



***Pacific Gas and  
Electric Company®***

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## **2008 Request for Proposal No. 5585 for the ClimateSmart™ Program:**

### **Greenhouse Gas Emission Reduction Projects**

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**Dated:           October 6, 2008**



REQUEST FOR PROPOSAL No. 5585  
FOR THE CLIMATESMART™ PROGRAM

ARTICLE I:  
CORE- GENERAL INSTRUCTIONS AND PROVISIONS

| RFP Schedule                                  | Date                |
|-----------------------------------------------|---------------------|
| RFP Issued to Bidders                         | 10/06/08            |
| Bidder's Information Session (San Francisco): | 10/17/08, 9:00 a.m. |
| Potential Bidder Interviews                   | 10/17/08-10/29/08   |
| Notice of Intent to Bid Form Due              | 10/29/08            |
| Bidder's Workshop (by PG&E invitation only)   | 10/31/08, 9:00 a.m. |
| Last Day to Submit Written Questions to PG&E  | 11/12/08, 2:00 p.m. |
| RFP Responses Due                             | 11/20/08, 2:00 p.m. |
| Selection of Finalists                        | 12/8/08             |
| Finalist Interviews                           | Week of 12/15/08    |
| Selection of Shortlist of Bidders             | Week of 12/22/08    |
| Target Date for Contract Execution            | Q2 2009             |



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## 1.0 INTRODUCTION

Pacific Gas and Electric Company (PG&E), incorporated in California in 1905, is one of the largest combination natural gas and electric utilities in the United States. Based in San Francisco, the company is a wholly owned subsidiary of PG&E Corporation.

There are approximately 20,000 employees who carry out PG&E's primary business—the transmission and delivery of energy. The company provides natural gas and electric service to approximately 14 million people throughout a 70,000-square-mile service area in northern and central California. Our customers include over 20,000 schools, 3,000 hospitals, 20,000 high-tech companies and 700 military facilities. As the primary gas and electric service provider for Central and Northern California, PG&E has impressive size and territory that stretches from Eureka in the north to Bakersfield in the south, and from the Pacific Ocean in the west to the Sierra Nevada in the east. PG&E provides electricity to over 4.9 million customers and gas to over 3.9 million customers.

PG&E is determined to expand opportunities which enhance our commitment to diversity, safety, environmental stewardship, and corporate integrity. We anticipate that this evaluation process will provide opportunities for successful firms to expand their business with PG&E. We believe this will be an exciting opportunity for PG&E and its current and future suppliers to reshape the way we work together and to improve PG&E's operations.

Launched on June 28, 2007, PG&E's ClimateSmart™ program is the first of its kind in the nation. Authorized by California Public Utilities' Decision (D. 06-12-032), the ClimateSmart program allows PG&E customers the ability to make their personal or business energy use "climate neutral."

## 2.0 PURPOSE OF REQUEST FOR PROPOSAL (RFP)

The purpose of this RFP is to solicit bids for the ClimateSmart program. Specifically, PG&E's ClimateSmart program is issuing this RFP to solicit bids for greenhouse gas ("GHG") emission reductions from systems or activities located and performed in California which reduce or sequester GHG emissions ("Projects"). PG&E will purchase the GHG emission reductions by entering into GHG emission reduction purchase agreements with successful final bidders. In this third RFP for the ClimateSmart program, PG&E seeks to purchase tons of GHG emission reductions towards its commitment to be in contract for at least 1,500,000 tons by the end of 2009.

PG&E customers enrolled in PG&E's ClimateSmart program provide the funding that PG&E will use to purchase the GHG emission reductions. PG&E's ClimateSmart program will purchase tons of GHG emission reductions equivalent to the amount needed in order to meet our commitments in the ClimateSmart program, including to offset customers' home or business gas and/or electricity use.

Eligibility for the ClimateSmart program RFP requires that Projects meet the stringent requirements of the Forest, Livestock, or Landfill Project Reporting Protocols of the California Climate Action Registry (the "Registry") (<http://www.climateregistry.org/tools/protocols/project->

[protocols.html](#)) and have been initiated after the CPUC ClimateSmart Decision date of December 14, 2006.

The information submitted in response to this RFP will be used to evaluate and to identify bidders with the capabilities, quality, service, and competitive prices to provide high quality GHG emission reductions at a superior economic arrangement.

The proposals submitted in response to this RFP will serve as the basis for any agreements and represent a firm offer by the bidder to provide GHG emission reductions to PG&E as detailed in this RFP. Additionally, all bid responses will be evaluated and PG&E will conduct negotiation discussions in order to reach final definitive agreements with the selected bidders. No offer is binding on PG&E until the execution of definitive agreements with respect to a Project by an authorized officer of PG&E, which agreements PG&E may choose to enter into at its sole and exclusive discretion.

### 3.0 RFP SCHEDULE

The table on the cover of this RFP summarizes the estimated RFP schedule. Further details of the schedule are provided in this section. This schedule is subject to change at any time, at PG&E's discretion. The RFP schedule may be affected by, among other things, negotiations with bidders selected as finalists. PG&E will endeavor to notify bidders of any schedule change, but will have no liability or responsibility to any bidder for failing to do so.

Online Registration. Potential bidders may register for this RFP at the RFP website; however, registration is not mandatory for participation in the RFP. Registering will ensure that the bidder will receive timely announcements and updates for this RFP and for future RFPs. To register, please go to <http://www.pge.com/ClimateSmart>, click on "Requests for Project Proposals" scroll down to the section entitled "Register for the ClimateSmart Competitive Solicitation" and click on the link entitled "register for competitive solicitations."

Bidder's Information Session. PG&E will hold an information session on Friday, Oct. 17, at 9:00 a.m. At the information session PG&E will present general information about the ClimateSmart program and this RFP, and will provide an opportunity for potential bidders to ask questions. The location for the information session is at PG&E's San Francisco office, 245 Market Street, Conference Room 1411. Potential bidders may also participate by telephone by dialing 1-866-339-1399 and entering passcode \*4159732880\*. Attendance at the information session is strongly encouraged, but not required.

Potential Bidder Interviews. PG&E will hold 30-minute interviews with those parties interested in bidding in this RFP. The interviews can be in person or by phone and will provide an opportunity for potential bidders to discuss their projects with PG&E, and for both PG&E and potential bidders to ask clarifying questions. Parties may sign up on a first-come, first served basis for 30-minute interview slots immediately following the Information Session on Oct. 17, or thereafter as requested. Potential bidders whose projects meet the requirements of this RFP will be invited to bid. Attendance at an interview is strongly encouraged. A potential bidder who chooses not to participate in an interview must submit a Notice of Intent to Bid form in order to receive an invitation to bid.

Notice of Intent to Bid. Prior to being invited to bid in response to this RFP, an interested bidder must submit a “Notice of Intent to Bid” (see Article III, “Required Information Including Forms”). The Notice of Intent to Bid contains basic project information and a statement of intent to submit a bid in response to this RFP. The Notice of Intent to Bid is required and failure to submit it may disqualify a bidder. A Notice of Intent to Bid form will be provided to each party invited to bid upon conclusion of a successful potential bidder interview. If a bidder chooses not to interview but submits a Notice of Intent to Bid form, PG&E will upon receiving the Notice of Intent to Bid contact the bidder to determine whether the project is likely to meet the requirements of this RFP. If so, the bidder will be invited to bid.

Bidder’s Workshop. Potential bidders who participate in potential bidder interviews and whose projects meet the requirements of this RFP will be invited to bid. If a bidder chooses not to interview but submits a Notice of Intent to Bid form, PG&E will upon receiving the Notice of Intent to Bid contact the bidder to determine whether the project is likely to meet the requirements of this RFP. If so, the bidder will be invited to bid. For those parties that have been invited to bid, PG&E will hold a bidder’s workshop on Friday, October 31, at 9:00 a.m. At the bidder’s workshop PG&E will walk through this RFP’s Questionnaire (Article III) and discuss the attributes of a successful bid. The location for the bidder’s workshop is at PG&E’s San Francisco office, 245 Market Street, Conference Room 1417. Bidders may also participate by telephone by dialing 1-866-339-1399 and entering passcode \*4159732880\*. Attendance at, or participation in, the bidder’s workshop is strongly encouraged, but not required.

RFP Responses Due. Bidders’ proposals must be submitted by the deadline shown on the RFP schedule. Failure to do so may disqualify a bidder.

Selection of Shortlist of Bidders. PG&E intends to shortlist bidders for further negotiations. PG&E shall notify bidders of their inclusion as shortlisted bidders (“Finalists”) by the date shown on the RFP schedule. A bidder selected as a Finalist will be required to execute a Confidentiality Agreement as described in Section 10.0 within five business days after receiving written notice from PG&E that the bidder qualifies as a Finalist. PG&E will provide the ClimateSmart program’s External Advisory Group (“EAG”) with summaries of proposals, blinded as to the identity of the bidders, which may include an advance blinded summary of the Finalists. PG&E will also discuss proposed criteria for Finalist selection with the EAG. For more information on the EAG, go to <http://www.pge.com/ClimateSmart>.

Finalist Interviews. Finalists should provide PG&E with a markup of PG&E’s form term sheet by the date for Finalist interviews. PG&E and Finalists will hold in-person meetings to ask questions about the bidder’s proposal. PG&E and Finalists will then negotiate to finalize the purchase agreement.

#### 4.0 RFP STRUCTURE

This RFP is structured into three Articles:

This Article I, entitled “Core - General Instructions and Provisions,” provides a description of the RFP structure and bid submittal instructions applicable to this RFP.

Article II, entitled “Project Specifications,” describes the requirements that a Project must meet to be considered for any contract awarded pursuant to this RFP. Eligibility requirements for the ClimateSmart program RFP require that Projects meet the stringent requirements of the Forest, Livestock, or Landfill Project Reporting Protocols of the California Climate Action Registry (the “Registry”) (<http://www.climateregistry.org/tools/protocols/project-protocols.html>) and have been initiated after the CPUC ClimateSmart Decision date of December 14, 2006.

Article III, entitled “Required Information Including Forms,” identifies all of the information and includes the questionnaire to which all bidders must respond and the pricing sheets that bidders shall use in quoting prices.

## 5.0 SUBMITTAL INSTRUCTIONS FOR PROPOSALS

Bidders shall submit their proposal(s) in accordance with the outline shown below. All proposals must be submitted in the exact order described below.

### REQUIRED SUBMITTALS

Solicitation Agreement: Bidder shall acknowledge that the RFP was used in the preparation of its proposal by returning one signed copy of the “Solicitation Agreement.” By signing the Solicitation Agreement, a bidder agrees to be bound by all elements of its proposal should PG&E accept such proposal. A bidder submitting a proposal must agree to be bound by its proposal for a period of nine months from the deadline for responses to this RFP. This form must be signed by a person that has the authority to bind the bidder to a contract. The Solicitation Agreement can be found in Article III “Required Information Including Forms.”

Required Information: Bidder shall provide detailed answers and submit information in response to the questions posed in Article III “Required Information Including Forms.”

Pricing Sheets: Bidder shall complete all pricing sheets. The pricing sheets can be found in Article III “Required Information Including Forms.” Format of the Pricing Sheets shall not be changed by bidders.

## 6.0 PROCEDURES FOR RESPONDING

For a bidder’s proposal to be considered for award all information requested in Section 5.0 must be submitted and the following procedures must be observed:

Quoted prices must be entered on the pricing sheet provided in Article III.

Bidder shall provide four (4) original hard-copy(s) of its entire proposal (as described in Section 5.0 “Required Submittals”). Bidders must submit three bound in binders and one unbound copy of all the documents contained in the bidder’s proposal.

In addition, a bidder shall submit two (2) CDs, each containing one electronic copy of all documents contained in the bidder's proposal. Any proposed changes to the text of those documents must be in a Microsoft Word file marked to show all changes. Bidders should not password protect the documents and files included in their proposals. Adobe Acrobat or other such pdf files or non-editable files are ONLY acceptable if the document is a picture, diagram, map or other preprinted brochure or material.

In addition, bidders should create separate files for each document or file, and include the bidder's name (a short acronym is fine) in the electronic file name for each file. If there is a discrepancy between the electronic and hard copies, the hard copy will prevail.

Bidder's proposal must be received no later than 2:00 p.m. (Pacific) on Nov. 20, 2008 ("Due Date"). Proposals received after that time will not be accepted. A bidder, by submitting a proposal, agrees that the offer is exclusive to PG&E for nine months from the Due Date ("Exclusivity Period").

The proposal shall be express mailed (overnight) or hand delivered to:

Pacific Gas and Electric Company  
PG&E Sourcing, N5D  
Bid Receipt Desk  
245 Market Street  
San Francisco, CA 94105-1702  
Attn: Michael Forman  
Request for Proposal No. 5585 (ClimateSmart Program)

If the proposal is hand delivered it should be brought to the West Lobby, 245 Market Street, San Francisco for delivery to the Bid Receipt Desk, 5<sup>th</sup> Floor. Bids will be accepted during the hours from 9:00 a.m. to 11:30 a.m. and 1:00 p.m. to 4:00 p.m., Monday through Friday.

Bidders should mark the envelope with the bidder's company's name, the PG&E RFP number, a brief description of the work and identify the envelope as a bid.

PG&E will not accept proposals transmitted by facsimile (FAX) or e-mail.

## **7.0 QUESTIONS AND REQUESTS FOR INFORMATION**

If a bidder is in doubt as to the intent of any part of the RFP documents, the bidder shall e-mail written questions to the contact listed below with the subject clearly marked. Questions from bidders are due no later than 2:00 p.m. (Pacific) on November 12, 2008. Questions submitted after the question deadline may not be answered. Any explanation of the RFP and answers to submitted questions will be made only by addendum, which will be provided to all bidders who provide a notice of intent to bid without reference to the specific bidder raising such matter or initiating the inquiry. PG&E will not be responsible for any other explanations of the RFP documents. Questions are subject to the following provisions:

Questions shall identify the bidder submitting the questions, and shall indicate the e-mail address to which PG&E should provide a response, if any. Questions submitted by a bidder shall be sent to:

Michael Forman  
E-mail address: [J1FT@pge.com](mailto:J1FT@pge.com)  
Subject: PG&E RFP No. 5585  
(ClimateSmart Program)

PG&E intends to distribute answers of written questions submitted to all bidders via email on or about November 17, 2008, but reserves the right not to do so.

Except for contact with the PG&E Supplier Diversity group, communications with PG&E pertaining to this RFP shall be strictly limited to the contact listed above. Any other communications pertaining to this RFP may result in a bidder's proposal being disqualified.

PG&E has established a website where all RFP documents, information, announcements, and Q&A's will be posted from time to time and be available for bidders to view or download. Go to [www.pge.com/ClimateSmart](http://www.pge.com/ClimateSmart) and click on "Requests for Project Proposals." Bidders may also ask questions at the information session, interview, and bidder's workshop.

## 8.0 BID PREPARATION

Any and all costs or expenses incurred in preparing, modifying or submitting a proposal will be solely borne by a bidder, including all expenses of its counsel in negotiation of the definitive agreements, regardless of execution of such agreements; PG&E will not be responsible for such costs or expenses.

All proposals and any other materials submitted in response to this RFP will become the property of PG&E and may be returned only when requested by a bidder in writing at PG&E's option and at the bidder's expense.

## 9.0 EVALUATION CRITERIA

Proposals submitted by bidders will be reviewed and evaluated by a cross-functional team of PG&E employees (collectively "the Team"). The Team may evaluate each bid based on criteria including, but not limited to, competitive price, satisfaction of the RFP requirements, completeness of the bid package, cost reduction ideas or alternatives for performing the services, Women, Minority, Disabled Veteran Business Enterprise (WMDVBE) status and/or subcontracting plan, safety record, financial stability and bidder's ability to perform. These factors are not necessarily listed in order of importance. PG&E at its sole discretion may decide to use some or all of these factors.

For this RFP, after conducting initial interviews with potential bidders and inviting those qualified to submit a bid, PG&E may use a two-step bidding process to select the successful bidder(s). The first step will be an evaluation of each bidder's proposal using the evaluation criteria described above. Bidder's proposals which are technically acceptable and whose price is competitive may be invited to the second step in the selection process. The second step will be

used to discuss the scope of work in detail, review a bidder's proposed changes to the form of term sheet, interview key candidate personnel in person, and visit Project sites.

PG&E reserves the right to reject any or all proposals in whole or in part, and to award the bid in whole or in part to one or more bidders.

PG&E Discretion: In connection with its review and selection process PG&E may, in its sole and absolute discretion, do any one or more of the following:

- Issue additional subsequent requests for proposals and conduct due diligence with respect to the qualifications of each bidder which submits proposals.
- Negotiate and request bidders to amend any proposals.

Rejection: PG&E may reject proposals submitted for any reason, including:

- Material misrepresentation.
- Failure to permit disclosure of information contained in the proposal to PG&E agents, contractors or regulators.
- Any attempt to influence PG&E's evaluation of the proposal outside the RFP process.
- Any change in regulation or regulatory requirements.
- Any collusive bidding or other anticompetitive conduct.
- Any failure to disclose the real parties in interest in any proposal submitted.
- The bidder or a primary sponsor or affiliate of the bidder has a potential conflict of interest (i.e. is in current litigation or potential litigation with PG&E).

Rules of Construction in this RFP:

- "Include" or "including" means "including without limitation"
- References in the singular include references in the plural and vice versa, and pronouns having masculine, feminine or neuter gender include the others
- References to any publication, website, regulatory proceeding, or legal entity includes its successors in such capacity
- All references to dollars or "\$" are to U.S. dollars
- "Or" is not necessarily exclusive

## 10.0 SUBSEQUENT SUBMITTALS FOR FINALISTS

Within five business days after receiving written notice from PG&E that a bidder qualifies as a Finalist (see Section 9.0 "Evaluation Criteria"), Finalist must provide each of the following:

10.1 Confidentiality Agreement: The form of Confidentiality Agreement must be signed by a person that has the authority to bind the bidder to a contract. The

Confidentiality Agreement can be found in Article III “Required Information Including Forms.” Following receipt by PG&E of such Confidentiality Agreement, PG&E shall countersign it and return a fully executed copy to the bidder.

10.2 Compliance Certificate for the Injury and Illness Prevention Program: The Compliance Certificate can be found in Article III “Required Information Including Forms” and should be completed and signed by a person that has the authority with respect to the bidder’s Injury and Illness Prevention Program.

10.3 Insurance Certificate: Provide a copy of all certificate(s) of insurance detailing all of the relevant insurance policies that bidder currently carries and each policy’s respective limit. Alternatively, provide a letter from bidder’s insurance agent stating that bidder would be able to obtain required workers’ compensation and employer’s liability insurance, commercial general liability insurance, and business auto insurance.

#### 11.0 PRESERVATION OF RIGHTS

THE PARTIES AGREE THAT THIS RFP DOES NOT CONSTITUTE A COMMITMENT BY PG&E, WHETHER EXPRESS OR IMPLIED, TO CONTRACT WITH BIDDER TO SUPPLY ANY GHG EMISSION REDUCTIONS. PG&E EXPRESSLY RESERVES ALL ITS RIGHTS, INCLUDING BUT NOT LIMITED TO THE FOLLOWING: THE RIGHT TO REQUEST PROPOSALS FROM OTHERS WITH OR WITHOUT REQUESTING PROPOSAL(S) FROM A BIDDER FOR GHG EMISSION REDUCTIONS.

PG&E reserves the right to withdraw or modify this RFP at any time before responses are due or as necessary to comply with applicable law or other direction provided by the CPUC or any other regulatory entity with applicable jurisdiction. PG&E further reserves the right to either suspend or terminate this RFP at any time for any reason whatsoever. PG&E may accept or reject any or all responses, and may accept other than the lowest price proposal. PG&E will not be liable, by reason of such withdrawal or rejection, to any bidder submitting a proposal to this RFP.

Bidders are required to provide accurate and complete responses to the RFP documents. Incomplete responses may be subject to disqualification at PG&E’s sole discretion. PG&E may reject any response which is conditional or incomplete, or which contains any deviations from the instructions provided in this Article I.

#### 12.0 SUPPLIER DIVERSITY STATEMENT

PG&E encourages companies interested in providing services to PG&E to support our Supplier Diversity Purchasing through its internal purchasing and subcontracting practices.

In order for PG&E to include the Woman, Minority and Disabled Veteran Business Enterprise (WMDVBE) contractor or subcontractor in PG&E’s supplier diversity goals, the WMDVBE prime contractor or subcontractor must have a current verification by the following agency:

- \* California Public Utilities Commission’s WMDVBE Clearinghouse (for woman- or minority-owned businesses); or

- \* Office of Small Minority Business (for disabled veteran owned businesses).

Comparable Agency certifications will also be accepted from those suppliers that are certified by the National Minority Supplier Development Council (NMSDC), the Women's Business Enterprise National Council (WBENC), and the U.S. Small Business Administration (SBA) 8A and SDB programs only. However, they must be processed with the Clearinghouse before December 31, 2008 before they can be included in PG&E's annual results.

Bidders are encouraged to submit with their proposals a subcontracting plan that will support PG&E's commitment to utilize WMDVBE subcontractors and sub suppliers. The term subcontractor referred to in this plan applies to subcontractors that provide a service, and sub suppliers that provide material, parts, assemblies or components.

To assist in any diversity subcontracting efforts, contact PG&E's Supplier Diversity Representative, Tanya Nixon ([TNN7@pge.com](mailto:TNN7@pge.com)) or by phone at 415-973-1321) or bidders may conduct searches through the WMDVBE Clearinghouse at:

<http://www.cpuc.ca.gov/PUC/SupplierDiversity/database.htm> (data base)

<http://www.cpuc.ca.gov/PUC/SupplierDiversity/CertInfo.htm> (application)

### 13.0 SAFETY STATEMENT

PG&E is committed to maintaining and promoting job safety and health for our employees, customers and the general public, and we expect bidders interested in performing services for PG&E to do the same. We are committed to working with companies who conduct their services safely by providing adequate training and a safe work environment.

### 14.0 ENVIRONMENTAL STATEMENT

Environmental protection and enhancement is one of our fundamental corporate priorities as PG&E recognizes that a sound environmental policy and sound business practices go hand in hand. PG&E expects that bidders interested in providing services to PG&E will contribute to the success of maintaining our leadership in the environmental arena by conducting all aspects of services in an environmentally sensitive manner which maintains and, when feasible, improves the quality of the environment.

### 15.0 ETHICS STATEMENT

PG&E stresses the importance of integrity, honesty, professionalism and ethical business conduct to all of its employees and its contractors. PG&E expects that bidders interested in providing services to PG&E will conduct business with the same emphasis on integrity, honesty, professionalism and ethical business conduct. Each party shall act in good faith in its performance under the ClimateSmart program Solicitation Agreement and, in each case in which a bidder's consent or agreement is required or requested hereunder, such bidder shall not unreasonably withhold or delay such consent or agreement. To access PG&E's Supplier Code of Conduct, please visit our website at:

[http://www.pge.com/includes/docs/pdfs/b2b/purchasing/contractor\\_consultant\\_and\\_supplier\\_code.pdf](http://www.pge.com/includes/docs/pdfs/b2b/purchasing/contractor_consultant_and_supplier_code.pdf)

**16.0 PROPRIETARY INFORMATION**

This RFP, and other data appended or related to it, are the property of PG&E and are delivered only for the purpose of enabling each potential bidder to prepare and submit a proposal in response thereto.



REQUEST FOR PROPOSAL No. 5585  
FOR THE CLIMATESMART™ PROGRAM

ARTICLE II:  
PROJECT SPECIFICATIONS

Consisting of  
Specific Conditions

| RFP Schedule                                  | Date                |
|-----------------------------------------------|---------------------|
| RFP Issued to Bidders                         | 10/06/08            |
| Bidder's Information Session (San Francisco): | 10/17/08, 9:00 a.m. |
| Potential Bidder Interviews                   | 10/17/08-10/29/08   |
| Notice of Intent to Bid Form Due              | 10/29/08            |
| Bidder's Workshop (by PG&E invitation only)   | 10/31/08, 9:00 a.m. |
| Last Day to Submit Written Questions to PG&E  | 11/12/08, 2:00 p.m. |
| RFP Responses Due                             | 11/20/08, 2:00 p.m. |
| Selection of Finalists                        | 12/8/08             |
| Finalist Interviews                           | Week of 12/15/08    |
| Selection of Shortlist of Bidders             | Week of 12/22/08    |
| Target Date for Contract Execution            | Q2 2009             |

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### **GENERAL CONDITIONS**

Please see the form of Term Sheet (Article III, Required Information Including Forms”) for the general terms and conditions of PG&E’s purchase of GHG emission reductions. Bidders selected as Finalists must provide all proposed changes to the Term Sheet in the form of a detailed mark-up of the Term Sheet by the date of Finalist interviews.

## **I. OVERVIEW**

The purpose of this RFP is to solicit bids for the ClimateSmart program. Specifically, PG&E's ClimateSmart program is issuing this RFP to solicit bids for greenhouse gas ("GHG") emission reductions from systems or activities located and performed in California which reduce or sequester GHG emissions ("Projects"). PG&E will purchase the GHG emission reductions by entering into GHG emission reduction purchase agreements with successful final bidders. In this third RFP for the ClimateSmart program, PG&E seeks to purchase tons to meet its commitment to be in contract for at least 1,500,000 tons by the end of 2009..

## **II. SPECIFIC CONDITIONS**

- 2.0. Eligible Participants. PG&E will accept proposals from non-profit or for-profit corporations or other business entities, government agencies, non-governmental organizations, universities, national laboratories, individuals, and combinations of these parties. PG&E will not accept proposals from any unit of PG&E Corporation or from other utilities, nor can any third party submit a proposal to implement a Project on PG&E facilities or lands.
- 2.1. Type of Project. Only forest sequestration, livestock methane, or landfill gas Projects which are verified or which can demonstrate the ability to meet all the requirements of verification under the relevant Registry protocols are eligible to bid into this RFP. See <http://www.climateregistry.org/tools/protocols/project-protocols.html> for a copy of the protocols. Bidders are responsible for obtaining copies of, reviewing, understanding, verifying under, and maintaining current knowledge of Registry protocols. PG&E has filed an advice letter with the CPUC to request permission to purchase emission reductions from landfill projects as part of this RFP. In the event that the CPUC denies this request or the CPUC has not issued a final order approving these requests by December 1, 2008, PG&E will not be authorized to consider landfill projects in connection with this RFP.
- 2.2. Location. PG&E will only invest in Projects located entirely within California. PG&E will give preference to Projects located within PG&E service territory.
- 2.3. Additionality Requirement. The Registry's protocols specify additionality requirements for verifying Projects. In addition to the stringent requirements of the Registry protocols, PG&E will require all Projects to provide evidence that but for ClimateSmart funds, the Project that generates the Registry-verified greenhouse gas emissions reductions would not have occurred.
- 2.4. System Impacts. Projects must not adversely impact PG&E's or the California Independent System Operator's operating systems, or interfere with PG&E's distribution system or its maintenance and easements.

- 2.5. Leakage. Project shall mitigate and/or insure against activity-shifting, market, or other leakage risks.
- 2.6. Permanence. PG&E will only consider Projects that can provide appropriate assurances of the permanence of the greenhouse gas emissions reductions. Forestry Projects shall demonstrate that the carbon is sequestered for one hundred years after delivery of the verified emissions reductions.
- 2.7. Timing of Project Implementation. Projects must be registered with the Climate Action Reserve within three months from the date of execution of the definitive agreement between PG&E and the bidder to purchase the GHG emission reductions ("Agreement"). Only Projects implementing new greenhouse gas emissions reductions after the CPUC Decision date of December 14, 2006 are eligible for this RFP. Projects must be designed to be fully operational and successfully pass one Registry verification cycle within four years from the date of execution of an Agreement with PG&E. PG&E will give preference to Projects that produce emissions reductions the soonest.
- 1
- 2.8. Authority to Negotiate and Enter into Agreement. In the Notice of Intent to Bid, the Project's land owner, carbon rights owner, and conservation easement owner (for forest projects) must all be identified and the proposal must provide evidence of such owners' knowledge of the bid.
- 2.9. No Duplication. PG&E is not able to fund projects initiated before the CPUC ClimateSmart Decision date of December 14, 2006; however, expansions of existing projects are eligible. PG&E will not consider projects for which emissions reductions or credits have already been allocated or awarded for greenhouse gas emissions benefits in another regulatory setting or climate neutral/carbon offset program.
- 2.10. Number and Size of Projects. In this RFP, PG&E will accept qualifying proposals from projects of any size. PG&E may select one or more successful bidders to meet its commitment to be in contract for at least 1,500,000 tons by the end of 2009.



REQUEST FOR PROPOSAL No. 5585  
FOR THE CLIMATESMART™ PROGRAM

ARTICLE III:  
REQUIRED INFORMATION  
INCLUDING FORMS

| RFP Schedule                                  | Date                |
|-----------------------------------------------|---------------------|
| RFP Issued to Bidders                         | 10/06/08            |
| Bidder's Information Session (San Francisco): | 10/17/08, 9:00 a.m. |
| Potential Bidder Interviews                   | 10/17/08-10/29/08   |
| Notice of Intent to Bid Form Due              | 10/29/08            |
| Bidder's Workshop (by PG&E invitation only)   | 10/31/08, 9:00 a.m. |
| Last Day to Submit Written Questions to PG&E  | 11/12/08, 2:00 p.m. |
| RFP Responses Due                             | 11/20/08, 2:00 p.m. |
| Selection of Finalists                        | 12/8/08             |
| Finalist Interviews                           | Week of 12/15/08    |
| Selection of Shortlist of Bidders             | Week of 12/22/08    |
| Target Date for Contract Execution            | Q2 2009             |

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### **II. FORMS AND DOCUMENTS**

#### **A. Notice of Intent to Bid Form**

#### **B. Pricing Sheet Form**

#### **C. Solicitation Agreement**

#### **D. Form of Term Sheet**

#### **E. Diversity**

- i. Supplier Diversity Questionnaire
- ii. List of Subcontractors and Disbursement Record

#### **F. Information Documents**

- i. Diversity and Equal Opportunity Policy
- ii. Policy Regarding Utilization of Small Business Concerns and Small Disadvantaged Business Concerns

### **III. FORMS AND DOCUMENTS FOR FINALISTS ONLY**

#### **A. Confidentiality Agreement**

#### **B. Compliance Certificate**

## **REQUIRED INFORMATION**

Bidder shall format and provide its proposal so that each item listed below is set behind a numbered tab corresponding to the tab numbers listed below.

- Tab 1.        **Bidder's Primary Contact for the RFP.** Bidder shall identify its primary contact person for the RFP. Bidder must provide the contact person's name, title, organization name and type (private, government, or non-governmental organization), mailing address, phone number, emergency number (cell), fax number, and e-mail address. Bidder may also indicate other contacts within its organization who should be copied on email correspondence.
- Tab 2.        **Questionnaire Responses.** Bidder must provide a written description of the Project, not to exceed 15 pages, single-spaced, 12 point font, that presents at least the following information:
- Tab 2a.       **General Information:**
1. Project Name
  2. Project Location
  3. Project Address
  4. Project Type (Forest [specify forest protocol type], Livestock, or Landfill)
  5. Brief Project Description
  6. Has bidder joined the Climate Action Reserve (CAR)? (Yes/no; if yes, date)
  7. Has bidder registered the Project with the CAR? (Yes/no; if yes, date)
  8. Milestone schedule, including:
    - a. For forestry Projects, date conservation easement is in place (actual or estimated)
    - b. Project construction start date (livestock, landfill, or reforestation only; actual or estimated)
    - c. Project commercial operation date (date when Project begins creating GHG emission reductions that will be verified; actual or estimated)
    - d. Initial verification report date (verifying baseline and accepted by CAR; actual or estimated)
    - e. First annual Project verification date (actual or estimated)
  9. Project owners (name and ownership structure) – specify landowner(s), carbon rights owner(s), and conservation easement holder(s) (for forestry)
  10. Total quantity of GHG emission reductions being proposed (metric tons CO<sub>2</sub>E)
  11. Total cost of offsets being proposed (\$/metric ton CO<sub>2</sub>E)
  12. For forestry Projects, percent of GHG emission reductions to be held additionally in reserve.
- Tab 2b.       **Project Specifications:**
1. Describe the nature of the bidding organization, and address whether bidder is from any unit of PG&E Corporation or from other utilities, and whether the proposal would implement a Project on PG&E facilities or lands.
  2. Describe and demonstrate how the Project has met or will meet each of the elements required in the applicable Registry protocol (forest, livestock, or landfill) in

order to achieve verification under the relevant Registry protocols, including a description of how the GHG emissions reductions are achieved by the Project.

3. If bidder has already joined the Registry, provide documentation; likewise, if Project has been pre-verified by the Climate Action Reserve, provide documentation. Provide monitoring plan and other project performance metrics. Describe the Project's mitigation, reduction, or sequestration procedures, processes, and technology, including historical performance information and any relevant research and development studies related to the technology. Provide data on the efficiency of the Project's process or technology.
4. State when the Project will implement new GHG emission reductions, and provide a date by which all the GHG emission reductions will be verified. Provide information showing how long the Project will take to be operational, when milestones will be achieved, and whether the Project will be able to produce early emission reductions. Address whether emission reductions or credits from Project have already been allocated or awarded for greenhouse gas emissions benefits in another regulatory setting or climate neutral/carbon offset program.

Tab 2c.

Bidder Experience and Qualifications:

1. Describe plans for, and experience with, reducing, measuring, monitoring, and ensuring permanence of the GHG emission reductions.
2. Include information about how the Project aligns with bidder's organizational mission, describe bidder's technical and administrative capacity to manage the Project, and address how bidder's organizational management system or organizational structure prevents ethical abuses or conflicts of interest.
3. Describe the bidder's and staff's qualifications and experience in developing, financing, designing, and operating GHG emission reduction projects, including the resumes of bidder's key personnel and management, and proposed additional staff.
4. Identify how many and what kinds of jobs the Project is anticipated to create, and what kinds of skill sets are needed to perform the jobs created.
5. Describe any other organizations involved with or interested in the Project that are not affiliated with bidder, i.e. property owners, proposed contractors, or consultants. Identify all anticipated subcontractors and delineate their roles in the Project.
6. For forestry projects, provide evidence that the Project land owner, carbon rights owner, and conservation easement owner all have knowledge of bid.
7. In order for PG&E to address any potential conflicts of interest, please provide the name of the law firm or counsel representing bidder in its proposal.

Tab 2d.

Financial Additionality: Provide a financial plan showing:

1. The specific activity or work PG&E would fund
2. Whether the activity is required under an existing contract or applicable law, and whether the activity is likely to be legally mandated in the reasonably near future
3. What would have happened under the "business as usual" scenario
4. The number of tons of GHG emission reductions that would have been generated per year under the "business as usual" scenario, and how many more are generated with ClimateSmart funds
5. The likelihood of the entire projected funding scenario taking place if ClimateSmart provides funds

6. Any other sources of Project funding, including whether loan guaranties are being sought, and from whom, and whether the Project is a component of a larger project activity
7. The amount of funding requested and plan for the use of such funds, providing evidence that but for ClimateSmart funds, the Project that generates the Registry-verified GHG emission reductions would not have occurred
8. For livestock and landfill Projects only, please also answer the following question: Absent ClimateSmart or other offset program support, would the Project be financially viable by virtue of the other value streams the Project provides? These value streams include but are not necessarily limited to revenues received for selling energy or biogas into the Renewable Portfolio Standard (RPS) program (e.g. via the feed-in tariff program adopted in D.07-07-027) and the avoided energy costs associated with producing electricity to meet onsite load.

Tab 2e. **Project Specifics, System Impacts, Replicability, and Expandability:** Provide a legal description of the Project site sufficient to confirm the location and bidder's legal control of the Project site or conservation easement, as applicable, including any necessary easements and rights of way, and right and authority to sell GHG emission reductions to PG&E.

1. Provide a map showing the location of the Project, access roadway, and the rights-of-way for all interconnecting utilities.
2. For forestry projects, provide in electronic format a Geographical Information System (GIS) shapefile of the Project property. In addition, please provide the County Assessor's parcel number and site coordinates.
3. Confirm current zoning for the Project site and any available information on development plans for the vicinity, including any applicable land use plan in effect for the proposed term of the agreement.
4. Provide a description of any possessory rights that must still be acquired or which are not yet secured for the proposed term of the agreement. If none, so state.
5. Address whether Project will adversely impact PG&E's or the California Independent System Operator's operating systems, or interfere with PG&E's distribution system or its maintenance and easements.
6. Describe the Project's replicability and expandability.

Tab 2f. **Leakage:** For forestry Projects, present analysis of activity-shifting, market, and all other identified leakage risks, formulae used, how such risks are retained by the Project and not passed on to PG&E, and how such leakage risks will be mitigated, including insurance or whether the Project will include a buffer or reserve of unsold greenhouse gas emissions reductions. For forest Projects, please complete and attach the Project's Initial Leakage Assessment form (Registry Forest Project Protocol p. 80); include the optional information on market leakage.

- Tab 2g. Permanence: Provide appropriate assurances of permanence of the GHG emission reductions. Forestry Projects shall demonstrate that the carbon is sequestered for 100 years after delivery of the verified emission reductions. Provide information that addresses:
1. How the Project demonstrates permanence
  2. What would happen if permanence is not maintained
  3. Under which conditions permanence would be endangered
  4. The likelihood of the conditions occurring
  5. Plans or measures in place to manage the conditions
  6. Whether the bidder is able to control or mitigate the conditions
  7. The additional cost to increase the permanence of the Project
- Tab 2h. Co-Benefits, Environmental Conditions, and Stakeholder Review:
1. Describe benefits the Project will generate other than GHG emission reductions, such as, for example, protection of habitat for wildlife and native plants, protection of watersheds, improvements in local air quality, and socio-economic benefits for the community.
  2. Describe present environmental conditions of the Project area, including information on climate, soils, main watershed, ecosystems, and the possible presence of rare and endangered species and their habitats, as well as any potential adverse environmental impacts associated with the Project, if any.
  3. Include information about the uniqueness of the co-benefits, if any; whether the Project improves the local economy, and if so, how; whether there is an environmental impact report or other environmental study required, delivered, or to be mitigated, and if so, how mitigated; and whether the Project improves local quality of life, and if so, how.
  4. Describe any prior “stakeholder” review of the Project and its goals and provide copies of all comments received.
- Tab 2i. Permits & Approvals: Describe all permits and discretionary approvals required from local, state, federal, and tribal authorities for both the Project and any modification under consideration and the status of such approvals, including any public opposition. Provide evidence of the likelihood of required approvals being obtained, and a timeframe for how long it will take to obtain each permit.
- Tab 2j. Provide information specific to the Project type:
- Forest Projects Only: For any forest Project, include the following, observing the requirements of the Registry Forest Project protocol. Include academic references, and justify methodological choices not specified in the Registry protocols. Any further

information demonstrating suitability of the Project pursuant to the requirements of the Registry protocols should also be submitted.

1. Annexes. Include a copy of completed Annex B Worksheet, and copies of Annexes C and D Worksheets from the Registry protocol, if available.
2. Graph. Provide a project baseline projection in graph form depicting the Project's baseline, conservation easement baseline, and sequestration estimates as carbon stocks over the course of the Project's lifetime.

**Livestock Projects Only:** For any livestock Project, include the following, observing the requirements of the Registry Livestock Project protocol:

1. Forms. Include copies of completed Forms 1, 2, and 3 in Part VII of the Registry protocol.
2. Nitrous oxide. Include an assessment of nitrous oxide impacts (Appendix D, Registry protocol).
3. Natural gas. Identify whether the natural gas produced by the Project is to be flared or collected and sold, and if sold, identify any proposed purchaser of natural gas that may be produced by the Project.
4. Inventory. Provide other information appropriate for assessing total project GHG emissions inventory.

**Landfill Projects Only:** For any landfill Project, include the following, observing the requirements of the Registry Landfill Project protocol:

1. Forms. Include copies of completed Forms 1, 2, and 3 in Part VII of the Registry protocol.
2. Natural gas. Identify whether the natural gas produced by the Project is to be flared or collected and sold, and if sold, identify any proposed purchaser of natural gas that may be produced by the Project.

**Tab 3.** **Pricing Sheet.** Please provide a pricing sheet using the form in this section entitled "Pricing Sheet".

**Tab 4.** **Diversity.** Please answer the questions in the Supplier Diversity Questionnaire provided in this section and describe how bidder will comply with PG&E's Supplier Diversity Purchasing policy (see "Diversity and Equal Opportunity Policy", this Article) using the form in this section entitled "List of Subcontractors and Disbursement Record." A bidder's plan to comply with the policy will be incorporated into the Agreement.

**Tab 5.** **Solicitation Agreement.** Please provide a signed Solicitation Agreement with your proposal in this tab using the document in this section entitled "Solicitation Agreement".



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# FORMS & DOCUMENTS

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## **NOTICE OF INTENT TO BID**

This Notice of Intent to Bid ("NIB") shall serve as notice to PG&E that the organization listed below ("Bidder") intends to bid in PG&E's 2008 Request for Proposals No. 5585 for ClimateSmart™ Greenhouse Gas Emission Reduction Projects.

PG&E requests that the Bidder return this NIB by October 29, 2008. The NIB should be returned to the contact listed below (through either email or fax).

|                                                     |  |
|-----------------------------------------------------|--|
| Bidder name:                                        |  |
| Bidder title:                                       |  |
| Bidder address:                                     |  |
| Bidder phone number:                                |  |
| Bidder cell number:                                 |  |
| Bidder fax number:                                  |  |
| Bidder email address:                               |  |
| Additional contact name(s)<br>(optional):           |  |
| Title:                                              |  |
| Address (if different from above):                  |  |
| Phone number:                                       |  |
| Cell number:                                        |  |
| Fax number:                                         |  |
| Additional contact email address(es)<br>(optional): |  |
| Names of Bidder's Information<br>Session Attendees: |  |
| Project Name:                                       |  |
| Project Type:                                       |  |
| Brief Description of Project:                       |  |

Return by email or fax to:  
ClimateSmart Solicitation  
Attn: Michael Forman  
Email: J1FT@pge.com  
Facsimile: (415) 973-2553



**RFP No. 5585**  
**Article III: Required Information Including Forms**

[illegible]

[Insert date]

Pacific Gas and Electric Company  
Request for Proposal No. 5585 (ClimateSmart Program)  
Attention: Michael Forman  
245 Market Street, Mail Code N5D  
San Francisco, California 94105

Re: Pacific Gas and Electric ("PG&E") 2008 RFP No. 5585 for the ClimateSmart™ Program Solicitation Agreement

By execution of this letter ("Solicitation Agreement") [INSERT FULL LEGAL NAME OF PARTICIPANT] ("Participant") hereby acknowledges receipt of PG&E's 2008 Request for Proposal No. 5585 ("RFP") and acknowledges that it has read, understands, and agrees to be fully bound by, all of the terms, conditions and other provisions set forth in the RFP and this Solicitation Agreement. All capitalized terms not defined herein shall have the meaning provided in the RFP.

Additionally, Participant hereby makes the following representations:

- A. Participant has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the terms and conditions of the RFP;
- B. Participant has obtained all necessary authorizations, approvals and waivers that will enable Participant to execute this Solicitation Agreement and commit to the terms provided in Participant's proposal;
- C. Participant is not an affiliate of PG&E, PG&E Corporation, or any of their affiliates;
- D. The proposal provided by Participant pertains solely to a project that qualifies or will qualify and is verified or will be verified under the California Climate Action Registry protocols;
- E. Participant has not engaged and will not engage in oral, written, or any other form of communication with any other entity submitting a proposal with respect to such proposals; and
- F. Participant's proposal is a binding offer during the Exclusivity Period, subject only to PG&E's acceptance, termination of the RFP, and satisfaction or waiver of any unsatisfied conditions precedent or subsequent to the resulting definitive agreement, in PG&E's sole discretion.

Participant agrees that it shall execute and return to PG&E the form of Confidentiality Agreement within five (5) business days of receipt of written notice of its qualification as a Finalist of PG&E's selection process. The Confidentiality Agreement shall be sent by email (via pdf file) to J1FT@pge.com or by facsimile to (415) 973-2553, or by overnight delivery to the address shown above. Failure to return the executed Confidentiality Agreement by such deadline may result in Participant's disqualification from the RFP.

IN WITNESS WHEREOF, Participant has caused this Solicitation Agreement to be duly executed and delivered by its proper and duly authorized officer as of the date set forth below.

PARTICIPANT NAME: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Agreed and acknowledged:

PACIFIC GAS AND ELECTRIC COMPANY

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**THIS SUMMARY OF TERMS IS FOR DISCUSSION PURPOSES ONLY. THERE IS NO OBLIGATION ON THE PART OF ANY NEGOTIATING PARTY UNTIL DEFINITIVE AGREEMENTS ARE SIGNED BY ALL PARTIES. THE TRANSACTIONS CONTEMPLATED BY THIS SUMMARY OF TERMS ARE SUBJECT TO THE SATISFACTORY COMPLETION OF DUE DILIGENCE AND NEGOTIATIONS. THIS SUMMARY OF TERMS DOES NOT CONSTITUTE EITHER AN OFFER TO SELL OR AN OFFER TO PURCHASE.**

### ClimateSmart Purchase of Verified Emission Reductions Term Sheet

|                                            |                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Seller</b>                              | [Name of Bidder and type of project entity]                                                                                                                                                                                                                                                                                                          |
| <b>Buyer</b>                               | Pacific Gas and Electric Company                                                                                                                                                                                                                                                                                                                     |
| <b>Product</b>                             | Buyer will purchase from Seller Verified Emission Reductions created and resulting from the Project (“VERs”) pursuant to a form of VERs purchase agreement which will be provided to Seller following selection as shortlisted bidder under the PG&E ClimateSmart Program Fall 2008 RFP (“Agreement”).                                               |
| <b>Project</b>                             | [Livestock] [Forestry] [Landfill] project located at [ ] in the State of California (the “Project”).                                                                                                                                                                                                                                                 |
| <b>Amount of VERs during Delivery Term</b> | [ ] metric tons to be delivered to Buyer (“Contracted VERs”) in the following years: [ ] (“Delivery Term”).                                                                                                                                                                                                                                          |
| <b>Price</b>                               | <p>\$[ ]/metric ton (“Price”).</p> <p>Buyer shall pay Seller for delivered VERs when the following are received:</p> <ul style="list-style-type: none"> <li>• verification report,</li> <li>• evidence of the transfer in Climate Action Reserve (“CAR”) database,</li> <li>• attestation, and</li> <li>• invoice for the VERs delivered.</li> </ul> |
| <b>Excess VERs</b>                         | If the Project produces more than the Contracted VERs during the Delivery Term or for any single year of the Delivery Term, Buyer will have the option to purchase any excess VERs from the Project at the Price.                                                                                                                                    |
| <b>Registration System</b>                 | The initial registration system for the VERs shall be CAR.                                                                                                                                                                                                                                                                                           |



|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | <p><u>Replacement System</u>: If CAR is replaced by a new system, Seller shall pay the costs and expenses for registering with the new system during the Delivery Term.</p> <p><u>Additional System</u>: If a new registration system is created in addition to CAR or any replacement, Buyer may require Seller to register with such additional system but Buyer shall reimburse Seller for the costs and expenses associated with such registration.</p>                                                                                                                                                                                                                                                                            |
| <b>Milestones</b>                  | <ul style="list-style-type: none"><li>• Construction Start Date: [_____]</li><li>• Guaranteed Construction Start Date: [_____]</li><li>• Commercial Operation Date: [_____]</li><li>• Guaranteed Commercial Operation Date: [_____]</li></ul> <p>The milestones for the Guaranteed Construction Start Date and Guaranteed Commercial Operation Date are “Guaranteed Milestones”.</p>                                                                                                                                                                                                                                                                                                                                                   |
| <b>Additionality</b>               | <p>Seller shall meet all the California Climate Action Registry (“CCAR”) Protocols and PG&amp;E ClimateSmart Program RFP requirements for additionality.</p> <p><u>Baseline</u>: Seller shall establish and report a baseline for the Project.</p> <p><u>Regulatory</u>: As required by CCAR Protocols, if Seller is required by statute or regulation to engage in the activity then the Project is not additional (“Regulatory Additionality”).</p> <p><u>Financial</u>: As required by the ClimateSmart Program, Seller must demonstrate financial additionality, such that the Project would have a lower than acceptable rate of return for Seller and would not have happened without Buyer’s payment of price for the VERs.</p> |
| <b>Leakage</b>                     | <p>During the Delivery Term, Seller shall not engage in activity shifting leakage activities on land that Seller owns or is under contract with and shall avoid causing activity shifting leakage on other land, all in California.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Exclusive Ownership of VERs</b> | <p>Seller shall provide to Buyer acknowledgments from all persons connected with the Project to establish exclusive ownership of the VERs. Buyer will have a first priority security interest in all VERs to be delivered by Seller throughout the term of the agreement. The VERs shall be transferred to Buyer free and clear</p>                                                                                                                                                                                                                                                                                                                                                                                                    |



|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                             | of all liens, rights and claims of any other party.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Progress Reports and Other Reporting</b> | <ul style="list-style-type: none"><li>• Monthly Progress Reports prior to Commercial Operation Date</li><li>• Quarterly Progress Reports during Delivery Term</li><li>• General maintenance of and Buyer right to review records</li><li>• Financial Reporting</li><li>• Access to financial records if financial consolidation possible</li><li>• Buyer premises and project inspection rights subject to reasonable restrictions and notification.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Performance Excuses</b>                  | <p>Seller shall be excused from delivering the VERs only:</p> <ul style="list-style-type: none"><li>• during a Force Majeure Event, or</li><li>• by Buyer's failure to perform.</li></ul> <p>Buyer shall be excused from receiving or paying for VERs only:</p> <ul style="list-style-type: none"><li>• during a Force Majeure Event, or</li><li>• by Seller's failure to perform.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Force Majeure</b>                        | <p>Force Majeure means any event or circumstance which wholly or partly prevents or delays the performance of any material obligation arising hereunder, but only if and to the extent:</p> <ul style="list-style-type: none"><li>• such event is not within the reasonable control, directly or indirectly, of the party seeking to have its performance obligations excused thereby,</li><li>• the party seeking to have its performance obligations excused thereby has taken all reasonable precautions and measures in order to prevent or avoid such event or mitigate the effect of such event on such Party's ability to perform its obligations hereunder and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which by the exercise of due diligence it has been unable to overcome, and</li><li>• such event is not the direct or indirect result of the negligence or the failure of, or caused by, the Party seeking to have its performance obligations excused thereby. Subject to the foregoing, events that could qualify as Force Majeure include earthquake, explosion, or other catastrophic event not related to or enhanced by climate change; or war (declared or undeclared), riot or similar civil disturbance, acts of the public enemy</li></ul> |



|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                          | <p>(including acts of terrorism), sabotage, blockage, insurrection, revolution, expropriation or confiscation;</p> <p>provided, however, that Force Majeure may <u>not</u> be based on:</p> <ul style="list-style-type: none"><li>• Seller's ability to sell the Contracted VERs for more than the Price;</li><li>• Seller's inability to obtain approvals of any type for the operation or maintenance of the Project;</li><li>• forest fire, insect infestation or disease affecting trees, plants or livestock;</li><li>• Seller's inability to obtain sufficient fuel, power or materials to operate the Project, except if Seller's inability to obtain sufficient fuel, power or materials is caused solely by an event of Force Majeure of the specific type described above;</li><li>• Seller's failure to obtain additional funds, including funds authorized by a state or the federal government or agencies thereof, to supplement the Price for the Contracted VERs;</li><li>• a strike, work stoppage or labor dispute limited only to any one or more of Seller, Seller's Affiliates, or any contractor or subcontractor thereof or any other third party employed by Seller to work on the Project;</li><li>• any equipment failure unless such equipment failure is caused solely by an event of Force Majeure of the specific type described above; or</li><li>• a general increase in prevailing regional wages.</li></ul> |
| <b>Events of Default</b> | <p>An "Event of Default" shall be as provided in the Agreement, which in general provides,</p> <p>(1) With respect to Seller as the defaulting party, the occurrence of any of the following:</p> <ul style="list-style-type: none"><li>• failure to deliver VERs</li><li>• failure to maintain Project</li><li>• non-compliance with the CCAR-compliant project monitoring and verification methodologies of Seller and the approved verifier does not reasonably believe that compliance can be obtained,</li><li>• delivery of VERs to another party,</li><li>• failure to achieve a Guaranteed Milestone,</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |



|                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                              | <ul style="list-style-type: none"><li>• foreclosure of Project or Premises,</li><li>• Seller causes a material adverse effect on Buyer or its affiliates, or</li><li>• Seller intentionally interferes with approved verifier's work or provides false information.</li></ul> <p>(2) With respect to both parties, the occurrence of any of the following:</p> <ul style="list-style-type: none"><li>• failure to make payments,</li><li>• breach of a representation or warranty,</li><li>• failure to perform a material covenant,</li><li>• bankruptcy, or</li><li>• consolidation or merger of a party without assumption of all obligations.</li></ul> <p>Both parties shall be provided with reasonable time periods and mechanisms to cure defaults.</p>                                                                                     |
| <b>Seller Compliance with CCAR Protocols</b> | <p>To insure the eligibility of the VERs, Seller agrees to:</p> <ul style="list-style-type: none"><li>• Comply with the CCAR Protocols,</li><li>• Register Seller with Climate Action Reserve (CAR),</li><li>• Pre-Register the Project with CAR,</li><li>• Maintain registrations during the Delivery Term,</li><li>• Obtain and pay for the Initial Verification Report, Project Certification, Verification, and each Verification Report according to the Approved Methodologies, and</li><li>• Pay for all costs of the Approved Verifier and related transaction fees.</li></ul>                                                                                                                                                                                                                                                              |
| <b>Remedies</b>                              | <p><u>Replacement VERs</u>: If a Seller Event of Default causes a loss of VERs delivered, or a shortfall of VERs to be delivered to Buyer ("Lost VERs Event"), Seller shall replace any such VERs with VERs registered with CAR ("Replacement VERs") in the following order of preference:</p> <ul style="list-style-type: none"><li>• From the Project;</li><li>• From same type of project managed or owned by Seller in California;</li><li>• From same type of project in California; or</li><li>• Other VERs generated in California.</li></ul> <p><u>Refund</u>: If a Lost VERs Event occurs and there are no Replacement VERs available for Seller's purchase and delivery as provided above, Seller shall refund all payments for the affected VERs.</p> <p><u>Damages</u>: In the event of a default by Seller, Seller shall be liable</p> |



|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                     | <p>for Buyer's contracting costs and Buyer's cover damages, which are the difference between the Price and the cost to Buyer of purchasing VERs meeting the CCAR and the PG&amp;E ClimateSmart Program requirements.</p> <p><u>Step-In Rights</u>: If the VERs have been generated from the Project, but Seller fails or refuses to verify the VERs and is in default under the Agreement, then Buyer may engage an approved verifier to perform such verification and Seller shall provide access to the Project for such verification.</p> |
|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Reserve [Forestry only]</b>      | <p>In order to provide Buyer with assurances in the event of a Lost VERs Event, Seller shall have reserved VERs for such loss from the Project or [_____].</p>                                                                                                                                                                                                                                                                                                                                                                               |
|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Insurance</b>                    | <p>Seller shall maintain the following types insurance coverage and be responsible for its contractors or subcontractors maintaining sufficient limits of the appropriate insurance coverage:</p> <ul style="list-style-type: none"><li>• Workers' Compensation and Employer's Liability;</li><li>• Commercial General Liability; and</li><li>• Auto.</li></ul> <p>Seller shall also list Buyer as an additional insured.</p>                                                                                                                |
|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Right to Terminate Agreement</b> | <p>Buyer has the right to terminate the Agreement without liability to either party if:</p> <ul style="list-style-type: none"><li>• A Force Majeure Event prevents Seller from meeting a Guaranteed Milestone or delivering 50% of the annual amounts in two consecutive years during the Delivery Term, or</li><li>• Regulatory Additionality for the Project no longer exists.</li></ul>                                                                                                                                                   |
|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Dispute Resolution</b>           | <p>Alternative dispute resolution in California in the following order: management negotiations, mediation and then binding arbitration.</p>                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Promotion</b>                    | <p>The parties shall coordinate talking points with respect to the Project for oral public announcements and each party shall have a reasonable opportunity to review and approve written content based announcements, disclosures, advertising or promotional materials.</p>                                                                                                                                                                                                                                                                |



## **SUPPLIER DIVERSITY QUESTIONNAIRE**

- Is your organization certified by the California Public Utilities Commission (CPUC) Supplier Clearinghouse as a woman or minority-owned business? If your organization is service disabled veteran-owned, is your organization certified by the Department of General Services? Please provide certification number and expiration date.
- If your organization is woman, minority or service disabled veteran-owned but not certified by the CPUC or Department of General Services, does your organization hold a Women's Business Enterprise National Council (WBENC), National Minority Supplier Development Council (NMSDC) or SBA 8(a) certification? Please provide certification number and expiration date.
- Does your organization have a Supplier Diversity Program? If so, describe efforts your organization has made to increase business with woman, minority and service disabled veteran-owned businesses (i.e. does your organization have a policy statement, participate in outreach activities, promote diverse firm subcontracting, publicize contract opportunities, provide certification assistance, etc.?). Please provide examples.
- If your organization has a Supplier Diversity Program, does your organization mentor woman, minority and service disabled veteran-owned suppliers? Please provide examples.
- What percentage of your organization's total contracting and procurement spending for the prior year was with woman, minority and service disabled veteran-owned businesses?
- Indicate the percentage your organization will subcontract with women, minority and service disabled veteran-owned businesses should your organization be the successful bidder. Complete the List of Subcontractors and Disbursement Record indicating the suppliers your organization plans to use and the estimated subcontracting amount. If your organization does not plan to subcontract, please explain why not.

## List of Subcontractors and Disbursement Record

|                                |                      |
|--------------------------------|----------------------|
| Prime Contractor/Supplier:     | Name of Preparer:    |
| PG&E Contract Number (if any): | Telephone: (       ) |
| PG&E Project/Product:          | E-Mail:              |

| Name of Subcontractor<br><br>(1) | WMDVB<br>E<br>Status<br>Code*<br><br>(2) | V**<br><br>(3) | NV***<br><br>(4) | Address<br><br>(5) | Description of Work<br><br>(6)                           | Estimated<br>Amount to be<br>Paid to<br>Subcontractors<br><br>(7) |
|----------------------------------|------------------------------------------|----------------|------------------|--------------------|----------------------------------------------------------|-------------------------------------------------------------------|
|                                  |                                          |                |                  |                    |                                                          |                                                                   |
|                                  |                                          |                |                  |                    |                                                          |                                                                   |
|                                  |                                          |                |                  |                    |                                                          |                                                                   |
|                                  |                                          |                |                  |                    |                                                          |                                                                   |
|                                  |                                          |                |                  |                    |                                                          |                                                                   |
|                                  |                                          |                |                  |                    |                                                          |                                                                   |
|                                  |                                          |                |                  |                    |                                                          |                                                                   |
|                                  |                                          |                |                  |                    | Total Estimated Amount to be Paid to<br>Subcontractor(s) |                                                                   |

This form is used for bid purposes only. Please visit [www.pgesupplierdiversity.com](http://www.pgesupplierdiversity.com) to register and report all monthly subcontracting spending. Certifications of subcontractors are to be submitted at time of bidding.

Signature: \_\_\_\_\_ / Date \_\_\_\_\_

I hereby verify that the information in this report is true  
and accurate to the best of my knowledge

\* Refer to Instructions/Codes/Definitions on back.  
 \*\* V = Subcontractor is a *verified* diverse supplier certified by a certifying agency.  
 \*\*\* NV = Subcontractor is *not verified*.

## STEP-BY-STEP INSTRUCTIONS

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Page 2 of 2

1. Complete column numbers 1-7 and return this form with your bid proposal.
2. Please attach copies of diverse Subcontractors certifications with your bid proposal.

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### DEFINITIONS AND CODES

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**WBE-----** Women Business Enterprise: A business enterprise that is at least 51 percent owned by a woman or women, or, in the case of any publicly-owned business, at least 51 percent of the stock of which is owned by one or more women, and whose management and daily business operations are controlled by one or more of those individuals

**MBE-----** Minority Business Enterprise: A business enterprise that is at least 51 percent owned by a minority group or groups, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more minority-group individuals, and whose management and daily business operations are controlled by one or more of those individuals.

|                  |     |                               |     |                                              |
|------------------|-----|-------------------------------|-----|----------------------------------------------|
| Minority Status: | 001 | African American Male         | 008 | Hispanic American Female                     |
|                  | 002 | African American Female       | 009 | Caucasian Male                               |
|                  | 003 | Asian Pacific American Male   | 010 | Caucasian Female                             |
|                  | 004 | Asian Pacific American Female | 011 | Multi- Status                                |
|                  | 005 | Native American Male          | 012 | Other Groups                                 |
|                  | 006 | Native American Female        | 013 | Small Business Enterprise                    |
|                  | 007 | Hispanic American Male        | 014 | Service Disabled Veteran Business Enterprise |

**African Americans** Persons having origins in any black racial groups of Africa.

**Asian Pacific Americans** Persons having origins in Asia or the Indian Subcontinent, including, but not limited to, persons from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the U.S. Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, Taiwan, India, Pakistan, and Bangladesh.

**Native Americans** Persons having origin in any of the original peoples of North America or the Hawaiian Islands, in particular, American Indians, Eskimos, Aleuts, and Native Hawaiians.

**Hispanic Americans** All persons of Mexican, Puerto Rican, Cuban, South or Central American, Caribbean, or other Spanish culture or origin.

**Caucasian** Includes all people of European and North African descent.

**Multi-Status** An enterprise that is wholly owned and controlled by a combination of minorities or women but whose majority ownership (at least 51%) is not vested with any one of these individuals.

**Other Groups** Groups whose members are found to be socially and economically disadvantaged by the Small Business Administration pursuant to Section 8 (d) of the Small Business Act as amended (15 U.S.C. 637 (d)), or by the Secretary of Commerce pursuant to Section 5 of Executive Order 11625.

**Small Business Enterprise (SBE)** A business defined pursuant to Section 3 of the Small Business Act (SBA) and relevant regulations pursuant thereto. If unsure, please contact your local Small Business Administration office for clarification.

**Service Disabled Veterans Business Enterprise (DVBE)** Has the same meaning as defined in subdivision (g) of the Military and Veterans Code and must meet the "Control" and "Operate" criteria. An enterprise which is 51 percent owned, or the stock is 51 percent owned, by one or more disabled veterans.

**DIVERSITY AND EQUAL OPPORTUNITY**

**PG&E'S SUPPLIER DIVERSITY SOURCING POLICY:**  
CONTRACTOR AND SUBCONTRACTORS OF ALL TIERS  
MUST COMPLY WITH PG&E'S SUPPLIER DIVERSITY  
SOURCING POLICY IN THE AWARD OF ALL SUBCONTRACTS  
AND SUB-SUBCONTRACTS. This policy requires that Women,  
Minority, and Disabled Veteran Business Enterprises (WMDVBEs)  
shall have the maximum practicable opportunity to participate in  
the performance of Work.<sup>1</sup>

1. The Contractor shall provide to each prospective Subcontractor a copy of this Exhibit.
2. Contractor shall provide a separate, signed Subcontracting Plan consisting of a specific list of Subcontractors that will participate in the performance of the Work and a statement setting forth the Contractor's goals for WMDVBE subcontracting of all tiers and setting forth such additional good faith efforts Contractor and Subcontractors will employ to increase the participation of WMDVBE in the performance of the Work.
3. No later than the 15<sup>th</sup> of each month, Contractor shall submit its subcontracting spend with women, minority, and service disabled veteran owned suppliers using PG&E's electronic reporting system located at:  
<https://www.pgesupplierdiversity.com/pge/login.asp>
  - a. To establish a user ID, Contractor shall request via email to: [supplierdiversityteam@pge.com](mailto:supplierdiversityteam@pge.com)
4. In addition, for contracts exceeding \$500,000 (or \$1 million for construction contracts), the Contractor must comply with the Policy Regarding Utilization of Small Business Concerns and Small Disadvantaged Business Concerns, as described in Exhibit 2. The Subcontracting Plan for these contracts must include provisions for implementing the terms prescribed in Exhibit 2.
  - a. Small Business, and Small Disadvantaged Business Subcontracting Plans are not required for small business contractors, personal service contracts, contracts that will be performed entirely outside of the United States and its territories, or modifications to existing contracts which do not contain subcontracting potential.
  - b. For all PG&E contracts, the Contractor shall act in accordance with the Subcontracting Plan in the performance of the Work and in the award of all Subcontracts.

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<sup>1</sup> WMDVBEs must be verified pursuant to the procedures prescribed in Section 2 of CPUC General Order 156.



5. **Contractor's supplier diversity subcontracting goal for this Contract is {Insert supplier's stated spend % commitment from RFP or negotiations}. The supplier diversity goal shall be reported as Contractor's spend with verified WMDVBE subcontractors on PG&E work under this Contract).**
6. These requirements and the Contractor's response will be incorporated into the Contract.

**FEDERAL EQUAL OPPORTUNITY REGULATIONS:** During the performance of this Contract and to the extent they may be applicable to this Contract, the Contractor agrees to comply with all laws, orders, and regulations included by summary or reference in the following Paragraphs:

1. **EQUAL EMPLOYMENT OPPORTUNITY --** Executive Order No. 11246, 41 CFR Part 60-1: (Contracts of \$10,000 or more) Provides that Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin and further that Contractor shall take affirmative action to ensure that applicant and employees are treated without regard to their race, color, religion, sex, or national origin.
2. **CERTIFICATION OF NONSEGREGATED FACILITIES --** 41 CFR 60-1.8: (Contracts of \$10,000 or more) Contractor hereby certifies that Contractor will not maintain or provide segregated facilities for its employees and will not permit its employees to perform their services at any location under Contractor's control, where segregated facilities are maintained.
3. **CONSTRUCTION CONTRACTORS-AFFIRMATIVE ACTION REQUIREMENTS --** 41 CFR Part 60-4: (Contracts exceeding \$10,000) Establishes procedures for soliciting and awarding federal or federally assisted construction contracts.
4. **LISTING OF EMPLOYMENT OPENINGS --** Executive Order 11701: (Contracts of \$10,000 or more) Contractor will list employment openings with the Employment Development Department in accordance with the Vietnam Era Veterans Readjustment Assistance Act of 1974 and Executive Order 11701. The affirmative action clause set forth in 41 CFR 60-250.4 is incorporated herein by reference.
5. **EMPLOYMENT OF THE HANDICAPPED --** Rehabilitation Act of 1973, 41 CFR Part 60-741: (Contracts of \$2,500 or more) The affirmative action clause and the regulations contained in 41 CFR 60-741.4, and Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. Section 794), which prohibits discrimination on the basis of handicaps, are incorporated by reference in this Contract.



6. FILING PROGRAM SUMMARIES AND PREPARING AFFIRMATIVE ACTION PLANS -- Executive Order 11246, 41 CFR Part 60-2: (Contracts of \$50,000 or more) If the value of this Contract is \$50,000 or more and the Contractor has 50 or more employees, the Contractor agrees to file appropriate affirmative action program summaries in accordance with existing regulations and develop and maintain a current written affirmative action compliance program at each of its establishments.
7. VIETNAM ERA VETERANS READJUSTMENT ASSISTANCE -- Act of 1974, Title 41, Chapter 60, Part 250: (Contracts of \$10,000 or more) The affirmative action clause and the regulations pertaining to the employment of disabled veterans and veterans of the Vietnam era are incorporated by reference in this Contract.
8. AMERICANS WITH DISABILITIES ACT -- 42 U.S.C. Section 12101, et seq.: Contractor agrees that, to the extent it may be applicable to this Contract, Contractor shall comply with the Americans with Disabilities Act.

**POLICY REGARDING UTILIZATION OF SMALL BUSINESS CONCERNS AND  
SMALL DISADVANTAGED BUSINESS CONCERNS**

The following policy of the United States shall be adhered to in the performance of this Contract:

- a. It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in performing contracts let by any Federal Agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals.
- b. Supplier hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. Supplier further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of Supplier's compliance with this clause.
- c. As used in this Contract, the term "small business concern" shall mean a small business as defined in Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern (1) which is at least 51 percent unconditionally owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 percent of the stock of which is unconditionally owned by one or more socially and economically disadvantaged individuals; and (2) whose management and daily business operations are controlled by one or more of such individuals. This term also means a small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian Organization, or a publicly owned business having at least 51 percent of its stock unconditionally owned by one of these entities which has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian Organization, and which meets the requirement of 13 CFR part 124. Supplier shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, and other minorities, or any other individual found to be disadvantaged by the



Administration pursuant to Section 8(a) of the Small Business Act. Supplier shall presume that socially and economically disadvantaged entities also include Indian Tribes and Native Hawaiian Organizations.

- d. Supplier acting in good faith may rely on written representations by its subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.<sup>1</sup>

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<sup>1</sup> Notwithstanding this provision of the federal statute, all WMDVBE subcontractors must be verified pursuant to the procedures prescribed in Section 2 of CPUC General Order 156, as such procedures may be amended periodically.



*Pacific Gas and  
Electric Company®*

RFP No. 5585

Article III: Required Information Including Forms

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# **FORMS & DOCUMENTS FOR FINALISTS ONLY**

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## **CONFIDENTIALITY AGREEMENT**

This confidentiality agreement ("Confidentiality Agreement") dated as of latest date of signature found at the signature block ("Execution Date") is entered into by and between Pacific Gas and Electric Company, a California corporation ("PG&E"), and \_\_\_\_\_ ("Participant"), each of which may be referred to herein separately as a "Party" or together as the "Parties."

A. The Parties have furnished and are furnishing certain Confidential Information, as defined below, to each other in the interest of developing a mutually agreeable Agreement in connection with PG&E's 2008 Request for Proposal No. 5585 ("RFP").

B. It is to the mutual benefit of each Party hereto to enter into this Confidentiality Agreement and provide for the procedure to exchange and protect Confidential Information, as defined below, pursuant to this Confidentiality Agreement. Unless otherwise defined herein, all capitalized terms used in this Confidentiality Agreement shall have the meaning set forth in the RFP.

NOW, THEREFORE, in consideration of the mutual promises herein contained, and other valuable consideration, the Parties hereby agree as follows:

### **1. Definition of Confidential Information**

The term "Confidential Information" means with respect to Participant as Provider and PG&E as Recipient, all information marked "Confidential," and with respect to PG&E as Provider and Participant as Recipient, all information that one such Party (the "Provider") has furnished or is furnishing to the other Party ("Recipient") in connection with or pertaining to the RFP or proposal, whether furnished before or after the date of this Confidentiality Agreement, whether intangible or tangible, and in whatever form or medium provided, as well as all information generated by Recipient or its Representatives, as defined below, that contains, reflects, or is derived from the furnished information.

### **2. Disclosure to Representatives**

Recipient agrees that it will maintain the Confidential Information in strict confidence and that the Confidential Information shall not, without Provider's prior written consent, be disclosed by Recipient or by its officers, directors, partners, employees, agents, or representatives (collectively, "Representatives") in any manner whatsoever, in whole or in part, and shall not be used by Recipient or by its Representatives other than in connection with the RFP, negotiation of definitive agreements or otherwise to consider the Project with respect to PG&E as applicable (collectively the "Purpose"). Moreover, Recipient agrees to transmit the Confidential Information only to such of its Representatives who need to know the Confidential Information to assist with the Purpose provided that Recipient shall inform Representatives of the terms of this Confidentiality Agreement and secure their agreement to be bound by its terms hereto. In any event, Recipient shall be fully liable for any breach of this Confidentiality Agreement by its Representatives.

3. **Nondisclosure**

Recipient further agrees that it:

- (a) shall not disclose any Confidential Information provided to it by Provider to any third party for any purpose, except as provided in Section 5 below;
- (b) shall not distribute all or any portion of Confidential Information to any Representative for any reason other than evaluating the Confidential Information in connection with the Purpose; and
- (c) shall destroy or return all such Confidential Information upon Provider's request.

4. **Exclusions to Confidential Information**

For purposes of this Confidentiality Agreement, Confidential Information does not include information that:

- (a) is in the public domain at the time of the disclosure by Provider or is subsequently made available to the general public through no violation of this Confidentiality Agreement by Recipient;
- (b) Recipient can demonstrate was already in its possession and was not acquired, directly or indirectly, from Provider on a confidential basis,
- (c) is independently developed by Recipient without use of or reference to the Confidential Information;
- (d) is disclosed with the prior written consent of Provider; or
- (e) is used by or disclosed by Recipient after a period of three (3) years from the date of Recipient's receipt.

5. **Required Disclosure**

Recipient agrees not to introduce (in whole or in part) into evidence or otherwise voluntarily disclose in any administrative or judicial proceeding, any Confidential Information, except as required by law or as Recipient may be required to disclose to duly authorized governmental or regulatory agencies ("Required Disclosure"). In the event that Recipient or any of its Representatives becomes subject to a Required Disclosure, Recipient agrees:

- (a) to use commercially reasonable efforts to notify Provider promptly of the existence, terms, and circumstances surrounding such request;
- (b) to consult with Provider on the advisability of taking legally available steps to resist or narrow such request; and
- (c) if disclosure of such Confidential Information is required to prevent Recipient from being held in contempt or subject to other penalty, to furnish only such portion of the Confidential Information as it is legally compelled to disclose and to exercise its best

efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed Confidential Information.

In addition to the Required Disclosure, PG&E shall be permitted to disclose Participant's Confidential Information, without notice to Participant, as follows: (i) to PG&E's External Advisory Group ("EAG"), as defined in California Public Utilities Commission ("CPUC") Decision (D) 06-12-032, (ii) to the CPUC (including CPUC staff), or (iii) in order to comply with any applicable law, regulation, rule, or order.

**6. No License Rights**

This Confidentiality Agreement and any Confidential Information used or disclosed hereunder shall not be construed as granting, expressly or by implication, Recipient any rights by license or otherwise to such Confidential Information or to any invention or patent or patent application now or hereafter owned or controlled by Provider.

**7. No Future Contracts**

The disclosure of Confidential Information hereunder shall not constitute an offer or acceptance or promise of any future contract or amendment of any existing contract. Each Party shall retain such rights with respect to its own Confidential Information as it had prior to entering into this Confidentiality Agreement. Unless and until a definitive agreement has been executed and delivered between the Parties relating to the subject matter of this Confidentiality Agreement, neither Party shall have any legal obligation with respect to any contemplated transaction because of this Confidentiality Agreement or any other written or oral expression with respect to any transaction except, in the case of this Confidentiality Agreement, for the matters specifically agreed to herein.

**8. No Representation or Warranties**

Any Confidential Information exchanged under this Confidentiality Agreement shall carry no warranties or representations of any kind, either expressed or implied, unless specifically expressed per the terms of the RFP. Recipient shall not rely on the Confidential Information for any purpose other than to make its RFP.

**9. Injunctive Relief**

Recipient acknowledges and agrees that, in the event of any breach of this Confidentiality Agreement, Provider would be irreparably and immediately harmed and could not be made whole by monetary damages. Accordingly, it is agreed that, in addition to any other remedy to which it may be entitled in law or equity and, with respect to PG&E as Provider any remedy under the RFP, Provider may be entitled to an injunction or injunctions (without the posting of any bond and without proof of actual damages) to prevent breaches or threatened breaches of this Confidentiality Agreement and/or to compel specific performance of this Confidentiality Agreement, and that neither Recipient nor its Representatives will oppose the granting of such relief. Each Party expressly agrees that it shall bear all costs and expenses, including attorneys' fees and costs, incurred by Provider in enforcing the provisions of this Confidentiality Agreement.

**10. Term and Provisions Surviving Termination**

This term of this Confidentiality Agreement shall be two (2) years from the Execution Date; provided however, that either Party may terminate this Confidentiality Agreement by giving the other Party thirty (30) days prior written notice of its intention to terminate this Confidentiality Agreement; provided further that such termination shall not abrogate either Party's obligations hereunder with respect to Confidential Information received prior to such termination, which obligations shall survive for a period of three (3) years from the date of receipt of the Confidential Information by Recipient.

**11. No Waiver**

No waiver of any provision of this Confidentiality Agreement, or a waiver of a breach hereof, will not be effective unless it is in writing signed by both Parties. Any waiver of a breach of this Confidentiality Agreement, whether express or implied, shall not constitute a waiver of a subsequent breach hereof.

**12. Binding Nature and Amendment**

This Confidentiality Agreement contains the entire understanding between the Parties with respect to Confidential Information received hereunder. No change or modification shall be made effective unless in writing and signed by an authorized representative of each Party. Any conflict between the language on any specified legend or stamp on any Confidential Information received hereunder and this Confidentiality Agreement shall be resolved in favor of the language of this Confidentiality Agreement. This Confidentiality Agreement may not be amended or modified except by a written agreement executed by both Parties.

**13. Governing Law and Jurisdiction**

THIS CONFIDENTIALITY AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA. THE PARTIES AGREE THAT ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATED IN ANY WAY TO THIS CONFIDENTIALITY AGREEMENT SHALL BE BROUGHT SOLELY IN A COURT OF COMPETENT JURISDICTION SITTING IN THE CITY AND COUNTY OF SAN FRANCISCO. THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENT TO THE JURISDICTION OF ANY SUCH COURT AND HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING IN ANY SUCH COURT, ANY OBJECTION TO VENUE WITH RESPECT TO ANY SUCH ACTION OR PROCEEDING AND ANY RIGHT OF JURISDICTION ON ACCOUNT OF THE PLACE OF RESIDENCE OR DOMICILE OF ANY PARTY THERETO. TO THE EXTENT ENFORCEABLE, THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE THE RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY CLAIM ARISING OUT OF OR RELATED TO THIS CONFIDENTIALITY AGREEMENT.

**14. Severability**

If any provision hereof is unenforceable or invalid, it shall be given effect to the extent it may be enforceable or valid, and such enforceability or invalidity shall not affect the enforceability or invalidity of any other provision of this Confidentiality Agreement.

15.       **Counterparts**

This Confidentiality Agreement may be signed in counterparts, each of which shall be deemed an original. This Confidentiality Agreement may be executed and delivered by facsimile or electronic transmission and the Parties agree that such facsimile or electronic (pdf) execution and delivery shall have the same force and effect as delivery of an original document with original signatures, and that each Party may use such facsimile signatures as evidence of the execution and delivery of this Confidentiality Agreement by the Parties to the same extent that an original signature could be used.

16.       **Notice**

Any notice given hereunder by either Party shall be made in writing and shall be effective once delivered, in any of the following manners: by facsimile as indicated by a log showing complete transmission thereof along with a confirmatory copy sent via U.S. Mail, certified mail, return receipt requested, as evidenced by a signed delivery receipt; or overnight delivery by a nationally recognized overnight delivery service, as verified by a delivery receipt or signature, as follows:

To Participant: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Facsimile: \_\_\_\_\_

To PG&E:       Pacific Gas and Electric Company  
                  ClimateSmart Manager  
                  77 Beale Street, Mail Code B24A  
                  San Francisco, California 94105  
                  Facsimile: (415) 973-0230

Either Party may periodically change any address to which notice is to be given it by providing written notice of such change to the other Party.

IN WITNESS WHEREOF, each Party has caused this Confidentiality Agreement to be duly executed and delivered by its proper and duly authorized agent as of the date set forth below.

PACIFIC GAS AND ELECTRIC COMPANY

[PARTICIPANT NAME]

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



**INJURY AND ILLNESS PREVENTION PROGRAM  
Compliance Certificate**

The undersigned, the \_\_\_\_\_ of  
(title/position)

\_\_\_\_\_ (Supplier), hereby certifies to  
(name of Supplier)

PG&E as follows:

1. That Supplier has an effective Injury and Illness Prevention Program which meets the requirements of all applicable laws and regulations, including but not limited to Section 6401.7 of the California Labor Code and that any Subcontractor hired by Supplier to perform any portion of the Work under this Contract has an effective Injury and Illness Prevention Program; and
2. That he or she is the person with the authority and responsibility for implementing and administering Supplier's Injury and Illness Prevention Program.

IN WITNESS WHEREOF, the undersigned has executed this  
Compliance  
Certificate on \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name