steering Committee identify a Governmental Authority (including, for the avoidance of doubt, a POU) or not for profit entity that (A) is willing to serve as the record holder (under its name and federal Tax identification number) of an Account to hold all Program Funds (the "**Program Funds Account**"), and (B) they believe in good faith is appropriate to hold the Program Funds Account, then the Program Administrator shall negotiate the terms of one or more Program Agreements (each of which shall be subject to the approval of the Steering Committee in accordance with Section 3.2(a)) with such Designated Account Holder (as such term is defined in Section 1.1) and the Financial Institution pursuant to which the Designated Account Holder will (1) open and maintain the Program Funds Account in its name and federal Tax identification number, and (2) provide sole management authority and control over the Program Funds Account, all funds contained therein and all decisions pertaining thereto to the Program Administrator, which management authority and control shall in all cases be limited by and subject to the provisions of this Governance Agreement and any additional requirements established by CARB pursuant to the LCFS Regulation;

(ii) in the event that the Program Administrator and the Steering Committee have not identified a Designated Account Holder to hold the Program Funds Account, but have identified any Governmental Authority (including, for the avoidance of doubt, a POU) or not for profit entity that (A) is willing to serve as the record holder (under its name and federal Tax identification number) of an Account to hold the EDU Contributions (and all interest and earnings thereon) of more than one but less than all of the Participating EDUs (a "**Collective Deposit Account**"), and (B) they believe in good faith is appropriate to hold such Collective Deposit Account, then the Program Administrator shall negotiate the terms of one or more Program Agreements (each of which shall be subject to the approval of the Steering Committee in accordance with Section 3.2(a)) with each such Designated Account Holder and the Financial Institution pursuant to which the Designated Account Holder will (1) open and maintain such Collective Deposit Account in its name and federal Tax identification number, and (2) provide sole management authority and control over such Collective Deposit Account, all funds contained therein and all decisions pertaining thereto to the Program Administrator, which management authority and control shall in all cases be limited by and subject to the provisions of this Governance Agreement and any additional requirements established by CARB pursuant to the LCFS Regulation. For the avoidance of doubt, any Participating EDU that is not authorized to deposit its EDU Contributions into a Collective Deposit Account established pursuant to this Section 4.3(b)(ii) must establish an Individual Deposit Account in accordance with the provisions of Section 4.3(b)(iii) below; or

(iii) in the event that the Program Administrator and the Steering Committee have not identified (A) a Designated Account Holder to hold the Program Funds Account pursuant to Section 4.3(b)(i), or (B) one or more Designated Account Holders to hold

one or more Collective Deposit Accounts pursuant to Section 4.3(b)(ii) that, individually or in the aggregate, would hold the EDU Contributions for all Participating EDUs, then any Participating EDU that is not authorized to deposit its EDU Contributions into a Collective Deposit Account or, in the event there is no Collective Deposit Account, each Participating EDU, must establish its own individual deposit Account with the Financial Institution selected pursuant to Section 4.1(c) (each, an "**Individual Deposit Account**") and will be required to execute and deliver, upon the Program Administrator's request therefor, the separate Program Agreement with the Financial Institution creating and governing its Individual Deposit Account in the final form thereof negotiated by the Program Administrator for all Participating EDUs to deliver and as such final form has been approved by the Steering Committee (the "**Individual Deposit Account Agreement**"), as a condition to remaining as a Participating EDU and Party under this Agreement. The Individual Deposit Account Agreement shall grant the Program Administrator sole management authority and control over each Individual Deposit Account, all funds contained therein and all decisions pertaining thereto, which management authority and control shall in all cases be limited by and subject to the provisions of this Governance Agreement and any additional requirements established by CARB pursuant to the LCFS Regulation.

(c) In the event that the Program Administrator and the Steering Committee have not identified a Designated Account Holder to hold the Program Funds Account, the Program Administrator will establish one or more disbursement Accounts (the "**Disbursement Account**") to be maintained for the purpose of paying all Reward Amount reimbursement payments to ZEV dealers (and, solely to the extent required by CARB pursuant to the LCFS Regulation and in accordance with the terms thereof, any carrying costs associated with any undue delay in reimbursement of Reward Amount payments to the ZEV dealers due to the fault of the Program Administrator), all Administrative Expenses, all payments to reimburse the Program Administrator for its (or its Affiliates') payment of any Administrative Expenses, and all amounts payable for or in connection with Indemnified Claims pursuant to Sections 7.5(b)(ii) and 7.5(b)(iii). If there is a Program Funds Account, then all such payments, Administrative Expenses, reimbursement and amounts referenced in the preceding sentence will be paid out of the Program Funds Account. The Disbursement Account shall be held in the name of and under the federal Tax identification number of the Program Administrator, and the Program Administrator's management authority and control over the funds in the Disbursement Account shall in all cases be limited by and subject to the provisions of this Governance Agreement and any additional requirements established by CARB pursuant to the LCFS Regulation.

(d) In the event that the Program Administrator and the Steering Committee have not identified a Designated Account Holder to hold the Program Funds Account, the Master Account Agreement shall set forth the terms and condition pursuant to which:

(i) when the Program Administrator delivers an instruction to the Financial Institution to make any payment of any Reward Amount to any ZEV dealer as verified by the Program Implementer, the Financial Institution will transfer from the Deposit Accounts to the Disbursement Account, pro rata from each Deposit Account (based on the respective then current account balances in each of the Deposit Accounts), the amounts necessary to pay such Reward Amount, and

(ii) when the Program Administrator delivers an instruction to the Financial Institution to make a payment of any Administrative Expense from the Administrative Account following approval of payment of the invoice from the Steering Committee or CARB in accordance with ARTICLE 6, the Financial Institution will transfer from the Deposit Accounts to the Disbursement Account, pro rata from each Deposit Account (based on the respective then current account balances in each of the Deposit Accounts), the amounts necessary to pay such Administrative Expense.

(e) A reserve of Program Funds totaling Ten Million Dollars ($10,000,000.00) in the aggregate shall be maintained at all times following the Program Launch Date in the Program Funds Account or, if none, segregated among the Deposit Accounts in the manner and amounts determined by the Program Administrator but totaling Ten Million Dollars in the aggregate (the "**Liability Reserve**"). The Liability Reserve shall only be used by the Program Administrator as a reserve to cover and pay any and all amounts payable to any Indemnified Party in accordance with the indemnification provisions of Section 7.5(b), or to pay off any Remaining Liabilities following the termination of the CFR Program or this Agreement pursuant to the provisions of Section 9.1(b). In addition to the Liability Reserve, for each calendar year that ends following the Program Launch Date, an operating reserve shall be maintained in the Program Funds Account or, if none, segregated among the Deposit Accounts in the manner and amounts determined by the Program Administrator, in an amount equal to the CFR Program's highest forecasted calendar month of expenditures projected for such year as set forth in the CFR Program budget for such year (the "**Operating Reserve**"). The Operating Reserve shall only be used by the Program Administrator as a reserve to cover and pay any and all amounts payable in accordance with the provisions of Section 4.3(d) and ARTICLE 6, or to any Indemnified Party in accordance with the indemnification provisions of Section 7.5(b), or to pay off any Remaining Liabilities following the termination of the CFR Program or this Agreement pursuant to the provisions of Section 9.1(b), in each case solely to the extent that there are insufficient Program Funds otherwise available to pay such amounts when due or required to be paid. Upon the request of the Program Administrator at any time, the Steering Committee is hereby authorized to adjust the respective amounts of the Liability Reserve and the Operating Reserve from time to time in an effort to ensure that adequate reserves for the payment of all costs, expenses, and liabilities (fixed or contingent) of the CFR Program, and all Claims pertaining thereto, are maintained at all times.

(f) Notwithstanding the foregoing or any other provision of this Agreement to the contrary, in the event that the Program Administrator determines in good faith that modifications to the foregoing structure, or an alternative Account structure, are necessary or appropriate in order to avoid any adverse Tax consequences to the Program Administrator or its Affiliates arising from such structure, the Program Administrator may call an emergency meeting for Steering Committee review and approval of any such modifications or alternative structures; provided that if the Program Administrator and the Steering Committee are unable to agree upon the modifications to be implemented within ten (10) business days following the initial issuance of the notice for such emergency meeting by the Program Administrator, the Program Administrator shall have the power, authority and discretion to implement such modifications or alternative structures as are determined appropriate by the Program Administrator, and the Program Administrator shall promptly notify the Steering Committee no

later than three (3) business days following the implementation of any such modifications or alternative structures that did not receive Steering Committee approval.

(g) Without limiting the provisions of Section 9.1(b) below, once any EDU Contribution is deposited into any Deposit Account or Program Funds Account, as the case may be, those funds and all interest and earnings thereon will become Program Funds and the Participating EDU or Designated Account Holder that is the holder of such Deposit Account or Program Funds Account, as the case may be, will not be able to withdraw, transfer or otherwise exercise any control over such funds (or any interest or earnings thereon) even if such Participating EDU withdraws or is removed from the CFR Program or this Agreement, or such Designated Account Holder desires to close such Collective Deposit Account or Program Funds Account; provided that for Tax purposes, such Participating EDU or Designated Account Holder that is the holder of such Deposit Account or Program Funds Account shall be considered the owner of such funds and all interest and earnings on such funds maintained in any Deposit Account will be reported as interest and earnings paid to or received by the Participating EDU or Designated Account Holder that is the record holder of such Account. All applicable bank fees and penalties for all Accounts are considered part of CFR Program Administrative Expenses and will be paid or reimbursed using Program Funds. No Participating EDU shall claim a Tax deduction in connection with a deposit to their respective EDU Contribution Account, except at such time and to the extent such funds are paid to ZEV dealers or to satisfy or reimburse Administrative Expenses or Indemnified Claims pursuant to Sections 7.5(b)(ii) and 7.5(b)(iii).

4.4. Program Auditor.

(a) Program Auditor. The Program Auditor will be an independent (i.e., not an Affiliate of any EDU), nationally-recognized (i.e., with 10 or more offices in at least 3 different states) accounting firm engaged to perform regular audits of all auditable aspects of the CFR Program, including the program controls and performance, the administration of the CFR Program and Administrative Expenses, including payment/reimbursement of expenses to the Program Administrator and Program Implementers, and Reward Amount payments/reimbursements to ZEV dealers. An annual audit of the CFR Program will be conducted by the Program Auditor each fiscal year with a published report to be issued within sixty (60) days following the completion of the audit (and in no event later than one hundred eighty (180) days following the end of the fiscal year). During the first year of the CFR Program following the Program Launch Date, an interim audit will be performed to test CFR Program controls and such audit will commence within six (6) months after the Program Launch Date with a report issued sixty (60) days after completion of the audit.

(b) Confidential and Market-Sensitive Information. Unless otherwise determined by the Steering Committee it is not anticipated that the Program Auditor will receive any market-sensitive information in connection with its audits and market-sensitive aspects of the CFR Program, such as, but not limited to, any trading activity in LCFS Base Credits by the EDUs, shall not be included within the scope of any audit by the Program Auditor. No Participating EDU is obligated to provide or disclose any of its confidential or market-sensitive information to any other Participating EDU under this Agreement. All Participating EDUs and Implementers shall be required to comply with any and all requests for information issued by

CARB in accordance with the LCFS Regulation or other applicable law, as well as to any other Governmental Authority with legal authority and jurisdiction to request such information.

(c) Audit Reports. The Program Auditor's audit reports shall be provided to all Participating EDUs, CARB, the CPUC, and the public. Any Participating EDU shall have the right at its own expense to review any non-confidential records and information underlying the Program Auditor's report on reasonable notice during regular business hours. The Program Auditor's reports shall contain all information necessary for the Program Administrator to comply with its reporting obligations to CARB as set forth in the CPUC Approval (and in any subsequent resolution issued by CARB), and each Party shall provide all information and assistance requested by the Program Auditor or the Program Administrator in order to comply with such reporting obligations to CARB or any other Governmental Authority.

(d) Program Auditor Insurance. The Program Auditor shall maintain insurance coverage of the specified types, with an endorsement as additional insured for the benefit of the Program Administrator, the Steering Committee and the Parties, and in amounts equal to or in excess of such minimum coverage amounts, in each case as are determined by the Steering Committee.

4.5. Program Implementer Qualifications. The RFP solicitation shall provide that third parties seeking to be Program Implementers must meet certain minimum requirements in order to submit an offer in response to the RFP. The RFP will provide that each Program Implementer will be required to execute and deliver one or more Program Agreements with the Program Administrator (and, if applicable, the Participating EDUs) that includes terms and conditions pursuant to which the Program Implementer, depending on the scope of work to be provided by such Program Implementer to the CFR Program, will:

(a) indemnify, defend, and hold each of the Participating EDUs, their Affiliates, and each of their respective Representatives harmless for and from any liabilities arising from or in connection with any negligent or intentional acts/omissions or mismanagement of Program Funds or other LCFS Credit Revenue by such Program Implementer, its contractors or subcontractors, or any of its or their respective Representatives (collectively, the "**Program Implementer Representatives**");

(b) have procured, and will cause Program Implementer Representatives and other vendors and contractors, to have or procure, sufficient insurance to cover their liabilities in such amounts equal to or in excess of such minimum coverage amounts as are determined by the Steering Committee to cover any negligence, errors or omissions, or mismanagement of the Program Funds, LCFS Credit Revenue or the CFR Program by the Program Implementer Representatives;

(c) have internal practices and procedures to prevent the risk of fraud or mismanagement (including terms and conditions that would apply to the evaluation of claims submitted and payment of Reward Amounts to participating ZEV dealers);

(d) have experience managing large-scale programs with aggregate funding in excess of $100 million;

(e) have technological experience creating web-based programs;

(f) ensure that all agreements with subcontractors include terms for the protection of the Participating EDUs;

(g) not be an Affiliate of the Program Administrator or any Participating EDU; and

(h) have practices and procedures to prevent and prosecute fraud by ZEV dealers seeking reimbursement for Reward Amounts, such as through carefully crafted terms and conditions to which ZEV purchasers and point-of-sale entities must agree to receive the applicable Reward Amount for the ZEV purchaser.

ARTICLE 5
CFR PROGRAM EXPENSES; COST SHARING; LAUNCH

5.1. Program Administrator Expenses. The Parties hereby acknowledge and agree that Program Funds shall be used to pay and/or reimburse the Program Administrator (unless it is a Third Party Program Administrator) for, all costs, expenses, fees, Taxes, liabilities, and other amounts paid or incurred by the Program Administrator pursuant to or in connection with its service or status as Program Administrator ("**Administrative Expenses**"), including without limitation (but subject to the provisions of Section 5.2 below), (i) all amounts paid or incurred with respect to (A) any Implementers, or (B) any other contractors, vendors, attorneys, accountants, or other third parties in connection with the role of Program Administrator, (ii) an allocated portion of the fully-loaded labor costs (excluding bonus programs) for any employees who provide services in connection with the Program Administrator role and functions (which allocation shall be determined by the Program Administrator in good faith), (iii) an allocated portion of time and materials costs paid to independent contractors who provide services in connection with the Program Administrator role and functions (which allocation shall be determined by the Program Administrator in good faith), (iv) any reasonable travel related expenses incurred by any such persons described in the preceding clauses (ii) or (iii) associated with the Program Administrator role or functions, and (v) any non-labor related marketing costs such as media buy and collateral development expenses. For the avoidance of doubt, Administrative Expenses do not include costs, expenses, fees, Taxes, liabilities, and other amounts paid or incurred by SCE (or any successor thereof as Program Administrator that is a Participating EDU) to the extent paid or incurred in its capacity as a Participating EDU as opposed to in its capacity as Program Administrator. For purposes of illustrating the concept underlying the preceding sentence only, and without any limiting purpose or effect, any Taxes (including on any interest or other earnings on such account) incurred by the Program Administrator (or its Affiliates) in connection with any Disbursement Account, Program Funds Account, Collective Deposit Account, or Individual Deposit Account (except for the Program Administrator's own Individual Deposit Account, if any), or any other Account opened or maintained with the Financial Institution in connection with its role as Program Administrator constitute Administrative Expenses, but any Taxes incurred by SCE (or any successor thereof as Program Administrator that is a Participating EDU) on its own Individual Deposit Account into which its EDU Contributions will be made in its capacity as a Participating EDU would not constitute Administrative Expenses. To make the Program Administrator (unless it is a

Governmental Authority or not for profit entity exempt from income Tax)) whole on an after-Tax basis, Taxes constituting Administrative Expenses shall be calculated as if the Program Administrator were subject to Tax at, and any payment or reimbursement of Taxes constituting Administrative Expenses shall be grossed-up at, the highest combined federal and state marginal Tax rate for the applicable period in the Program Administrator's jurisdictions of operations, in each case as reasonably determined by the Program Administrator. The Parties acknowledge and agree that the Program Administrator (unless it is a Third Party Program Administrator) is entitled to payment and reimbursement from Program Funds (including all required EDU Contributions, but excluding, with respect to the Program Administrator's own internal costs that constitute Administrative Expenses, any interests or earnings thereon) for all Administrative Expenses, particularly in light of the fact that the Program Administrator is not requesting or receiving any administrator fee or compensation for its services as Program Administrator. Accordingly, each Participating EDU hereby covenants and agrees to make its respective EDU Contributions and to pay all other amounts payable by such Participating EDU in accordance with the terms and conditions of this Agreement, and CARB shall be tasked with monitoring each Participating EDU's compliance with these obligations in its respective Program Agreement and verifying the information received with the Financial Institution and CARB, as applicable. For the avoidance of doubt, the foregoing Administrative Expense payment and reimbursement rights shall not apply to any Program Administrator other than SCE or another Participating EDU that is appointed by the Steering Committee to serve as Program Administrator, as the Parties anticipate that any Third Party Program Administrator that may be engaged would receive fees for its service in such role and any additional expense payments or reimbursements to which it may be entitled would be expressly set forth in the engagement agreement with such Third Party Program Administrator.

5.2. Payment/Reimbursement of Administrative Expenses. The Program Administrator (unless it is a Third Party Program Administrator) upon approval by the Steering Committee is hereby authorized to (i) pay Administrative Expenses directly from Program Funds, and (ii) reimburse itself for any Administrative Expenses paid or incurred by the Program Administrator (or any of its Affiliates), in each case from Program Funds in the Program Funds Account or the Disbursement Account, as the case may be, and to transfer amounts from any Deposit Account into the Disbursement Account in order to make such payments and reimbursements, in each case in accordance with the provisions of ARTICLE 6 below and the Master Account Agreement; provided that the total amount of such payments and reimbursements of Administrative Expenses made by the Program Administrator in any calendar year following approval of the invoice therefor by the Steering Committee or CARB in accordance with the provisions of ARTICLE 6, shall in no event exceed ten percent (10%) (as such percentage may be adjusted pursuant to the following provisions of this Section 5.2, the "**Percentage Target**") of the total CFR Program budget of aggregate Program Funds for such calendar year. The Program Administrator and the Steering Committee shall monitor the aggregate amount of payments and reimbursements of Administrative Expenses approved and made in each calendar year to ensure that aggregate Administrative Expenses payments and reimbursements made in such calendar year do not exceed the Percentage Target. Given that the Parties cannot predict with any degree of accuracy what the actual annual Administrative Expenses will be until the RFP/RFI processes have concluded and the Implementers have been engaged, upon the request of the Program Administrator, but subject to the prior submission to, and approval by, the CPUC of a Tier 2 advice letter if still required in connection therewith by

the provisions of ordering paragraph 6 or ordering paragraph 7 of CPUC Resolution E-5015, the Steering Committee is hereby authorized to increase (but not decrease) the Percentage Target from time to time to ensure that all Administrative Expenses incurred in each calendar year are authorized to be paid or reimbursed, as the case may be, in a timely fashion and when due. Notwithstanding the foregoing, the provisions of this Section 5.2 shall not apply to any Third Party Program Administrator, as the terms and conditions on which any Third Party Administrator may handle or administrator any Program Funds or Accounts shall be set forth in and governed by the applicable Program Agreement(s) entered into with such Third Party Program Administrator.

5.3. Start-Up Funding. To fund the initial start-up costs of the CFR Program, including the amounts necessary to pay all Administrative Expenses and all Reward Amount reimbursement payments to ZEV dealers and to fund the initial Reserve Amount during the start-up phase of the CFR Program, the Participating EDUs will contribute a total of Fifty Million Dollars ($50,000,000) in initial EDU Contributions in the aggregate (assuming full participation by all eligible EDUs in the CFR Program). Each Participating EDU shall be required to fund the amount set forth opposite such Participating EDU's name on Appendix A hereto as its initial EDU Contribution (the "**Initial EDU Contributions**"). Following the establishment of the initial Account structure for the CFR Program in accordance with the provisions of Section 4.3, each Large EDU shall be required to deposit the amount of its Initial EDU Contribution into its EDU Contribution Account (which shall be the applicable Program Funds Account, Collective Deposit Account or Individual Deposit Account designated for such Large EDU in accordance with the instructions of the Program Administrator), no later than sixty (60) days following the date on which the Master Account Agreement is executed by the Program Administrator and the Financial Institution (the "**Initial Funding Date**"). In the event the Account structure includes an Individual Deposit Account for such Large EDU, such Large EDU shall also execute and deliver its Individual Deposit Agreement to the Financial Institution on or prior to the earlier to occur of the Initial Funding Date and the date on which it makes its Initial EDU Contribution. Each other Participating EDU besides the Large EDUs shall be required (a) to deposit the amount of its Initial EDU Contribution into its EDU Contribution Account, which shall be the applicable Program Funds Account, Collective Deposit Account or Individual Deposit Account designated for such Participating EDU in accordance with the instructions of the Program Administrator, and (b) if such Program Administrator instructions provide that an Individual Deposit Account be established for such Participating EDU, such Participating EDU shall also execute and deliver its Individual Deposit Agreement to the Financial Institution, in each case for both clauses (a) and (b), no later than (i) January 31, 2021 for all Participating EDUs identified as Medium Publicly-owned Utilities on Appendix A, and (ii) January 31, 2023 for all Participating EDUs identified as Small Publicly-owned Utilities or Small Investor-owned Utilities on Appendix A; provided that if such other Participating EDU has not executed and delivered its Joinder to become a Party to this Agreement pursuant to Section 2.2 on or prior to (x) January 31, 2021 for the Medium Publicly-owned Utilities, or (y) January 31, 2023 for the Small Publicly-owned Utilities, then such Participating EDU shall have until the first anniversary of the date of its Joinder to deposit the amount of its Initial EDU Contribution into its EDU Contribution Account and, if applicable, to execute and deliver its Individual Deposit Account Agreement to the Financial Institution.

5.4. Periodic Funding Requirements. Each Participating EDU hereby covenants and agrees that, upon and following such Participating EDU's execution of this Agreement, in addition to making its required Initial EDU Contribution, it will also make additional aggregate EDU Contributions to its EDU Contribution Account during each calendar year in an amount equal to or greater than the applicable required percentage for such year of LCFS Credit Revenue generated by such Participating EDU during such calendar year as set forth opposite the name of such Participating EDU on Appendix A (the "**Required Percentage**"), and in accordance with the LCFS Regulation.

(a) Large EDUs' Periodic EDU Contributions. Each Large EDU shall be responsible for (i) identifying and tracking all Earmarked Credits deposited into its LCFS balancing account by CARB at any time on or after the Final CPUC Approval Date, and (ii) no later than the Initial Funding Date, depositing into its EDU Contribution Account the Required Percentage of the LCFS Credit Revenue generated by such Large EDU from the sale of all Earmarked Credits that have been deposited by CARB into such Large EDU's LCFS balancing account at any time on or prior to the end of the calendar quarter immediately preceding the quarter during which the Initial Funding Date occurs, and such Large EDU shall be required to sell all such deposited Earmarked Credits prior to the Initial Funding Date (provided that with respect to LCFS Credit Revenue generated by sales of any Earmarked Credits deposited into such Large EDU's LCFS balancing account during the calendar quarter that immediately precedes the quarter in which the Initial Funding Date occurs, the Large EDU shall have until the last day of such quarter in which the Initial Funding Date occurs to deposit its Required Percentage of such LCFS Credit Revenue generated therefrom into its EDU Contribution Account as required under this Section 5.4(a)(ii)). Commencing with the quarter in which the Initial Funding Date occurs, the Large EDUs will deposit their Required Percentage of their respective LCFS Credit Revenue into their respective EDU Contribution Accounts no less frequently than on a quarterly basis in arrears and in one or more transactions that shall be made no later than the end of the last business day of the following quarter. The following table sets forth the required deposit schedule of the Large EDUs' LCFS Credit Revenue for an illustrative year of the CFR Program:

Table X: Schedule of Large EDU Base Credit Revenue Transfer to CFR Program

Due Date for Deposit	Large EDU Required Deposits into its EDU Contribution Account
June 30	Large EDU deposits into its EDU Contribution Account the Required Percentage of its respective LCFS Credit Revenue from the sale of any Earmarked Credits deposited in its LCFS balancing account in Q1 of that year.
September 30	Large EDU deposits into its EDU Contribution Account the Required Percentage of its respective LCFS Credit Revenue from the sale of any Earmarked Credits deposited in its LCFS balancing account in Q2 of that year.
December 31	Large EDU deposits into its EDU Contribution Account the Required Percentage of its respective LCFS Credit Revenue from the sale of any Earmarked Credits deposited in its LCFS balancing account in Q3 of that year.
March 31	Large EDU deposits into its EDU Contribution Account the Required Percentage of its respective LCFS Credit Revenue from the sale of any Earmarked Credits deposited in its LCFS balancing account in Q4 of the previous year plus any "true up" revenue from the previous calendar year.

If any Large EDU has any Earmarked Credits deposited into its LCFS balancing account by CARB in any quarter that remain unsold at the end of such quarter, the Large EDU will track such Earmarked Credits and contribute the Required Percentage of the LCFS Credit Revenue generated therefrom to its EDU Contribution Account in the immediately following quarter, in which quarter such Earmarked Credits must be sold. Each Large EDU will be required to sell all Earmarked Credits deposited into its LCFS balancing account by CARB each quarter by no later than the end of the following quarter. By March 31st of each year, each Large EDU will be responsible for truing up and depositing into its EDU Contribution Account its aggregate required EDU Contributions for the entire previous calendar year. Notwithstanding the foregoing, the Steering Committee shall have the power and authority to waive or suspend the aforementioned timing requirements for when sales of Earmarked Credits held in the respective LCFS balancing accounts of the Large EDUs must take place should the Steering Committee determine that market conditions or other extenuating factors make such waiver or suspensions (which would apply as to all Large EDUs) prudent, and the Steering Committee shall promptly notify all Large EDUs of any such waiver or suspension. The Steering Committee shall grant an extension of the aforementioned timing requirements to any Large EDU, on an individual case-by-case basis, if the Large EDU has demonstrated to the satisfaction of the Steering Committee that it is utilizing all reasonable efforts to consummate the sale of its Earmarked Credits in a diligent and timely manner, but needs additional time to complete all sales required in order to deposit its full Required Percentage of LCFS Credit Revenue.

(b) Other Participating EDUs' Periodic EDU Contributions. Each EDU that is not a Large EDU shall be responsible for (i) identifying and tracking all Earmarked Credits deposited into its LCFS balancing account by CARB at any time on or after the Final CPUC Approval Date, and (ii) within sixty (60) days following such EDU's execution of this Agreement or a Joinder hereto, depositing into its EDU Contribution Account the Required Percentage of the LCFS Credit Revenue generated by such EDU from the sale of all such Earmarked Credits deposited into its LCFS balancing account by CARB at any time on or prior to the end of the calendar year immediately preceding the year during which such EDU becomes a Party to this Agreement, and each such EDU shall be required to sell all such deposited Earmarked Credits prior to such 60th day following such EDU's execution of this Agreement or a Joinder hereto. Each other Participating EDU besides the Large EDUs will also deposit its Required Percentage of its respective LCFS Credit Revenue received in any calendar year commencing with the calendar year in which it becomes a Participating EDU into its respective EDU Contribution Account no less frequently than on an annual basis in arrears and in one or more transactions that shall occur no later than March 31st of the following year. All such Participating EDUs shall be required to sell all of the Earmarked Credits deposited by CARB into its LCFS balancing account during any calendar year in such calendar year. Notwithstanding the foregoing, the Steering Committee shall have the power and authority to waive or suspend the aforementioned timing requirements for when sales of Earmarked Credits held in the respective LCFS balancing accounts of the other Participating EDUs must take place should the Steering Committee determine that market conditions or other extenuating factors make such waiver or suspensions (which would apply as to all such other Participating EDUs) prudent, and the Steering Committee shall promptly notify all such Participating EDUs of any such waiver or suspension. The Steering Committee shall also have the power and authority to grant an extension of the aforementioned timing requirements to any Participating EDU, on an individual case-by-case basis, that has demonstrated to the satisfaction of the Steering Committee that it is utilizing all reasonable efforts to consummate the sale of its Earmarked Credits in a diligent and timely manner, but needs additional time to complete all sales required in order to deposit its full Required Percentage of LCFS Credit Revenue.

(c) Steering Committee. Notwithstanding the foregoing, the above annual deposit schedules for the Participating EDUs set forth in Sections 5.4(a) and 5.4(b) above shall be reviewed by the Steering Committee at a minimum of every three years, and whenever the Program Administrator requests in good faith any modification to any such schedule, and the deposit schedule shall be updated from time to time if necessary as determined by the Steering Committee.

5.5. CFR Program Commencement. The Parties shall commence the CFR Program following the satisfaction of the following conditions: (i) SCE, PG&E and SDG&E shall have received any additional approval or consent of the CPUC to execute and deliver this Agreement as may be required by the CPUC Approval; (ii) CARB Authorization shall have been received; (iii) each Large EDU shall have duly executed and delivered this Agreement to the other Large EDUs; (iv) Members holding at least a majority of the voting percentages specified to be held by all Members as set forth in Section 3.3(h), shall have been appointed to the Steering Committee pursuant to the provisions of Section 3.3(a); (v) the Financial Institution, Program Auditor and the Program Implementer responsible for administering and paying Reward Amount reimbursement payments to ZEV dealers shall have been selected and engaged through duly

executed and delivered Program Agreements, and any preconditions to commencement of the CFR Program set forth in such Program Agreements shall have been satisfied or been duly waived by the Steering Committee and the Program Administrator; (vi) each Large EDU shall have deposited its Initial EDU Contribution into its EDU Contribution Account, the Liability Reserve and the Operating Reserve shall have been funded using such Initial EDU Contributions, and, to the extent instructed by the Program Administrator pursuant to Section 4.3(b), the Financial Institution and each Large EDU shall have duly entered into their respective Individual Deposit Account Agreement; (vii) the Steering Committee has approved the initial Reward Amount pursuant to the provisions of Section 3.3(d)(iii); (viii) the Parties shall have received approval or a legal opinion from CARB that the LCFS Credit Revenue may be used to compensate all CFR Program costs and expenses including, subject to Section 5.2 and the other provisions of this Agreement, any Administrative Expenses and any Indemnified Claims using Reserve Amounts and other Program Funds under this Agreement; (ix) the Program Administrator shall have made a solicitation to procure, or have otherwise approached insurance or bonding providers to procure, a Policy or Bond to cover Claims pertaining to the CFR Program and, to the extent commercially available, shall have procured such Policy or Bond in accordance with the provisions of Section 7.4; and (x) at the written request of the Program Administrator, the Steering Committee shall have issued its approval to commence the CFR Program and to authorize the offer and payment of the initial Reward Amount thereunder by issuance of a joint press release on behalf of all Participating EDUs announcing the official commencement and launch of the CFR Program. The CFR Program shall officially commence on the date specified in such joint press release as the official start date of the CFR Program (the "**Program Launch Date**").

ARTICLE 6
APPROVAL AND PAYMENT OF INVOICES

6.1. Implementer Invoices. The Program Agreement with each Implementer shall set forth the terms and conditions for submission of all Implementer invoices to the Program Administrator for payment. Following receipt of any invoice from any Implementer, or from any other contractor, vendor, attorney, accountant, or other third party in connection with the Program Administrator's role and responsibilities as Program Administrator and that the Program Administrator has not paid directly and submitted for reimbursement as an Administrative Expense that was paid by the Program Administrator in accordance with the provisions of Section 6.2 below, the Program Administrator shall submit such invoice (along with any other supporting documents submitted therewith) to the Steering Committee and/or the applicable Invoice Subcommittee. The CARB Representative shall receive copies of all invoices submitted to the Steering Committee. Following final approval of any such invoice by the Steering Committee or CARB, the Program Administrator shall authorize and instruct the Financial Institution to pay such invoice as an Administrative Expense from the Program Funds Account or the Disbursement Account, as applicable. Any amounts incurred in connection with any delay in approval or payment of any invoice, including any interest, fees, charges, penalties or other amounts, shall also be paid as an Administrative Expense from the Program Funds Account or the Disbursement Account, as applicable.

6.2. Program Administrator Invoices. In the event that the Program Administrator (or any Affiliate thereof) pays any Administrative Expenses directly, including any

Administrative Expenses paid or incurred by the Program Administrator prior to the Program Launch Date, the Program Administrator shall submit an invoice therefor (along with any reasonably requested supporting documentation) to the Steering Committee and/or the applicable Invoice Subcommittee. The CARB Representative shall receive copies of all invoices submitted to the Steering Committee. Following final approval of any such invoice by the Steering Committee or CARB, the Program Administrator shall authorize and instruct the Financial Institution to pay such invoice as an Administrative Expense from the Program Funds Account or the Disbursement Account, as applicable.

6.3. Reward Amount Payments. For the avoidance of doubt, Reward Amount payments and reimbursements shall not be subject to the invoice, approval and payment procedures set forth in this ARTICLE 6, and shall in no event be deemed to be Implementer or vendor invoices. Reward Amount payments and reimbursements shall be handled pursuant to the provisions of Section 4.3(c)(i) and the applicable Program Agreements with the Program Implementer and the Financial Institution, and shall in no event require any review or approval of the Steering Committee or any subcommittee thereof, but are subject to audit by the Program Auditor.

ARTICLE 7
RELEASE, COVENANT NOT TO SUE, INSURANCE AND INDEMNIFICATION

7.1. Release and Waiver.

(a) Each Party, on its own behalf, and on behalf of its successors, assigns, direct and indirect subsidiaries and Affiliates (collectively, "**Related Entities**"), does hereby irrevocably, unconditionally, voluntarily, knowingly, fully, finally, completely, and forever waive and disclaim, and release and discharge:

(i) SCE, and each of its direct and indirect subsidiaries, Affiliates, divisions, successors, assigns and predecessors and each of its and their direct and indirect Representatives, successors, and assigns, individually and collectively (each, a "**SCE Released Party**" and collectively, the "**SCE Released Parties**"), from, against and with respect to, any and all Claims that such Party or its Related Entities ever had or now has, or may hereafter have or acquire, against any of the Released Parties by reason of any and all acts, omissions, events, circumstances or facts existing or hereafter occurring that, directly or indirectly, arise out of, result from, relate to, or are otherwise connected with or involving SCE's performance or non-performance in its role, capacity or status as Program Administrator, or its actions or inactions as Program Administrator or with respect to the administration, management or oversight of the CFR Program, including, without limitation, the RFP/RFI processes, the selection of the Implementers, the performance or non-performance of any Implementer, and any management or oversight of the Implementers ("**SCE Released Claims**"); provided that in no event shall SCE Released Claims include or be deemed to include Claims arising from the SCE Released Party's own fraud, willful injury to the person or property of another, or violation of law whether willful or negligent, or otherwise against public policy pursuant to California Civil Code Section 1668; and

(ii) each Member, each Alternate and each EDU that appoints or employs such Member or Alternate, individually and collectively (each, a "**Steering Committee Released Party**" and collectively, the "**Steering Committee Released Parties**"), from, against and with respect to, any and all Claims that such Party or its Related Entities ever had or now has, or may hereafter have or acquire, against any of the Released Parties by reason of any and all acts, omissions, events, circumstances or facts existing or hereafter occurring that, directly or indirectly, arise out of, result from, relate to, or are otherwise connected with or involving such Member's or Alternate's performance or non-performance in his or her role, capacity or status as a Member or Alternate, or his or her actions or inactions as a Member or Alternate on the Steering Committee or with respect to the Steering Committee's administration, management or oversight of the CFR Program, including, without limitation, the RFP/RFI processes, the selection of the Implementers, the performance or non-performance of any Implementer, and any management or oversight of the Implementers ("**Steering Committee Released Claims**"); provided that in no event shall Steering Committee Released Claims include or be deemed to include Claims arising from the Steering Committee Released Party's own fraud, willful injury to the person or property of another, or violation of law whether willful or negligent, or otherwise against public policy pursuant to California Civil Code Section 1668.

(b) Each Party, itself and for its Related Entities, expressly acknowledges and agrees that it has executed and delivered this Agreement with the intention that the release and waiver set forth in this Section 7.1 (the "**Release**") be a general release and waiver to the full extent provided herein. Each Party, itself and for its Related Entities, expressly acknowledges and agrees that that there is a possibility that subsequent to the execution of this Agreement, it will discover facts or incur or suffer Claims specifically related to Released Claims which were unknown or unsuspected at the time this Agreement was executed, and which if known by it at that time may have materially affected its decision to execute this Agreement or to grant the Release provided for herein. Each Party, itself and for its Related Entities, expressly acknowledges and agrees that it has by reason of this Agreement, and the Release contained herein, it is assuming any risk of such unknown facts and such unknown and unsuspected Released Claims. Each Party, itself and for its Related Entities, expressly acknowledges and agrees that it has been advised of, and does hereby specifically and expressly waive and release all rights under, the provisions of Section 1542 of the Civil Code of California, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Notwithstanding any such provisions or similar laws, this Agreement shall constitute a full release of Released Claims in accordance with its terms. Each Party, itself and for its Related Entities, knowingly and voluntarily waives the provisions of Section 1542 and any other such statutes, laws, or rules of similar effect, and acknowledges and agrees that this waiver is an essential and material term of this Agreement and was separately bargained for, and without such waiver (i) SCE would not have agreed to serve as Program Administrator and would not have entered into this Agreement, and (ii) each Member and each Alternate would not have agreed to

serve as a Member or Alternate, as the case may be, on the Steering Committee. Each Party, itself and for its Related Entities, hereby represents that it has been advised by its legal counsel, and that it understands and acknowledges the significance and consequence of the Release set forth herein and of this waiver of Section 1542 and any other such statutes, laws, or rules of similar effect.

7.2. Covenant Not To Sue.

Each Party, on its own behalf and on behalf of each of its Related Entities, irrevocably covenants and agrees never to sue, commence or prosecute any action or other proceeding against, or make any Claim or demand upon any Released Party, directly or indirectly, in respect of any of the Claims or matters waived, disclaimed, released or discharged in respect of such Released Party pursuant to Section 7.1 above, or in respect of any of the Claims or matters purported to be waived, disclaimed, released or discharged in respect of such Released Party pursuant to Section 7.1 above notwithstanding the failure of any court or arbitrator of competent jurisdiction to enforce or validate any provision thereof.

7.3. Effect of Release and Covenant Not to Sue.

(a) Enforcement**.** Each of the Release set forth in Section 7.1 and the covenant not to sue set forth in Section 7.2 (the "**Covenant Not to Sue**") may be pleaded by any of the Released Parties as a full and complete defense and may be used as the basis for an injunction against any action at law or equity instituted or maintained against any of them in violation hereof.

(b) Complete Release. Each Party hereby warrants and represents that there are no additional entities or persons affiliated with such Party that are necessary to effectuate the release and extinguishment contemplated herein and this Agreement (including, without limitation, the Release and the Covenant Not to Sue set forth herein) constitutes a valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies. Each Party hereby warrants and represents that such Party has not heretofore assigned, subrogated or transferred, or purported to assign, subrogate, or transfer to any Person whatsoever any Released Claim. Each Party hereby agrees to indemnify, defend, and hold harmless each Released Party from any such assignment, subrogation, or transfer of Released Claims.

(c) Knowledge and Investigation Of Release/Covenant Not to Sue. Each Party granting the Release and making the Covenant Not to Sue has made such investigation of the facts pertaining to the Release and the Covenant Not to Sue, and all of the matters pertaining thereto, as such Party deems necessary. In agreeing to the Release and the Covenant Not to Sue, each such Party assumes, on its own behalf and on behalf of each of its Related Entities, the risk of any mistake. Should any such Party subsequently discover that such Party's understanding of the facts or of the law in agreeing to such Release and Covenant Not to Sue was incorrect, such Party (and its Related Entities) will not be entitled to any relief in connection therewith. Without limiting the generality of the foregoing, each Party surrenders any alleged right or Claim to set aside or rescind the Release or the Covenant Not to Sue on any ground whatsoever. Each of the

Release and the Covenant Not to Sue is intended to be and is final and binding upon each Party and its Related Entities.

(d) Newly Discovered Facts Or Claims. Each Party is aware that such Party may hereafter discover claims or facts in addition to or different from those such Party now knows or believes to be true with respect to the matters related herein. Nevertheless, it is each Party's intention to fully, finally, and forever waive, disclaim, settle and release all such matters covered by the Release or Covenant Not to Sue, and all Released Claims relative thereto, which now exist, heretofore have existed, or arise in the future between any Party or any Party's Related Entities, on the one hand, and any Released Party, on the other hand. In furtherance of such intention, the waivers, disclaimers and releases given herein will remain in effect as full and complete waivers, disclaimers and releases of all such matters notwithstanding the discovery or existence of any additional or different claims or facts related thereto.

(e) Full Knowledge; Independent Legal Advice. Each Party hereby warrants and represents that, in executing this Agreement, such Party does so with full knowledge of any and all rights that such Party may have with respect to the matters set forth herein and the Released Claims, and that such Party has received independent legal advice with respect to the matters set forth herein and the Released Claims and with respect to the rights and asserted rights arising out of such matters.

(f) Binding Effect. Each of the Release and the Covenant Not to Sue is binding upon each Party and all of its Related Entities and will inure to the benefit of each of the Released Parties.

7.4. Insurance.

To the extent commercially available, SCE shall procure and purchase, as an Administrative Expense using Program Funds, one or more insurance policies (each a "**Policy**") to cover any and all Claims pertaining to SCE's administration of the CFR Program, the Steering Committee's administration of the CFR Program and any administrative activities and, to the extent possible, Claims pertaining to the CFR Program itself and Claims against any Participating EDU arising from or in connection with the CFR Program. In addition to or in lieu of any such insurance policy, SCE may also procure and purchase, as an Administrative Expense using Program Funds, one or more performance bonds to cover its obligations under any Program Agreement (each, a "**Bond**"). SCE shall have the authority to select, purchase, maintain and replace, as the case may be, any such Policy or Bond and to make any and all decisions with respect thereto including, without limitation, the providers, nature, amounts, and other terms and conditions thereof; provided that if SCE is presented with more than one quotation for any such Policy or Bond from different providers prior to purchasing such a Policy or Bond, it shall present such quotations to the Steering Committee for review and approval in accordance with the provisions of Section 4.1(c). Notwithstanding the foregoing, in no event shall SCE or any other Released Party be liable or responsible to any Party or Person for any failure to obtain, approve or maintain any such Policy or Bond, and the lack of any such Policy or Bond shall in no event affect the right to indemnification of any Indemnified Person under the indemnification provisions contained herein, including the right to be reimbursed or advanced expenses or otherwise indemnified for Claims hereunder. If any Indemnified Person recovers any

amounts in respect of any Claim from any insurance coverage, then such Indemnified Person shall, to the extent that such recovery is duplicative of amounts with respect to such Claim received under the provisions of Section 7.5(c) below, reimburse the applicable Parties (on a pro rata basis) for any amounts previously paid to such Indemnified Person by such Parties in respect of such Claim.

7.5. Indemnification.

(a) Indemnified Claims.

(i) In the event that any Claims are made against or otherwise incurred or suffered by SCE or any other SCE Released Party (SCE and the other SCE Released Parties also being referred to herein collectively as, the "**SCE Indemnified Persons**", each an "**SCE Indemnified Person**") at any time that, directly or indirectly, arise out of, result from, relate to, or are otherwise connected with or involving SCE's role, capacity or status as Program Administrator, SCE's actions or inactions as Program Administrator or with respect to the administration, management or oversight of the CFR Program, the solicitation or RFP/RFI processes, or any Program Agreement (each, an "**SCE Indemnified Claim**"), each SCE Indemnified Person shall be entitled to reimbursement, advancement of expenses, defense, protection, and payment from Program Funds for any such SCE Indemnified Claim.

(ii) In the event that any Claims are made against or otherwise incurred or suffered by any Member, any Alternate or any other Steering Committee Released Party (the Members, Alternates and the other Steering Committee Released Parties also being referred to herein collectively as, the "**Steering Committee Indemnified Persons**", each a "**Steering Committee Indemnified Person**") at any time that, directly or indirectly, arise out of, result from, relate to, or are otherwise connected with or involving such Member's or Alternate's role, capacity or status as a Member or Alternate on the Steering Committee, or such Member's or Alternate's actions or inactions as a Member or Alternate on the Steering Committee, or with respect to the Steering Committee's administration, management or oversight of the CFR Program, the solicitation or RFP/RFI processes, or the Steering Committee's approval (or disapproval) of any Program Agreement (each, a "**Steering Committee Indemnified Claim**"), each Steering Committee Indemnified Person shall be entitled to reimbursement, advancement of expenses, defense, protection, and payment from Program Funds for any such Steering Committee Indemnified Claim.

(b) Payment of Indemnified Claims.

(i) As a first resort, payment for any Indemnified Claim will come from any Policy or Bond that may be then in effect and available to cover such Indemnified Claim.

(ii) To the extent that any Indemnified Claim, or any portion thereof, is not covered by any Policy or Bond that is then in effect and available, or to the extent the amounts available and obtained therefrom are insufficient to fully cover and satisfy the entire amount of such Indemnified Claim, then any and all Program Funds shall be used to pay and satisfy the Indemnified Claim and all amounts associated therewith in the following order of

priority (and, for the avoidance of doubt, no Percentage Target limitation that may otherwise be applicable as set forth in Section 5.2 shall apply), (A) if there is a Program Funds Account, (x) first, all amounts held in such Program Funds Account (other than the Reserve Amounts), and (y) second, the Reserve Amounts, and (B) if there is no Program Funds Account, (x) first, all amounts held in the Disbursement Account, (y) second, all amounts held in any and all Deposit Accounts (other than the Reserve Amounts), and (z) third, the Reserve Amounts.

(iii) In the event that existing Program Funds are insufficient to fully cover and satisfy the entire amount of any such Indemnified Claim, then each Party (including, for the avoidance of doubt, SCE in its capacity as a Participating EDU) shall, on a pro rata basis according to the respective Contribution Percentages (as defined in Section 1.1) of the Parties at such time, promptly deposit into its respective EDU Contribution Account such amounts of (A) additional LCFS Credit Revenue held by such Party in excess of its Required Percentage of LCFS Credit Revenue required to be contributed by such Party to Program Funds pursuant to Section 5.4 ("**Holdback Funds**"), and (B) revenue from the sale of any other credits issued by CARB pursuant to the LCFS Regulation ("**LCFS Non-Base Credit Revenue**"), up to an amount equal to the aggregate sum of all Holdback Funds and LCFS Non-Base Credit Revenue then held by such Party along with any and all future LCFS Credit Revenue received by such Party from the sale(s) of LCFS Base Credits (including all future Holdback Funds and not limited to such Party's Required Percentage of its LCFS Credit Revenue) and any and all future LCFS Non-Base Credit Revenue received by such Party from the sale(s) of such other LCFS credits issued by CARB, until each such Indemnified Claim and all amounts associated therewith have been paid and satisfied in full. In the event that the total amount of any Party's LCFS Non-Base Credit Revenue contributed with respect to any Indemnified Claim is insufficient to cover its respective Contribution Percentage of the amount of any such Indemnified Claim (each such Party, a "**Shortfall Party**"), each Party that is required to contribute aggregate Holdback Funds or LCFS Non-Base Credit Revenue pursuant to the preceding sentence or pursuant to the provisions of Section 7.5(c) below that is in excess of its respective Contribution Percentage of the amount of any such Indemnified Claim (each such Party, an "**Excess Party**"), shall be entitled to be reimbursed by each Shortfall Party, on a pro rata basis in proportion to its respective share of such excess contributions of Holdback Funds and LCFS Non-Base Credit Revenues made by all Excess Parties, and the Steering Committee (with oversight from CARB and, with respect to the IOUs only, the CPUC) shall determine the appropriate timing, manner and amounts of such reimbursements (including an appropriate interest factor to take into account the time value of money) required to be made by any Shortfall Party to any Excess Party, and each Party shall comply with the instructions of the Steering Committee with respect thereto.

(c) Shortfall Indemnity. Solely in the event that the amount of any Indemnified Claim has not been fully and finally satisfied pursuant to the provisions of Section 7.5(b), and the amounts available to pay such Indemnified Claim under Section 7.5(b) are insufficient or exhausted, all of the Parties (including, for the avoidance of doubt, SCE in its capacity as a Participating EDU), on a pro rata basis according to their respective Contribution Percentages, shall indemnify, defend, and hold each Indemnified Person harmless from and against any such Indemnified Claim that has been made, brought or asserted against any Indemnified Person by any other Person, except to the extent that such Indemnified Claim arises out of such Indemnified Person's gross negligence or reckless or willful misconduct, as determined by a final arbitration award or final judgment or judicial decree issued by an

arbitrator or court of competent jurisdiction. The Parties acknowledge and agree that the obligations of any POU to make such payments under this Section 7.5(c) constitute an expense of the POU payable from its electric revenue fund.

7.6. Maximum Liability.

(a) IN ADDITION TO, AND WITHOUT ANY LIMITATION (EXPRESS OR IMPLIED) ON THE FOREGOING PROVISIONS OF THIS ARTICLE 7, IN NO EVENT SHALL THE AGGREGATE LIABILITY OF SCE AND THE OTHER SCE RELEASED PARTIES WITH RESPECT TO ANY AND ALL CLAIMS DESCRIBED IN SECTION 7.1 OR SECTION 7.2 ABOVE, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED FIVE THOUSAND DOLLARS ($5,000.00) TO ANY PARTY AND ITS RELATED ENTITIES OR FIFTY THOUSAND DOLLARS ($50,000) IN THE AGGREGATE TO ALL PARTIES (AND THEIR RESPECTIVE RELATED ENTITIES) FOR ANY AND ALL SUCH CLAIMS ARISING OUT OF OR RELATED TO THIS AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THIS SECTION 7.6(a) DOES NOT APPLY TO ANY LIABILITY THAT SCE MAY HAVE UNDER SECTION 7.5(b) OR SECTION 7.5(c) IN ITS CAPACITY AS A PARTICIPATING EDU.

(b) IN ADDITION TO, AND WITHOUT ANY LIMITATION (EXPRESS OR IMPLIED) ON THE FOREGOING PROVISIONS OF THIS ARTICLE 7, IN NO EVENT SHALL THE AGGREGATE LIABILITY OF ANY MEMBER OR ANY ALTERNATE (OR THEIR RESPECTIVE RELATED STEERING COMMITTEE RELEASED PARTIES) WITH RESPECT TO ANY AND ALL CLAIMS DESCRIBED IN SECTION 7.1 OR SECTION 7.2 ABOVE WITH RESPECT TO SUCH STEERING COMMITTEE RELEASED PARTIES, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED FIVE THOUSAND DOLLARS ($5,000.00) TO ANY PARTY AND ITS RELATED ENTITIES OR FIFTY THOUSAND DOLLARS ($50,000) IN THE AGGREGATE TO ALL PARTIES (AND THEIR RESPECTIVE RELATED ENTITIES) FOR ANY AND ALL SUCH CLAIMS ARISING OUT OF OR RELATED TO THIS AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THIS SECTION 7.6(b) DOES NOT APPLY TO ANY LIABILITY THAT ANY STEERING COMMITTEE RELEASED PARTY MAY HAVE UNDER SECTION 7.5(b) OR SECTION 7.5(c) IN ITS CAPACITY AS A PARTICIPATING EDU.

7.7. Savings.

If this ARTICLE 7 or any portion hereof shall be invalidated on any ground by any arbitrator or court of competent jurisdiction, then the Parties shall nevertheless release and covenant not to sue each Released Party pursuant to Sections 7.1 through 7.3, and the Parties shall nevertheless indemnify, defend and hold harmless each Indemnified Person pursuant to Section 7.5(c), in each case to the fullest extent permitted by any applicable portion of this ARTICLE 7 that shall not have been invalidated and to the fullest extent permitted by applicable law.

7.8. New Program Administrator; Amendment.

(a) In the event that a new Program Administrator that is a Participating EDU is appointed to replace or succeed SCE following the date of expiration or termination of SCE's appointment as Program Administrator in accordance with the provisions of Section 3.1(b), then unless the Steering Committee otherwise determines and the Parties amend this Section 7.8(a) in connection with the replacement administrative and governance structure for the CFR Program that is implemented at such time in accordance with the provisions of 3.1(c), any such replacement or successor Program Administrator to SCE that is a Participating EDU shall receive and be entitled to the same rights and protections as are provided to SCE under this ARTICLE 7 and on the same terms and conditions as are applicable to SCE hereunder. For the avoidance of doubt, in the event that a Third Party Program Administrator replaces or succeeds SCE or any other Participating EDU as Program Administrator, any such Third Party Program Administrator shall not be entitled hereunder to any of the rights or protections that are provided to SCE (or to any other Released Party or Indemnified Person) under this ARTICLE 7.

(b) The provisions of this ARTICLE 7 shall be a contract among all of the Parties, on the one hand, and each Program Administrator (and the other Released Parties and Indemnified Persons with respect to such Program Administrator) who served in such capacity, in each case other any Third Party Program Administrator, at any time while this ARTICLE 7 is in effect, on the other hand, pursuant to which each of the Parties and each such Program Administrator, Released Party, and Indemnified Person intend to be legally bound. No amendment, modification, or repeal of this ARTICLE 7 that adversely affects the rights of any former, current or future Program Administrator (excluding any Third Party Program Administrator), Released Party or Indemnified Person to waiver, disclaimer, discharge, release, or the covenant not sue with respect to any or all Released Claims, or to indemnification and defense for and protection from any or all Indemnified Claims, incurred or relating to a state of facts existing, or to any Program Administrator's service, status or capacity as Program Administrator (excluding any Third Party Program Administrator), prior to such amendment, modification, or repeal shall apply in such a way as to eliminate or reduce such Program Administrator's (and the other Released Parties' and Indemnified Persons' with respect to such Program Administrator) entitlement to waiver, disclaimer, discharge, release, or the covenant not sue with respect to any or all such Released Claims, or to indemnification and defense for and protection from any or all such Indemnified Claims, or to any other rights or privileges under this ARTICLE 7, in each case without such Program Administrator's or former Program Administrator's (but excluding any Third Party Program Administrator) prior written consent.

7.9. Survival.

The provisions of this ARTICLE 7 shall survive and continue to apply and bind each Party (including each former, current and future Party) hereto in perpetuity notwithstanding any termination of this Agreement, any termination of the CFR Program, or any withdrawal of any Party from this Agreement or the CFR Program; provided, however, that the provisions of Section 7.5(c) shall terminate on the date (the "**Shortfall Indemnity Termination Date**") that is ninety (90) days after the latest to occur of (i) the fourth anniversary of the date of termination of this Agreement, (ii) the fourth anniversary of the date of termination of the CFR Program, and (iii) the expiration of the longest federal, state, local or foreign statute of limitations (including extensions thereof) applicable to any Indemnified Claim (or, if written notice of such

Indemnified Claim shall have been given prior to such date, indefinitely until such Indemnified Claim is finally resolved and paid in full).

ARTICLE 8
PROGRAM MATERIALS; PUBLIC ANNOUNCEMENTS

8.1. Ownership of Program Materials

The Parties hereby acknowledge and agree that, because the CFR Program is a CARB program created by the LCFS Regulation, any and all intellectual property rights (including any copyright, trademark, service mark, and patent rights) in and to any materials, webpages, software, databases, project data, documentation, reports, logos, works of authorship, other works, or other intellectual property materials developed, created, produced or invented in the performance of the CFR Program, by any Implementer, whether solely or jointly with any other Implementer or with any employees, contractors, or agents of any Party in connection with the CFR Program (collectively, "**Program Material**"), will be assigned to CARB; provided that in no event shall Program Material (or any assignment thereof) include, or be deemed to include, any Party's proprietary intellectual property or confidential information that may be incorporated into or included in any Program Material. All Program Agreements shall (a) contain or require the delivery of such an assignment by the Implementer to CARB of all intellectual property rights in any and all Program Material developed, created, produced or invented thereunder, and (b) require that the Implementer deliver to CARB or its designee all Program Material in its possession upon any termination of the applicable Program Agreement with such Implementer, and provide all reasonable and necessary assistance to CARB or its designee as needed to ensure a smooth transition to a new Implementer, in each case in a form approved by the Steering Committee. It is the Parties' intention that rebate access and redemption be seamless to ZEV purchasers and lessees during the term of the CFR Program.

8.2. Public Announcements

The Steering Committee or its designee(s) will approve the content and timing of any and all joint press releases or announcements regarding the CFR Program on behalf of all Participating EDUs, and all Participating EDUs shall be required to sign on to such joint press releases and announcements in the time and manner so approved by the Steering Committee or its designee. No Party may issue any other press release or announcement regarding this Agreement, any Program Agreement, the CFR Program, or any Program Material unless (i) such press release is issued jointly by the Participating EDUs in the form approved by the Steering Committee or its designee (including any subcommittee established for such purpose or the applicable Program Implementer) in accordance with the immediately preceding sentence, or (ii) before the release of the press release such Party furnishes the other Parties with a copy of such press release, and (A) obtains the prior written approval of the Steering Committee or such designee of such press release, or (B) the press release by such Party complies and is in strict accordance with the terms, conditions and substance of a pre-approved form of such press release that has already been approved by the Steering Committee or such designee for purposes of issuances of such press release(s) by any Party; provided that, notwithstanding any failure to obtain such approval, no Party is prohibited from issuing or making any press release or other announcement or notification if it is necessary to do so in order to comply with applicable laws,

legal or regulatory proceedings or the rules and regulations of any stock exchange having jurisdiction over such Party.

ARTICLE 9
PROGRAM TERM; TERMINATION; WITHDRAWAL

9.1. Term

(a) Term. This Agreement will be effective as of the Effective Date and will remain in effect until the earlier to occur of (i) CARB's termination of the CARB-authorized and endorsed CFR Program, or (ii) the unanimous approval of the termination of this Agreement by all Members of the Steering Committee.

(b) Effect of Termination. Notwithstanding any expiration or termination of this Agreement, the provisions of ARTICLE 1, Section 4.3, ARTICLE 7, ARTICLE 8, this ARTICLE 9, and ARTICLE 10 shall survive any such expiration or termination and shall remain in full force and effect and each Party and each former Party shall continue to be obligated and bound thereafter by the provisions thereof. Any Program Funds shall remain in the respective Accounts in which they are held at the time of such termination and shall be used thereafter in order to pay for any Administrative Expenses, Reward Amount payment reimbursements, Indemnified Claims, or other expenses and liabilities (contingent or otherwise) of the CFR Program or with respect to its administration that exist as of or arise following the date of termination (collectively, "**Remaining Liabilities**"). After the payment and satisfaction of all Remaining Liabilities, and in no event before the occurrence of the Shortfall Indemnity Termination Date, but in all events subject to the requirements of the LCFS Regulation, any remaining Program Funds shall be distributed in the following manner and order of priority:

(i) To the extent that any payments have been made pursuant to the provisions of Section 7.5(c) at any time prior to the Shortfall Indemnity Termination Date ("**Shortfall Payments**"), any remaining Program Funds shall first be distributed to the Parties that made such Shortfall Payments on a *pro rata* basis in proportion to each such Party's respective percentage of the aggregate total amount of all Shortfall Payments made by all of the Parties, in each case until each such Party has received the total amount of such Party's Shortfall Payments returned to it in full (without interest);

(ii) After satisfaction in full of any amounts payable under Section 9.1(b)(i) above, to the extent that any payments have been made pursuant to the provisions of Section 7.5(b)(iii) at any time prior to the Shortfall Indemnity Termination Date ("**Additional LCFS Revenue Payments**"), any remaining Program Funds shall next be distributed to the Parties that made such Additional LCFS Revenue Payments on a *pro rata* basis in proportion to each such Party's respective percentage of the aggregate total amount of all Additional LCFS Revenue Payments made by all of the Parties, in each case until each such Party has received the total amount of such Party's Additional LCFS Revenue Payments returned to it in full (without interest); and

(iii) After satisfaction in full of any amounts payable under Section 9.1(b)(i) and 9.1(b)(ii) above, all remaining Program Funds shall be distributed in the manner

required by the LCFS Regulation or, if no such manner is specified, to the Parties on a *pro rata* basis in proportion to each such Party's respective percentage of the aggregate total amount of all EDU Contributions made by all Parties during the term of the CFR Program.

(c) LADWP Term. Notwithstanding the provisions of Section 9.1(a) above, the term of LADWP's participation as a Participating EDU under this Agreement shall commence on the Effective Date and terminate on the earlier to occur of (x) the fifth anniversary of the Effective Date unless, not less than ninety (90) days prior to such fifth anniversary, LADWP delivers written notice to the Program Administrator and the Steering Committee that LADWP elects not to terminate its participation as a Participating EDU under this Agreement on the date of such fifth anniversary, or (y) the date on which LADWP withdraws as a Party pursuant to the provisions of Section 9.2 below or is removed as a Party pursuant to the provisions of Section 9.3 below.

9.2. Withdrawal by a Party

(a) Withdrawal by a Party. Any Party may cancel its participation in this Agreement and withdraw as a Party hereunder with or without cause, upon (i) such Party's compliance with any procedures and requirements set forth in the LCFS Regulation governing such Party's withdrawal from the CFR Program and this Agreement, and such Party's delivery of advanced written notice to CARB, the Program Administrator and the Members of such Party's intent to withdraw as a Party (a "**Withdrawal Notice**"), which advance written notice must be delivered within the timeframe set forth in the LCFS Regulation or, if none is provided, not less than ninety (90) calendar days prior to the Party's intended date of withdrawal; and (ii) such Party's satisfaction of the following conditions to such withdrawal:

(A) Within ten (10) days of the date of its Withdrawal Notice, such Party must deposit into its EDU Contribution Account the Required Percentage of any LCFS Credit Revenue held by such Party;

(B) Within the timeframe required for such Party to sell its Earmarked Credits and contribute the Required Percentage of the LCFS Credit Revenue generated therefrom into to its EDU Contribution Account pursuant to the provisions of Section 5.4, or such shorter timeframe as may be required by the LCFS Regulation, such Party must sell any remaining Earmarked Credits received or held by such Party and deposit into its EDU Contribution Account the Required Percentage of any LCFS Credit Revenue received by such Party from such sale(s) of LCFS Base Credits; and

(C) Immediately following the date of its Withdrawal Notice or, if later, the date on which the Program Administrator delivers to such Party a notice of an Indemnified Claim under Sections 7.5(b)(iii) or 7.5(c), such Party shall deposit into its EDU Contribution Account the additional amount of LCFS Credit Revenue demanded from such Party in any outstanding notice of Indemnified Claim delivered to such Party by the Program Administrator.

(b) Effect of Withdrawal. Following any withdrawal or attempted withdrawal by any Party from this Agreement, the provisions of ARTICLE 1, Section 4.3, ARTICLE 7,

ARTICLE 8, this ARTICLE 9, and ARTICLE 10 shall survive, remain in full force and effect, and continue to apply to such Party, and such Party shall continue to be obligated and bound by the provisions thereof at all times thereafter. Following a Party's delivery of a Withdrawal Notice, such Party shall promptly complete and satisfy in full any procedures, requirements or other conditions for such Party's withdrawal from the CFR Program or this Agreement as are set forth in the LCFS Regulation. In addition, following any Party's delivery of a Withdrawal Notice, the Program Administrator may thereafter instruct the Financial Institution to transfer any and all amounts held in such Party's Individual Deposit Account at such time or at any time thereafter into the Disbursement Account (or any Collective Deposit Account) on a priority basis at any time, and from time to time, thereafter, notwithstanding such Party's respective pro rata share of any outstanding Reward Amount payment reimbursements or Administrative Expenses. Notwithstanding the foregoing provisions of this Section 9.2(b), following the second anniversary of the date of a Party's valid withdrawal as a Party to this Agreement in accordance with the requirements set forth in this Section 9.2, and subject to such former Party's continued compliance with its obligations hereunder following such withdrawal, such former Party's obligations under Sections 7.5(b)(iii), 7.5(c) or 9.2(a)(C) shall no longer apply with respect to any Indemnified Claim that arises solely from activities, omissions, events or circumstances occurring following such second anniversary.

9.3. Removal of a Party

(a) Post-Breach Removal. Any Party may be removed as a Party under this Agreement if, following notice by the Program Administrator, upon the agreement and concurrence of the Steering Committee, of such Party's material breach of such Party's obligations under this Agreement (including any failure by such Party to make any of its Required EDU Contributions in strict accordance with the requirements of this Agreement), such Party does not cure such breach to the satisfaction of the Steering Committee within thirty (30) days of the date of such notice of breach and the Steering Committee thereafter votes to remove such Party as a Party under this Agreement ("**Removal Vote**"). Following the occurrence of a Removal Vote with respect to a Party, such Party shall immediately be removed as a Party from this Agreement, and shall further be required to act as follows (provided that such action is consistent with the LCFS Regulation as in effect at such time):

(i) Within three (3) days of the date of the Removal Vote, such Party must deposit into its EDU Contribution Account all LCFS Credit Revenue held by such Party; and

(ii) Within ten (10) days of the date of the Removal Vote, such Party must sell any remaining LCFS Base Credits received or held by such Party and deposit into its EDU Contribution Account all of the LCFS Credit Revenue received by such Party from such sale(s) of LCFS Base Credits.

(b) Effect of Removal. Following any Removal Vote with respect to any Party, the provisions of ARTICLE 1, Section 4.3, ARTICLE 7, ARTICLE 8, this ARTICLE 9, and ARTICLE 10 shall survive, remain in full force and effect, and continue to apply to such Party, and such Party shall continue to be obligated and bound by the provisions thereof at all times thereafter. Following the Removal Vote, such Party shall forfeit any and all rights to

receive any LCFS Base Credits and shall no longer receive any LCFS Base Credits from CARB, and such Party's forfeited LCFS Base Credits it would have otherwise received thereafter had it not been removed as a Party shall be allocated to the other remaining Participating EDUs pro rata, in each case in accordance with the provisions of the LCFS Regulation. In addition, following the Party's removal, the Program Administrator may thereafter instruct the Financial Institution to transfer any and all amounts held in such Party's Individual Deposit Account at such time or at any time thereafter into the Disbursement Account (or any Collective Deposit Account) on a priority basis at any time, and from time to time, thereafter, notwithstanding such Party's respective pro rata share of any outstanding Reward Amount payment reimbursements or Administrative Expenses.

ARTICLE 10
MISCELLANEOUS

10.1. Governing Law; Waiver of Jury Trial.

(a) The construction, validity, performance, and effect of this Agreement for all purposes will be governed by the laws of the State of California, without giving effect to otherwise applicable principles of conflicts of law that would give effect to the laws of another jurisdiction.

(b) EACH PARTY (OTHER THAN A PARTY LISTED ON SCHEDULE 10.9(d)) HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTERS RELATED TO THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ANY PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.1(b).

10.2. Use of Name or Endorsements.

No Party will use the name or intellectual property of any other Party on or with regard to any product or service, which is directly or indirectly related to this Agreement, without the prior written approval of the affected Party or Parties. By entering into this Agreement no Party directly or indirectly endorses any product or service, of or by any Party, its successors or assignees.

10.3. Damages Limitation.

EXCEPT FOR AMOUNTS PAYABLE UNDER SECTION 7.5(c), IN NO EVENT SHALL ANY PARTY OR ANY OF ITS REPRESENTATIVES BE LIABLE UNDER THIS AGREEMENT TO ANY OTHER PARTY OR ANY THIRD PARTY FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL OR PUNITIVE

DAMAGES, INCLUDING ANY DAMAGES FOR BUSINESS INTERRUPTION, LOSS OF USE, REVENUE OR PROFIT, WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, REGARDLESS OF (A) WHETHER SUCH DAMAGES WERE FORESEEABLE, (B) WHETHER OR NOT THE LIABLE PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED.

10.4. Survival.

Notwithstanding the expiration or termination of this Agreement, the Parties will continue to be bound by the provisions of this Agreement which, by their nature, will survive such expiration or termination as set forth in Section 9.1(b).

10.5. Headings.

Titles and headings of the Sections and Subsections of this Agreement are for the convenience of reference only and do not form a part of this Agreement and will in no way affect the interpretation thereof.

10.6. Severability.

In the event any one or more of the provisions of the Agreement shall for any reason be held or determined by any Governmental Authority (or any arbitrator appointed pursuant to Section 10.9(c)) to be invalid, illegal or unenforceable under any law, statute, regulation, order or decision of any Governmental Authority, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a provision, which, being valid, legal and enforceable, comes closest to the intention of the Parties underlying the invalid, illegal or unenforceable provision.

10.7. Amendments.

Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than (a) with the prior written approval of (i) the Steering Committee, (ii) CARB, and (iii) to the extent required under applicable law or resolution, the CPUC, and (b) following receipt of the foregoing required approvals, by means of a written instrument referencing this Agreement and signed by (i) the Program Administrator and (ii) Parties with Members on the Steering Committee holding a majority of the aggregate voting percentages held by all Members; provided, however, that if any amendment, waiver, discharge or termination operates in a manner that treats any Party materially different from the other Parties, the consent of such Party shall also be required for such amendment, waiver, discharge or termination. Any such amendment, waiver, discharge or termination effected in accordance with this Section shall be binding upon each Party that has entered into this Agreement; provided, however, that any such amendment, waiver, discharge or termination of the terms of (A) ARTICLE 7, 8 or 9 or Sections 10.1, 10.3, 10.4, 10.7 or 10.9 that adversely affects the rights or obligations of any Participating EDU thereunder will not be binding on such Participating EDU without its consent thereto unless such amendment, waiver, discharge or termination (x) has been approved by the Steering Committee by the vote of Members (or of their respective Alternates or designated

proxies therefor) holding an aggregate voting percentage of at least eighty percent (80%) of the aggregate voting percentage held by all Members, or (y) has been approved by the Steering Committee pursuant to the regular voting requirements set forth in Sections 3.3(i) and 3.3(j) in response to an order or request made by a Governmental Authority or in order to comply with a legal requirement, or (B) the provision of Section 4.1(c) setting forth the voting requirement for approval of each Program Implementer and the Program Auditor must be approved by the same approval vote of the Steering Committee set forth in such provision.

10.8. Assignment.

Neither this Agreement nor any rights or obligations of any Party will be assigned or otherwise transferred by any Party without the prior written consent of the Steering Committee, except that assignment will be permitted in the event of merger, acquisition or change in control of any Party.

10.9. Dispute Resolution.

Any dispute arising under or related to this Agreement shall be resolved exclusively as follows, with the costs of any mediation and arbitration to be shared equally by all Parties to such dispute:

(a) Initial Resolution by Meeting. The Parties shall first attempt to resolve amicably the dispute by meeting with each other, by telephone or in person at a mutually convenient time and location, within thirty (30) days after written notice of a dispute is delivered from one Party to any other Party. Subsequent meetings may be held upon mutual agreement of the Parties to the dispute.

(b) Mediation. If the dispute is not resolved within sixty (60) days of the first meeting, the Parties to the dispute shall submit the dispute to mediation by an organization or company specializing in providing neutral, third-party mediators. The mediation shall be conducted within sixty (60) days of the date the dispute is submitted to mediation, unless the Parties to the dispute mutually agree on a later date.

(c) Arbitration. Any dispute that is not otherwise resolved by meeting or mediation shall, subject to the provisions of Section 10.9(d) below, be exclusively resolved by arbitration between the Parties to the dispute in accordance with the Comprehensive Arbitration Rules & Procedures of JAMS, with the arbitration to be conducted in Los Angeles, California, or another location mutually agreed by the Parties to the dispute. The results of such arbitration shall be binding on the Parties, and judgment may be entered in any court having jurisdiction. Notwithstanding the foregoing, any Party may seek interim injunctive relief from any court of competent jurisdiction.

(d) Venue in Limited Circumstances. Solely in the event that LADWP, SMUD, or any other POU that is added to Schedule 10.9(d) after the Effective Date by approval of the Steering Committee after having documented to the satisfaction of the Steering Committee concurrently with executing and delivering such POU's Joinder hereto that such POU is prohibited by (i) applicable law or (ii) written city or municipal policy that is binding on such POU and that has been in effect since before the Effective Date, from agreeing to participate in

binding arbitration, is a necessary and non-severable party to the applicable dispute, then solely in such event shall such dispute not be resolved pursuant to binding arbitration as set forth in Section 10.9(c) above, but rather shall be submitted to the exclusive jurisdiction of the federal and state courts located in Los Angeles, California. Each Party hereby waives, and agrees not to assert in any such dispute, controversy or proceeding, in each case to the fullest extent permitted by applicable law, any claim that (a) such Party is not personally subject to the jurisdiction of such courts, (b) such Party and such Party's property is immune from any legal process issued by such courts or (c) any Proceeding commenced in such courts is brought in an inconvenient forum.

10.10. No Third Party Beneficiaries.

This Agreement will be binding upon and inure solely to the benefit of each Party hereto and their permitted successors and assigns, and, except as expressly set forth in ARTICLE 7, nothing in this Agreement, express or implied, is intended to or will confer upon any other Person that is not a Party to this Agreement (or a permitted successor or assign thereof) any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.11. Independent Parties.

For the purposes of this Agreement, the Parties are jointly funding the development of the CFR Program. The relationship of the Parties is that of independent parties and not as agents of each other or as joint venturers or partners. Nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust or partnership, or impose a trust or partnership duty, obligation or liability on or with regard to any one or more of the Parties. Each Party shall be individually responsible for its own duties and obligations under this Agreement, and shall maintain sole and exclusive control over its respective personnel and operations. No Party or group of Parties shall be under the control of or shall be deemed to control any other Party or the Parties as a group. Except as expressly provided in this Agreement, no Party shall have a right or power to bind any other Party without its or their express written consent.

10.12. Counterparts.

This Agreement may be executed in any number of identical counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument when each Party has signed one such counterpart.

10.13. Full Performance Required.

Performance of any duty imposed on a Party by this Agreement is conditioned on each other Parties' full performance of all duties imposed on this Agreement.

10.14. Notices.

All notices, requests, consents, claims, demands, waivers, and other communications to a Party under this Agreement, or to any Member or Alternate of such Party on the Steering Committee, shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a

nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the Party addressed to the individual(s) and at the address(es) for such Party specified on Schedule 10.14 hereto (or to such replacement individual(s) at such other address(es) for a Party as shall be specified in a notice given in accordance with this Section 10.14). The Steering Committee shall have the power and authority to amend Schedule 10.14 hereto to incorporate any such modifications made by a Party to its contact information in accordance with the provisions hereof and to add the contact information for each new Party to this Agreement following the Effective Date, but in the absence of the inclusion of a Party's contact information on Schedule 10.14 hereto, then the contact information for such Party shall be the contact information for such Party set forth on its Joinder delivered when it became a Party to this Agreement.

10.15. Construction.

This Agreement has been negotiated by the Parties, and their respective legal counsel, and legal or equitable principles that might require the construction of this Agreement or any provision hereof against the party drafting this Agreement will not apply in any construction or interpretation of this Agreement. The provisions of this Agreement will be interpreted in a reasonable manner to effect the intentions of the Parties and beneficiaries hereto and of this Agreement.

10.16. Time of Essence.

With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

10.17. Specific Performance.

Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached or violated. Accordingly, each of the Parties agrees that, without posting bond or other undertaking, the other Parties will be entitled to an injunction or injunctions to prevent breaches or violations of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any claim, action, cause of action or suit (whether in contract or tort or otherwise), litigation (whether at law or in equity, whether civil or criminal), controversy, assessment, arbitration, investigation, hearing, charge, complaint, demand, notice or proceeding to, from, by or before any Governmental Authority having jurisdiction over the Parties and the matter in addition to any other remedy to which it may be entitled, at law or in equity. Each Party hereto further agrees that, in the event of any action for specific performance in respect of such breach or violation, it will not assert the defense that a remedy at law would be adequate or that the consideration reflected in this Agreement was inadequate or that the terms of this Agreement were not just and reasonable.

10.18. Legal Matters.

SCE has retained its own outside legal counsel, Munger, Tolles & Olson LLP, in connection with the CFR Program, SCE's intention to serve as the initial Program Administrator, and the drafting and negotiation of this Agreement, and SCE expects to retain additional legal counsel following approval thereof by the Steering Committee (collectively, including Munger, Tolles & Olson LLP, the "**Law Firms**") following the execution of this Agreement in connection with SCE's role as Program Administrator in administering, managing and overseeing the CFR Program. The Law Firms do not, have not and will not represent any Party other than SCE solely in its role as Program Administrator in connection with (i) the CFR Program or the formation thereof, (ii) the drafting and negotiation of this Agreement or any Program Agreement, (iii) the solicitation process or the operation, administration, management or oversight of the CFR Program, or (iv) any dispute which may arise between any Party or Person other than SCE, on the one hand, and the CFR Program, the Program Administrator, SCE or any other SCE Indemnified Person or SCE's Steering Committee Indemnified Persons in connection with the CFR Program, on the other hand (each matter described in any of the foregoing clauses (i) through (iv), a "**Program Legal Matter**"). Each Party may, if it wishes to have counsel on a Program Legal Matter, retain its own independent counsel at its own expense with respect thereto. Each Party agrees that the Law Firms may represent one or more SCE Indemnified Persons, and/or one or more of SCE's Steering Committee Indemnified Persons, in connection with any and all Program Legal Matters (including any dispute between the CFR Program, the Program Administrator, SCE or any other SCE Indemnified Person or SCE's Steering Committee Indemnified Persons, on the one hand, and any Party (other than SCE), any other Steering Committee Indemnified Person or any other Person, on the other hand) and hereby waives any present or future conflict of interest with the Law Firms regarding Program Legal Matters arising by virtue of any representation or deemed representation of any Party or the CFR Program on account of the Law Firms' representation of one or more SCE Indemnified Persons or SCE Steering Committee Indemnified Persons in connection with any Program Legal Matter; provided that each Law Firm shall be responsible for abiding by the Rules of Professional Conduct applicable to it and its attorneys in connection with any such representation including their duty to keep any client information received from any Party confidential and not disclose it to others and to ensure that appropriate ethical walls or other safeguards that are necessary for them to abide by such Rules of Professional Conduct are implemented. Amounts paid or payable by SCE to the Law Firms in connection with Program Legal Matters that arise or have risen during or prior to SCE's service as Program Administrator, or that arise following SCE's service as Program Administrator involving or otherwise relating to events or circumstances that occurred, in whole or in part, during SCE's service as Program Administrator and that involve or otherwise relate to SCE's role as Program Administrator, shall be reimbursed to SCE as Administrative Expenses.

10.19. Entire Agreement.

This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof and supersedes any prior understanding or written or oral agreement relative to said matter. This Agreement and other related documents may be photocopied, scanned and stored on computer storage media (the "**Imaged Agreement**"). The Imaged Agreement, if introduced as evidence, and all computer records of the foregoing, if introduced as evidence, and all computer records of the foregoing, if introduced as evidence in any format, in

any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. No Party shall object to the admissibility of the Imaged Agreement (in electronic, printed, or photocopied format) on the basis that the Agreement or other related documents were not originated or maintained in documentary or written form under either the hearsay rule or the best evidence rule. However, nothing in this Section shall preclude a Party from challenging the admissibility of that evidence on some other ground, without limitation, the basis that the evidence has been materially or substantially altered from the original.

10.20. Representations by the Parties.

Each Party hereby represents and warrants to the Program Administrator and to each other Party that (a) it has the power and authority, and the legal right, to make, deliver and perform this Agreement and it has taken all necessary action to authorize the execution, delivery and performance of this Agreement, (b) other than the approvals of the CPUC set forth in the definition of Final CPUC Approval Date in Section 1.1(gg), which approvals have been requested but not yet received, no consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person that has not been obtained, made or completed is required in connection with the execution, delivery and performance, validity or enforceability of this Agreement, (c) this Agreement has been duly and validly executed and delivered on behalf of such Party,(d) the execution, delivery and performance of this Agreement by such Party will not violate, conflict with, require consent under or result in any breach or default under (i) any of such Party's organizational, governing or charter documents, (ii) any applicable law, or (iii) with or without notice or lapse of time or both, the provisions of any material contract or agreement to which such Party is a party or to which any of its material assets are bound, and (e) this Agreement constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Agreement has been duly executed on behalf of the Parties by their respective authorized officers (or respective designee) as of the year and dates first written above.

Pacific Gas and Electric Company

By:_____

Name:_____

Title:_____

Address for Notice:

_____

_____

Approved as to Legal Form and Content (optional)

By:_____

Name:_____

Title:_____

Los Angeles Department of Water & Power

By:_____

Name:_____

Title:_____

Address for Notice:

_____

_____

Approved as to Legal Form and Content (optional)

By:_____

Name:_____

Title:_____

Southern California Edison Company

By:_____

Name:_____

Title:_____

Address for Notice:

_____

_____

Approved as to Legal Form and Content (optional)

By:_____

Name:_____

Title:_____

San Diego Gas & Electric Company

By:_____

Name:_____

Title:_____

Address for Notice:

_____

_____

Approved as to Legal Form and Content (optional)

By:_____

Name:_____

Title:_____

Sacramento Municipal Utility District

By:_____

Name:_____

Title:_____

Address for Notice:

_____

_____

Approved as to Legal Form and Content (optional)

By:_____

Name:_____

Title:_____

SCHEDULE 1.1

NORTHERN EDUS AND SOUTHERN EDUS

Northern EDUs

Alameda Municipal Power
City of Healdsburg
Lodi Electric Utility
City of Palo Alto
City of Roseville Electric Utility
Silicon Valley Power
Truckee Donner Public Utilities District
Turlock Irrigation District
City of Ukiah

Southern EDUs

Anaheim Public Utilities
Azusa Light and Water
Burbank Water and Power
Colton Electric Utility
Glendale Water and Power
Pasadena Water and Power
Riverside Public Utilities

SCHEDULE 3.4(a)

ANTICIPATED ADVISORY COMMITTEE MEMBERSHIP

Set forth below is a list of all of the individual stakeholders and/or stakeholder groups that the Parties anticipate will be invited to participate on the Advisory Committee. This list is not intended to be comprehensive and additional organizations may be invited by any Participating EDU and are free to attend. Information regarding how to participate on and join the Advisory Committee will be provided on the Program Implementer's website for the CFR Program.

EDUs PG&E, SCE, SDG&E, LADWP, SMUD, Silicon Valley Power, Glendale, Palo Alto, Anaheim Public Utilities, Pasadena, Burbank, Alameda, Riverside, Roseville, Turlock, Azusa, Healdsburg, Colton, Lodi, Truckee Donner, Ukiah **Note**: EDU representatives on the Advisory Committee are anticipated to be different individuals from the EDU representatives then serving on the Steering Committee as Members. California State Agencies Air Resources Board, Public Utilities Commission - Energy Division, Governor's Office Public Advocacy Organizations Public Advocates Office, The Utility Reform Network	ZEV Manufacturers Tesla, Honda, BMW, Nissan, Toyota, Volvo, Hyundai, Jaguar, MINI Mercedes, Volkswagen, Honda, General Motors, Ford Community Organizations Plug-in America, Greenlining Institute Industry Groups Dealerships/Dealership Associations Charging Station Providers (ChargePoint, Greenlots, EVGo, Electrify America, EVConnect), CALSTART, CALETC, CMUA, NCPA, SCPPA Environmental NGOs National Resources Defense Council, Environmental Defense Fund, Union of Concerned Scientists, Sierra Club

SCHEDULE 10.9(d)

POUs WHOSE DISPUTES SHALL BE RESOLVED PURSUANT TO SECTION 10.9(d) RATHER THAN SECTION 10.9(c)

LADWP
SMUD

SCHEDULE 10.14

PARTY NOTICE INFORMATION
(INCLUDING, IF APPLICABLE, SUCH PARTY'S STEERING COMMITTEE MEMBER)

PG&E:

Pacific Gas & Electric Company
77 Beale Street – B9F
San Francisco, CA 94105
Attn: Suncheth Bhat, Director, Clean Energy Transportation
Email: Suncheth.bhat@pge.com

And to:

Pacific Gas & Electric Company
77 Beale Street – B9F
San Francisco, CA 94105
Attn: Chris Warner, Chief Counsel
Email: Chris.Warner@pge.com

PG&E Steering Committee Member: Suncheth Bhat

SCE:

Southern California Edison
1515 Walnut Grove Avenue, 4th Floor
Rosemead, CA 91770
Attn: Katie Sloan, Director, eMobility
Email: katie.sloan@sce.com

And to:

Southern California Edison
2244 Walnut Grove Avenue
Rosemead, CA 91770
Attn: Rebecca A. Meiers-De Pastino, Senior Attorney
Email: Rebecca.Meiers.DePastino@SCE.com

SCE Steering Committee Member: Katie Sloan
PA Representative: Carter Prescott
Contact Information:
Southern California Edison
eMobility – Customer Programs & Services
1515 Walnut Grove Ave, GO5 4th Floor, 4D4-01
Rosemead, CA 91770

Attn: Carter Prescott, Principal Manager, Operations
E-mail: Carter.Prescott@sce.com

SDG&E:

San Diego Gas & Electric
8335 Century Park Court
San Diego, CA 92111
Attn: Brittany Applestein Syz, Director - Clean Transportation
Email: bsyz@semprautilities.com

And to:

San Diego Gas & Electric
8335 Century Park Court
San Diego, CA 92111
Attn: Abby Snyder, Senior Counsel - Commercial
Email: ASnyder@sdge.com

SDG&E Steering Committee Member: Brittany Applestein Syz

LADWP:

Los Angeles Department of Water & Power
111 N. Hope Street, Room 804
Los Angeles, CA 90012
Attn: Scott Briasco, P.E.
Email: scott.briasco@ladwp.com

With a copy to:

Jean-Claude Bertet, Deputy City Attorney
Office of the Los Angeles City Attorney, Water & Power Division
221 N Figueroa Street, Suite 1000
Los Angeles, CA 90012
E-mail: Jean-Claude.Bertet@ladwp.com

LADWP Steering Committee Member: Scott Briasco

SMUD:

Sacramento Municipal Utility District
6201 S Street Mail Stop B305
Sacramento, CA 95817
Attn: Rachel Huang, Director, Energy Strategy Research and Development

Email: Rachel.Huang@smud.org

With a copy to:

Sacramento Municipal Utility District
Office of General Counsel
6201 S Street, Mail Stop B406
Sacramento, CA 95817

SMUD Steering Committee Member: Rachel Huang

APPENDIX A

CFR PROGRAM EDU CONTRIBUTION REQUIREMENTS

Electric Distribution Utility ("EDU")	CVRP % All EDUs	Initial EDU Contribution	EDU Category	Required Percentage Contribution in years 2019-2022	Required Percentage Contribution in 2023 and thereafter
Pacific Gas & Electric Company	39.78%	$19,892,022	Investor-owned Utilities	67%	67%
Southern California Edison	31.11%	$15,553,039	Investor-owned Utilities	67%	67%
San Diego Gas & Electric	9.99%	$4,994,827	Investor-owned Utilities	67%	67%
Los Angeles Department of Water & Power	10.50%	$5,252,360	Large Publicly-owned Utilities	35%	45%
Sacramento Municipal Utility District	2.06%	$1,032,214	Large Publicly-owned Utilities	35%	45%
Silicon Valley Power	0.88%	$438,511	Medium Publicly-owned Utilities	20%	25%
Glendale Water & Power	0.76%	$382,455	Medium Publicly-owned Utilities	20%	25%
City of Palo Alto	0.73%	$364,198	Medium Publicly-owned Utilities	20%	25%
City of Anaheim Public Utilities Department	0.73%	$363,397	Medium Publicly-owned Utilities	20%	25%
Pasadena Water & Power	0.61%	$306,221	Medium Publicly-owned Utilities	20%	25%
Burbank Water & Power	0.41%	$204,841	Medium Publicly-owned Utilities	20%	25%
City of Riverside	0.34%	$168,485	Medium Publicly-owned Utilities	20%	25%
Roseville Electric	0.27%	$136,614	Medium Publicly-owned Utilities	20%	25%
Modesto Irrigation District	0.37%	$183,861	Medium Publicly-owned Utilities	20%	25%
Imperial Irrigation District	0.16%	$81,039	Medium Publicly-owned Utilities	20%	25%
Turlock Irrigation District	0.14%	$69,028	Medium Publicly-owned Utilities	20%	25%

Electric Distribution Utility ("EDU")	CVRP % All EDUs	Initial EDU Contribution	EDU Category	Required Percentage Contribution in years 2019-2022	Required Percentage Contribution in 2023 and thereafter
Redding Electric Utility	0.05%	$23,544	Medium Publicly-owned Utilities	20%	25%
City of Vernon Public Utilities	0.01%	$4,485	Medium Publicly-owned Utilities	20%	25%
Alameda Municipal Power	0.37%	$184,822	Small Publicly-owned Utilities	0%	2%
City of Cerritos	0.29%	$142,700	Small Publicly-owned Utilities	0%	2%
Modesto Irrigation District	0.08%	$40,680	Small Publicly-owned Utilities	0%	2%
Merced Irrigation District	0.06%	$28,348	Small Publicly-owned Utilities	0%	2%
Azusa Light & Power	0.06%	$28,188	Small Publicly-owned Utilities	0%	2%
Moreno Valley Utility	0.04%	$20,820	Small Publicly-owned Utilities	0%	2%
City of Healdsburg Electric Department	0.04%	$19,700	Small Publicly-owned Utilities	0%	2%
Colton Electric Utility Department	0.03%	$15,055	Small Publicly-owned Utilities	0%	2%
Lodi Electric Utility	0.03%	$14,574	Small Publicly-owned Utilities	0%	2%
Liberty Utilities	0.03%	$12,973	Small Investor-owned Utilities	0%	2%
PacifiCorp	0.02%	$9,289	Small Investor-owned Utilities	0%	2%
Truckee Donner Public Utilities District	0.01%	$6,086	Small Publicly-owned Utilities	0%	2%
City of Lompoc Electric Division	0.01%	$5,766	Small Publicly-owned Utilities	0%	2%
City of Ukiah Electric Utilities Division	0.01%	$5,125	Small Publicly-owned Utilities	0%	2%
Rancho Cucamonga Municipal Utility	0.01%	$5,125	Small Publicly-owned Utilities	0%	2%

Electric Distribution Utility ("EDU")	CVRP % All EDUs	Initial EDU Contribution	EDU Category	Required Percentage Contribution in years 2019-2022	Required Percentage Contribution in 2023 and thereafter
Bear Valley Electric Service	0.01%	$2,563	Small Investor-owned Utilities	0%	2%
City of Corona Department of Water & Power	0.01%	$2,563	Small Publicly-owned Utilities	0%	2%
City of Banning Electric Department	0.00%	$1,441	Small Publicly-owned Utilities	0%	2%
Trinity Public Utilities District	0.00%	$1,281	Small Publicly-owned Utilities	0%	2%
City of Shasta Lake	0.00%	$1,121	Small Publicly-owned Utilities	0%	2%
Lassen Municipal Utility District	0.00%	$320	Small Publicly-owned Utilities	0%	2%
Gridley Electric Utility	0.00%	$160	Small Publicly-owned Utilities	0%	2%
Shelter Cove Resort Improvement District	0.00%	$160	Small Publicly-owned Utilities	0%	2%
Total	100.00%	$50,000,000			

APPENDIX B
PRELIMINARY DATA COLLECTION TEMPLATE

Additional data items may be added to the template below during program development. Some data requested may not be required for participation in the program.

Category	Element	Sample Value
Identification	First Name (Must be same name as the person the vehicle is DMV registered)	John
Identification	Last Name (Must be same name as the person the vehicle is DMV registered)	Doe
Identification	Driver's License Number	A1234567
Location & Contact Information	Vehicle Registration Home Street Number	123
Location & Contact Information	Vehicle Registration Home Street Name	1st Street
Location & Contact Information	Vehicle Registration State	CA
Location & Contact Information	Car Registration Home Zip Code	12345
Location & Contact Information	Email Address	JohnDoe@email.com
Location & Contact Information	Phone Number	(555)555-5555
Vehicle Information	Vehicle Identification Number (VIN)	1HGCM82633A004352
Vehicle Information	Make	Chevrolet
Vehicle Information	Model	Bolt
Vehicle Information	Vehicle Model Year	2019
Vehicle Information	Dealership vehicle was purchased/leased at	EV California Dealers
Vehicle Information	Date Vehicle Purchased/Leased	12/25/2019
Vehicle Information	Vehicle Purchase/Lease Price	$XX,XXX.00
Utility Information	Utility Provider (electric)	Southern California Edison

EXHIBIT A
PARTICIPATING EDU JOINDER

This JOINDER AGREEMENT ("Joinder Agreement"), dated as of [DATE] is made by [JOINING EDU], a [STATE OF ORGANIZATION] [ENTITY TYPE] (the "Joining EDU"), and delivered to [NAME OF PROGRAM ADMINISTRATOR], in its capacity as Program Administrator (in such capacity and together with any successors in such capacity, the "Program Administrator") under that certain Governance Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Governance Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Governance Agreement), dated as of [DATE] made by and among Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Los Angeles Department of Water & Power, Sacramento Municipal Utility District, and the other electric distribution utilities ("EDUs) party thereto.

WHEREAS, the Joining EDU is an EDU operating in the State of California and desires to participate in the CFR Program developed and implemented by the EDUs that are parties to the Governance Agreement and, in order to participate in the CFR Program, the Joining EDU is required by the terms of the Governance Agreement and the LCFS Regulation to be joined as a party to the Governance Agreement as a Participating EDU; and

WHEREAS, this Joinder Agreement supplements the Governance Agreement and is delivered by the Joining EDU pursuant to Section 2.2 of the Governance Agreement; and

WHEREAS, the Joining EDU will materially benefit directly and indirectly from (i) the CFR Program and from the LCFS Base Credits made available and to be made available by CARB to the Joining EDU as a participant in the CFR Program and a Participating EDU under the Governance Agreement, and (ii) from the Program Administrator's administration of the CFR Program on behalf of the Joining EDU and all Participating EDU; and

NOW THEREFORE, the Joining EDU hereby agrees as follows with the Program Administrator and each other Party to the Governance Agreement:

1. Joinder. The Joining EDU hereby irrevocably, absolutely and unconditionally becomes a party to the Governance Agreement as a Participating EDU, as a Party, and in each other capacity (e.g., POU, IOU, Northern EDU, Southern EDU, etc.) under the Governance Agreement that is applicable to the Joining EDU as a Participating EDU and Party thereunder, and agrees to be bound by all the terms, conditions, covenants, obligations, liabilities and undertakings applicable to any such Participating EDU or Party, or to which any such Participating EDU or Party is subject thereunder, all with the same force and effect as if the Joining EDU were an original signatory to the Governance Agreement. Without limiting the generality of the foregoing, (a) the Joining EDU hereby designates and authorizes the Program Administrator to act on its behalf as the Program Administrator under the Governance Agreement and under any Program Agreement, and authorizes the Program Administrator to take such actions on its behalf and to exercise such powers as are delegated to the Program Administrator by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto or as otherwise determined by the Steering Committee, in each case

in accordance with the terms and conditions of and for the time period set forth in the Governance Agreement, and (b) the Joining EDU, on its own behalf and on behalf of its Related Entities, does hereby irrevocably, unconditionally, voluntarily, knowingly, fully, finally, completely, and forever grant and make the Release and Covenant Not to Sue, and agrees to the indemnification and other obligations, set forth in ARTICLE 7 of the Governance Agreement with full knowledge and in full agreement with all of the terms, conditions and obligations set forth therein and without limiting the generality of the foregoing expressly acknowledges and agrees that it has been advised of, and does hereby specifically and expressly waive and release all rights under, the provisions of Section 1542 of the Civil Code of California, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

2. Affirmations. The Joining EDU hereby makes each of the representations and warranties and agrees to each of the covenants contained in the Governance Agreement that is made by any Participating EDU, Party, and in each other capacity under the Governance Agreement that is applicable to the Joining EDU as a Participating EDU and Party thereunder. The Joining EDU also represents and warrants to the Program Administrator and to each other Party that (a) it has the power and authority, and the legal right, to make, deliver and perform this Joinder Agreement and has taken all necessary action to authorize the execution, delivery and performance of this Joinder Agreement, (b) no consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person that has not been obtained, made or completed is required in connection with the execution, delivery and performance, validity or enforceability of this Joinder Agreement, (c) this Joinder Agreement has been duly and validly executed and delivered on behalf of the Joining EDU, (d) the execution, delivery and performance of this Agreement by such Joining EDU will not violate, conflict with, require consent under or result in any breach or default under (i) any of such Joining EDU's organizational, governing or charter documents, (ii) any applicable law, or (iii) with or without notice or lapse of time or both, the provisions of any material contract or agreement to which such Joining EDU is a party or to which any of its material assets are bound, and (e) this Joinder Agreement constitutes a legal, valid and binding obligation of the Joining EDU enforceable against such Joining EDU in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

3. Miscellaneous. ARTICLE 10 of the Governance Agreement is hereby incorporated into this Joinder Agreement by reference and shall be a part hereof, *mutatis mutandis*.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Joinder Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

[NAME OF JOINING EDU]

By_____
Name:
Title:
Contact Information for Notices:

If not already listed on Schedule 1.1 to the Governance Agreement, the Joining EDU hereby elects to be listed thereon as a [Northern EDU/Southern EDU] [**Pick one only**].

AGREED TO AND ACCEPTED:
[NAME OF PROGRAM ADMINISTRATOR][, as Program Administrator]

By_____
Name:
Title:
Contact Information for Notices:

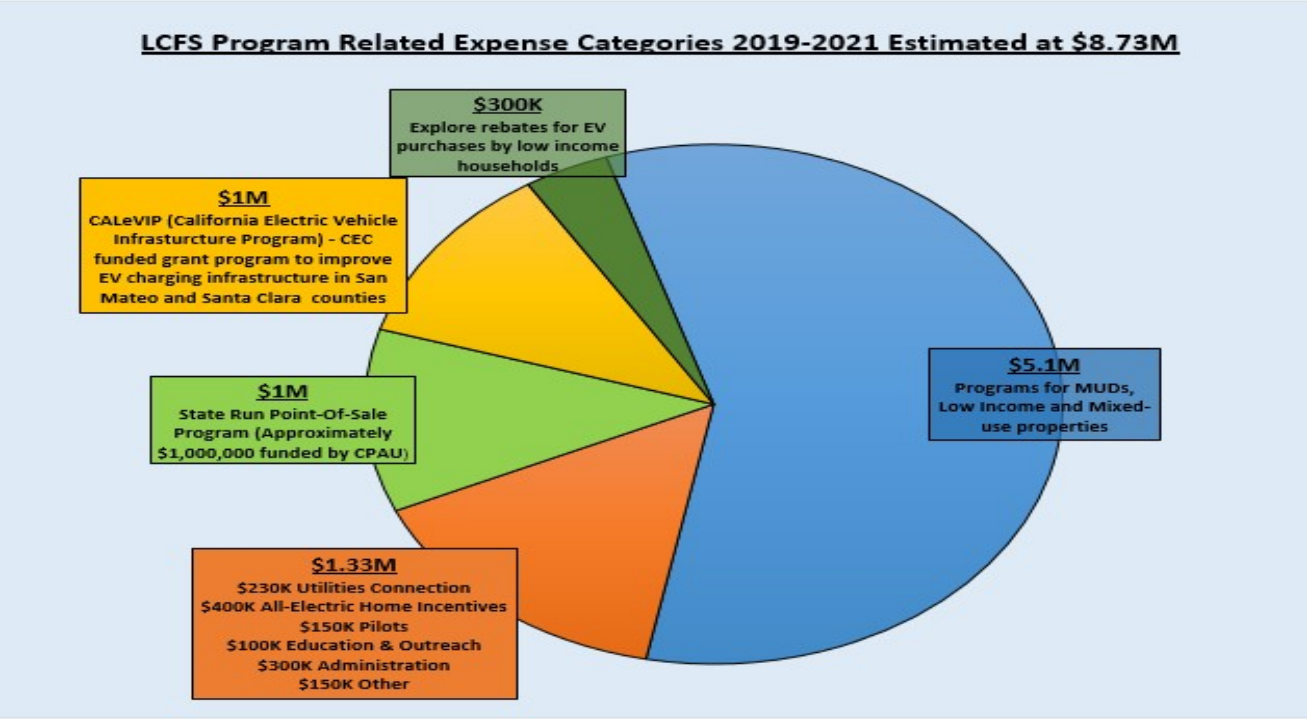
Outline of LCFS Program Funding for Electric Vehicle Customer Programs & Estimated Budgets: 2019-2021

Outlined below is the City's portfolio of customer programs and estimated budgets for 2019-2021. These programs and funding allocations could change depending on demand and regulatory requirements. Staff estimates that $8 to $9 million in LCFS funding will be available for these programs. Approximately $1 million in funding, over three years, is expected to be provided as required by the State's Clean Fuel Reward (CFR) program, as outlined in the attached staff report.

Outline of LCFS Program Funding for Electric Vehicle Customer Programs & Estimated Budgets: 2019-2021

Sector	Program	CY 2019 – 2021 Funding	Goal
All Palo Alto residents	Funding for CFR State-mandated, State-run Point of Sale program to be designed	$1,000,000*	TBD, will provide additional incentives for EV buyers
Multi-family, Non-profits, and Schools	Charger rebates	$3,700,000	Install 200-400 EV charging ports at 60-90 locations, supporting 1800-2400 vehicles or, 10-20% of population
	Consultant for Technical Assistance	$600,000	
	Transformer Upgrades	$800,000	
Non-residential (multi-family, commercial, and City also eligible)	Matching funds for CEC's CaleVIP $1M grant program; provides rebates for private charging infrastructure, with $2M of total funding for Palo Alto.	$1,000,000	Install Level 3 chargers at neighborhood commercial centers, as well as fund 200-400 additional workplace chargers
Single-family	All-Electric Home Incentives	$400,000**	Reduce barriers to single-family EV adoption and building electrification
	Reimburse utility connection upgrade fees	$230,000	
Low-Income	Low-income EV purchase incentives	$300,000**	TBD, additional incentives for low-income EV buyers in PA
All	Administration	$300,000	Promote EV adoption, other goals TBD as new pilots and programs are developed
	Education, Marketing and Outreach	$100,000	
	Pilot programs	$150,000	
	Other programs to be determined	$150,000	
	LCFS FUNDING TOTAL	**$8,730,000**	

**State run point of sale (POS) program – Palo Alto required to provide 25% of LCFS credits sales proceeds*
*** These two programs will be explored and require additional Council and City Manager approvals*



Customer Sector Coverage of EV Programs

CUSTOMER		CURRENT PROGRAMS	POTENTIAL PROGRAMS TO LAUNCH IN 2020	POTENTIAL PROGRAMS UNDER EVALUATION
ALL EV DRIVERS	Residents, Commuters, Visitors	• Workshops and Ride and Drives • EV calculator and online resources • EV readiness mandates for all new construction	• LCFS funding support to Public Works for new public EV Charger installations • Fund DC Fast Chargers (DCFC) at neighborhood commercial centers with the California Energy Commission's (CEC) California Electric Vehicle Infrastructure Project (CALeVIP)	• Curbside EV charging infrastructure
ALL RESIDENTIAL			• Point of Sale (POS) EV rebate	• Light Electric Vehicle (LEV) rebates • Discount on utility bill for EV owners
Residential Sub-Groups	Low-Income	• Electrification education through the Home Efficiency Genie • Rebate for Utility connection fees	• EV Solutions and Technical Assistance Program for building EV infrastructure (for low-income Multifamily properties)	• All-electric home incentive • Panel upgrade incentive • All-electric home calculator • Used EV incentives
	Multifamily	• EV Charger Rebate Program • EV charging infrastructure	• EV Solutions and Technical Assistance Program for building EV infrastructure	
	Single Family	• Electrification education through the Home Efficiency Genie • Rebate for Utility connection fees		• All-electric home incentive • Panel upgrade incentive • All-electric home calculator
ALL NON-RESIDENTIAL			• Incentive for Utility transformer upgrade	
Non- Residential Sub-Groups	Large Commercial & Industrial (C&I)		• Rebates for workplace chargers under grant-funded regional program (CALeVIP)	• Co-sponsor, All-Electric Commuter Buses • Education and Outreach for Commuters
	Small & Medium Commercial		• EV Solutions and Technical Assistance Program for building EV infrastructure (for small to medium sized businesses)	• DC Fast Chargers at commercial centers
	Non-Profit	• EV Charger Rebate Program	• EV Solutions and Technical Assistance Program for building EV infrastructure (for schools and other non-profits)	• School Bus electrification
	TNC (Transportation Network Company) Drivers	• Access to public EV chargers	• Access to private EV chargers at non-profit properties	• Access to neighborhood DC Fast Chargers

For further details related to customer programs please see September 2019, Memorandum to the UAC.

Definition of EV Terms

ACRONYM	FULL NAME	DEFINITION
CALeVIP	**California Electric Vehicle Infrastructure Project**	A program that offers incentives for the purchase and installation of electric vehicle charging infrastructure at publicly accessible sites throughout California. CALeVIP works to address regional needs for electric vehicle (EV) charging infrastructure throughout California, while supporting the state's goal to improve air quality, fight climate change and reduce petroleum use. Funded by the California Energy Commission and implemented by the Center for Sustainable Energy, CALeVIP works with local partners to develop and implement EV charger incentive projects that meet regional needs for Level 2 and DC fast chargers. The statewide project aims to provide a streamlined process for getting chargers installed to fill the significant gaps in charging availability.
CEC	California Energy Commission	California's primary energy policy and planning agency. Holds responsibility for forecasting future energy needs, promoting energy efficiency through appliance and building standards, and supporting renewable energy technologies.
DCFC	DC Fast Charger	Also known as level 3 chargers are the fastest way to charge an EV. At a DCFC, EVs can get about 120miles of charge in 30 minutes, however, not all EVs on the market today have the capability to fast charge.
EV	Electric Vehicle	Alternative fuel automobile that uses electric motors and motor controllers for propulsion as a substitute to common propulsion methods such as the internal combustion engine.
EVSE	Electric Vehicle Supply Equipment	EVSE is the technical name for a charging station or charging dock that connects an electric vehicle (EV) to a source of electricity to recharge electric cars.
GHG	Green House Gas	Gaseous compound (such as carbon dioxide or methane) that absorb infrared radiation, trap heat in the atmosphere, and contribute to the greenhouse effect.
J1772	EVSE Connector Standard	North American standard for electrical connectors for EVs maintained by SAE International (Society of Automotive Engineers). J1772 is the common electric vehicle conductive charging system architecture including operational requirements and the functional and dimensional requirements for the vehicle inlet and mating connector. Tesla uses a different standard, but all Tesla's come with a J1772 adapter.
LCFS	Low Carbon Fuel Standard	Designed by CARB (California Air Resources Board) to encourage production and use of cleaner low-carbon fuels in California to reduce greenhouse gas emissions. Fuels in the California transportation fuel pool that have a Carbon Intensity (CI) lower than the State targets, generate LCFS credits. Fuels in the transportation fuel pool with CIs higher than the State targets, generate deficits. A fuel producer with deficits must have enough credits through generation and acquisition to be in annual compliance with the standard.
LEV	Light Electric Vehicle	EVs with two to four wheels powered by a battery, fuel cell, or hybrid-powered, and generally weighing less than 100 kilograms.
MF/MUD	Multifamily/Multi-Unit Dwelling	A building or structure that is designed to house several different families in separate housing units such as apartment buildings.
POS Rebate	Point of Sale Rebate	A discount incorporated at the point where a customer executes the payment for goods.
TNC	Transportation Network Company	Transportation Network Companies provide prearranged transportation services for compensation using an online-enable application or platform to connect drivers using their personal vehicles with passengers. Ex: Lyft, Uber