

DOCKETED

Docket Number:	16-RPS-02
Project Title:	Appeal by Los Angeles Department of Water & Power re Renewables Portfolio Standard Certification Eligibility
TN #:	213747
Document Title:	LADWP Transaction Confirmation with Shell Energy N. America LP dated 12-20-2011
Description:	N/A
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Database # 2

Shell Energy 2011

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY
(Renewable Biomethane)

Date: December 20, 2011 ("Execution Date")

Transaction Confirmation #: _____

This Transaction Confirmation is subject to the Base Contract for Sale and Purchase of Natural Gas between Seller and Buyer dated December 20, 2011 (the "Base Contract"). Notwithstanding the terms and conditions of the Base Contract, this Transaction Confirmation is only binding upon execution by both Buyer and Seller.

SELLER:

Shell Energy North America (US), L.P.
909 Fannin, Plaza Level One
Houston, Texas 77010
Attn: Contract Administration
Phone: 713.767.5400
Fax: 713.265.2171
Base Contract No. _____

BUYER:

City of Los Angeles Acting By and Through the
Department of Water and Power
111 North Hope St., Rm 1150
Los Angeles, CA 90012
Attn: Natural Gas Manager
Phone: 213.367.1735
Fax: 213.367.1772
Base Contract No. _____
Transporter: _____
Transporter Contract Number: _____

Contract Price:Fixed price:

The Contract Price is XXXXXXXXXXXXXXXX for the quantity documented as Renewable Biomethane ("RB") from the Projects (defined below) that is delivered to the Delivery Point.

Delivery Period: Begin: January 1, 2012
expiration of 118 Months from the Execution Date.

End: The first day of the Month following

Delivery Point(s): SoCal Ehrenberg

Performance Obligation and Contract Quantity: Seller shall sell to Buyer, and Buyer shall purchase from Seller, up to the Maximum Daily Volume of RB per Day throughout the Delivery Period ("Contract Quantity"), except as set forth elsewhere in this Transaction Confirmation. Seller agrees to dedicate solely to Buyer all of the RB that Seller has contracted for with the Projects as of the Execution Date of this Transaction Confirmation up to the Contract Quantity (except for Pre-Sold RB, if any). Seller further agrees that all deliveries of RB received by Seller under said contracts with the Projects shall be delivered to Buyer under this Transaction Confirmation up to the Contract Quantity. Except for Ad-hoc RB delivered through Ad-hoc Projects, Seller will make commercially reasonable efforts to select Project(s) for all RB delivered under this Transaction Confirmation which are reasonably likely to generate RB up to the MDV and to deliver RB to Buyer up to the MDV for the Delivery Period of this Transaction Confirmation, and Seller will have binding agreements in place between Seller and the Project(s) which reasonably ensure that all RB generated from the Project(s) is provided to Seller (except for the Pre-Sold RB, if any, for a particular Project), and which agreements do not allow either Seller or the Project(s) to terminate or reduce such supply arrangements solely or in part for financial reasons (excluding termination rights (a) substantially similar to those allowed in Sections 4, 6 or 7(c) of this Transaction Confirmation or (b) any such other right allowing Seller solely to terminate such supply arrangements for which Seller hereby agrees not to exercise such termination rights without Buyer's written consent, which written consent, if requested by Seller, can be withheld by Buyer at Buyer's sole discretion) or at the mere election of either Seller or the Project(s).

In the event Seller or Seller's supplier of RB from a Project has the right to terminate a supply agreement which supply agreement is in conformance with the requirements of above paragraph: (1) if Seller has the right to terminate the supply agreement, Seller shall not terminate the agreement prior to (i) expending funds in an amount equal to the Compliance Threshold, if in the reasonable opinion of Seller such expenditure of funds is a feasible or practical method of resolving the issue in the supply agreement that led to Seller having a termination right in that supply agreement and (ii) thereafter requesting and failing to receive Buyer's agreement to reimburse Seller for Seller's expenditure above the Compliance Threshold (which agreement by Buyer to reimburse Seller may be withheld by Buyer at Buyer's discretion), such failure to be demonstrated by Buyer's written statement regarding such matter or Buyer's lack of agreement for such reimbursement following the expiration of 90 days following Seller's delivery of written notice to Buyer requesting confirmation whether Buyer will agree to such reimbursement; and (2) if Seller's supplier has the right to terminate the supply agreement, Seller shall, if Seller reasonably expects to be able to maintain the supply agreement, (i) expend funds in an amount equal to the Compliance Threshold in order to maintain the supply agreement, if in the reasonable opinion of Seller such expenditure of funds is a feasible or practical method of resolving the issue in the supply agreement that led to Seller's supplier having a termination right in that supply agreement and (ii) coordinate in good faith with Buyer (to the extent practicable) to offer Buyer a 90 day period to determine whether Buyer will fund amounts necessary to cause Seller's supplier to not terminate the supply agreement.

Notwithstanding the foregoing, Buyer and Seller acknowledge and agree that the production of RB varies and is subject to the successful flow of scheduled RB from the Projects to Seller.

Maximum Daily Volume ("MDV") (MMBtu/Day): 10,000 (the "Initial Volume"), as measured on a calendar year basis, with the first and last calendar years of the Delivery Period pro-rated proportionally, and as may be decreased pursuant to Section 6 below.

No RB Delivery Until Pre-Certification or Waiver by Buyer: Notwithstanding any other provision of this Transaction Confirmation, Seller shall not provide, and Buyer will not receive or pay for, RB under this Transaction Confirmation unless and until Buyer's Haynes and Valley Natural Gas Generation Stations are pre-certified (or certified, if not pre-certified) by the CEC or other relevant Governmental Authority, if any, to burn RPS-eligible RB provided under this Transaction Confirmation. After the Execution Date, Buyer will use its best efforts to have those generation stations so pre-certified, and will send written notice of such certification within 10 days of the date Buyer receives notice that the generation stations are pre-certified (the "Pre-Certification Notice"). Deliveries of RB under this Transaction Confirmation will begin as soon as feasible (but in any event no more than 10 days) after the Pre-Certification Notice is received by Seller. Buyer may waive this provision at any time by sending a written pre-certification waiver notice ("Pre-Certification Waiver Notice") to Seller, effective upon receipt by Seller. After the receipt of the Pre-Certification Waiver Notice by Seller, deliveries of RB will proceed under the same timeline as though a Pre-Certification Notice had been issued by Buyer.

SPECIAL PROVISIONS:

1. **Gas Nominations.** Seller agrees to nominate RB volumes for delivery to Buyer by 9:00 a.m. PST on the Business Day prior to any weekday or holiday and on or before 9:00 a.m. PST on Friday for delivery on Saturday, Sunday and Monday.
2. **RB Availability.** If a Project does not produce RB, the quantity of RB delivered hereunder shall be reduced accordingly and could equal zero, although Seller will select Project(s) and have suitable agreements in place with those Project(s) in conformance with this Transaction Confirmation, including without limitation the section entitled "Performance Obligation and Contract Quantity" above. Buyer and Seller acknowledge and agree that: (i) all sales hereunder are subject to availability of RB from the Projects selected by Seller, which will vary from time to time and (ii) sale by Seller of RB is subject to the availability to Seller of transportation and the successful flow of scheduled RB from the Projects to the Delivery Point. Notwithstanding the foregoing, Seller is obligated at all times to reasonably contractually arrange for Firm transportation if offered by a transporting entity (and if Firm transportation is not available, for the type of Interruptible transportation most similar to Firm that is available) and the successful flow of scheduled RB from the Projects to the Delivery Point through a physical contract path, and

such contractual arrangements shall not allow Seller or the transportation entity to cause the cessation of transportation of the RB to the Delivery Point solely or in part for financial reasons or at the mere election of Seller or the transportation entity or entities. Any non-availability of RB or of the transportation of RB, both as referred to in this section, shall relieve Seller from any obligation to sell or deliver affected quantities of RB to Buyer, and Seller shall not be liable for any damages associated with the resulting failure to sell or deliver such quantities (subject to Section 7(a) below). Seller's relief from certain damages as set forth in this section does not affect Buyer's termination rights as set forth in this Transaction Confirmation, including without limitation the termination rights in Section 6 of the Special Provisions.

3. Representations and Warranties. Seller represents and warrants that the Gas delivered to Buyer hereunder is RB from the Projects, that the RB shall be delivered to Buyer in accordance with and shall otherwise meet the requirements of the Renewables Portfolio Standard Eligibility Guidebook and that upon delivery of the RB by Seller to Buyer, Seller shall transfer to Buyer all Green Attributes associated with the production of such RB and shall retain no Green Attributes for its own use. With regard to the Cap and Trade Regulations and the Mandatory Reporting Regulations, Seller makes no representation or warranty about whether (a) the RB will create a carbon, or other liability, under such regulations or (b) CARB or any other Governmental Authority will determine that the importation of RB into California or the usage of RB to create electricity is 'carbon neutral' (or other similar categorization).

4. Supporting Documentation and Certification. Prior to and following delivery of the RB to Buyer, Seller or its designee shall, at Seller's cost, provide Buyer with any documentation required by the CEC, CARB, WREGIS or any other relevant Governmental Authority (excluding Buyer) to evidence that the RB production and the transportation of the RB from its point of production to the Delivery Point is consistent with the requirements of the Renewables Portfolio Standard Eligibility Guidebook, including without limitation any affidavits or attestations required by the CEC, CARB, WREGIS or any other relevant Governmental Authority (excluding Buyer), and further including without limitation and by way of example, the CEC-RPS-1A and CEC-RPS-1B forms. Seller shall, at its cost (the "Compliance Costs"), provide Buyer with all necessary information and assistance (including without limitation any required documentation, affidavits or attestations) in conducting verification of the RB in the manner required under the Mandatory Reporting Regulations or the Cap and Trade Regulations. If certification of the Project(s) becomes required by the CEC, CARB, WREGIS or any other relevant Governmental Authority (excluding Buyer) (a) in order for the RB generated from the Project(s) to qualify as RPS-eligible RB fuel, or (b) in order to receive or generate any GHG Attribute under the Mandatory Reporting Regulation or other benefit under the Cap and Trade Regulations, Seller must use commercially reasonable efforts to obtain and maintain such certification up to the Compliance Threshold. In the event Seller's total actual, direct and documented Compliance Costs incurred through the exercise of ordinary care exceed the Compliance Threshold, then Seller may provide written notice to Buyer requesting compensation for some or all of the Compliance Costs that exceed the Compliance Threshold. In the event the parties cannot reach agreement on the allocation of the Compliance Costs that exceed the Compliance Threshold prior to the expiration of 90 Days following the delivery of Seller's notice to Buyer, Seller may elect to terminate this Transaction Confirmation and as a result of such termination, neither party shall have any further obligations to the other hereunder (other than for performance already completed prior to such termination).

5. Production Data. On Buyer's written request, Seller shall provide Buyer with information and supporting documentation regarding historical RB production, and forecasts of future RB production from the Projects. Buyer acknowledges that any forecast of future RB production from the Projects (a) shall be prepared by Seller's suppliers, (b) is confidential and shall not be disclosed to third parties without Seller's written consent or as required by law, regulation or court order, and (c) is a projection only and not a guarantee, warranty or promise of the RB production and Seller does not warrant the accuracy of such RB production projection. Each party shall provide the other party cooperation and additional documentation (as may be reasonably available) pursuant to any audit of this Transaction Confirmation by a Governmental Authority.

6. Reduction of MDV or Early Termination of Transaction Confirmation Due to Reduced Delivery. Buyer has the right to reduce the MDV by written notice to Seller, effective when Seller receives such notice, if after July 1, 2012, the daily average delivery of RB during any period of 6 consecutive Months (the "Six Months Average") falls

below 75% of the MDV for any cause whatsoever, including without limitation those listed in Section 2 of the Special Provisions above, or Force Majeure. The new MDV resulting from Buyer's election pursuant to this Section shall be determined by Buyer, and advised to Seller in Buyer's notice, but shall not be less than the Six Months Average. Without limitation and by way of example, if the MDV is 10,000 MMBtu and the Six Months Average is 5,000 MMBtu, Buyer may reduce the MDV to an amount between 5,000 MMBtu and 9,999 MMBtu. Buyer has the right to terminate this Transaction Confirmation by written notice to Seller, effective when Seller receives such notice, if the Six Months Average falls below 5,000 MMBtu, such termination notice to be sent not later than 60 days following the end of the relevant six consecutive Month period.

7. Specialized Remedies.

- (a) Seller Obligated RB Breach. In the absence of Force Majeure, Seller shall be in breach of its contractual obligation to deliver RB hereunder if: (i) the Projects produce RB in any quantity up to the MDV other than Pre-Sold RB ("Obligated RB"), and (ii) Seller delivers any of the Obligated RB to any party other than Buyer hereunder or the Project(s) deliver Obligated RB to a party other than Seller, unless Buyer has breached its obligations under the Base Contract and Seller sells RB to a third party during the period of Buyer's breach. In such event, Seller shall reimburse Buyer for the amount Buyer incurs to replace or would have paid to replace the quantity of RB sold or delivered by Seller to a third party or not delivered by the Project(s) to Seller ("Sold Or Undelivered RB"), based on the provisions of either a) Section 3.2 of the Base Contract (Cover Standard) if Buyer is able to secure a quantity of RB equal to the Sold Or Undelivered RB or b) Section 3.2 (Spot Price Standard) if Buyer is not able to secure or elects not to secure a quantity of RB equal to the Sold Or Undelivered RB, and in the case of both a) and b), to be calculated as though the obligation to deliver Sold Or Undelivered RB were a Firm obligation. Buyer is under no obligation to replace or attempt to replace Sold Or Undelivered RB but may instead elect in writing to be reimbursed by the Spot Price Standard.
- (b) RB not Satisfying RB Definition Due to Seller's Fault. In the absence of (i) Force Majeure, (ii) Buyer's failure to perform its obligations hereunder, or (iii) a change in the RPS, the Renewable Portfolio Standard Eligibility Guidebook, the Overall Program Guidebook, the Mandatory Reporting Regulations or any law, rule or regulation of any Governmental Authority occurring after the Execution Date ("Additional Disqualifying Regulation") that would result in the RB subject to this Transaction Confirmation to no longer meet the definition of RB (but excluding an Additional Disqualifying Regulation which can be complied with by Seller through expenditures up to the Compliance Threshold), and further excluding such Additional Disqualifying Regulations whose compliance expenditures by Seller beyond the Compliance Threshold are tendered by Seller and Buyer agrees to fund), and due to a fault of Seller or its contractors, agents or affiliates, if any Gas delivered by Seller hereunder does not meet the definition of RB (including if the Gas is not accompanied with Green Attributes) ("Affected Gas"), then Seller shall reimburse Buyer for an amount equal to the quantity of the Affected Gas multiplied by (i) the green attributes price component ("Green Attributes Price Component") for Gas, which shall be equal to \$5.35 per MMBtu.
- (c) Early Termination of Transaction Confirmation Due to RB Determination. Buyer (but not Seller) has the right to terminate this Transaction Confirmation upon 60 Days' written notice given to Seller if an Additional Disqualifying Regulation occurs that would result in the RB subject to this Transaction Confirmation to no longer qualify as RB and/or an RPS eligible fuel or the energy generated by such RB to no longer count towards Buyer's electrical RPS obligations, whether due to the production issues, transportation path issues, or otherwise, but not due to Buyer's fault or negligence (including, but not limited to, Buyer's lack of compliance with any applicable law, regulation or rule of any Governmental Authority involving expenses up to but not greater than the Compliance Threshold).
- (d) Termination Due to Certification Process.
 - (i) Pre-Certification Terminations: if Seller has not received a Pre-Certification Notice or Pre-Certification Waiver Notice from Buyer by 5:00 pm PPT on February 29, 2012 ("Seller Termination Deadline"), Seller may terminate this Transaction Confirmation upon written notice to Buyer, effective

upon receipt of such notice by Buyer. Seller's right to issue this termination notice will expire in the event Buyer delivers a Pre-Certification Notice or Pre-Certification Waiver Notice to Seller. If, despite Buyer's efforts, Buyer's Haynes and Valley Natural Gas Generation Stations have not been pre-certified (or certified, if not pre-certified) by the CEC or other relevant Governmental Authority, if any, to burn RPS-eligible RB provided under this Transaction Confirmation by six (6) Months after the Execution Date, Buyer may terminate this Transaction Confirmation upon delivery of written notice to Seller, effective upon receipt of such notice by Seller, such notice to be delivered not later than 30 Days following expiration of such 6 Month period.

- (ii) **Certification Terminations:** if, despite Buyer's efforts, Buyer's Haynes and Valley Natural Gas Generation Stations have not been finally certified (whether or not those generation stations have been pre-certified) by the CEC or other relevant Governmental Authority, if any, to burn RPS-eligible RB provided under this Transaction Confirmation by ten (10) Months after the Execution Date, Buyer may terminate this Transaction Confirmation upon sixty (60) days' written notice to Seller. Buyer's right to issue this termination right will expire one year from the Execution Date. Buyer shall be liable to Seller for all RB delivered by Seller to Buyer prior to the effectiveness of such termination notice.

8. **Additional Projects.** Seller may add one or more additional Projects ("Additional Project") to this Transaction Confirmation upon delivery of a written, signed request letter ("Request Letter") to Buyer and receipt of Buyer's consent indicated by signing the Request Letter, such consent not to be unreasonably withheld. The Request Letter shall contain no additional contractual terms or conditions whatsoever, but will only identify the Additional Project(s) to be added. Each proposed Additional Project shall be capable of producing RB as defined herein and Seller may utilize such Additional Project to provide the MDV up to the Initial Volume. Although Additional Projects may be added, in no event can the RB provided under this Transaction Confirmation exceed the Initial Volume. If the Additional Projects have any Pre-Sold RB commitments, those Pre-Sold RB commitments will be specified in the Request Letter, as well as all other information in the data categories as are set forth for Projects in Attachment A. After Buyer's consent to Additional Project(s), Seller will within 90 days provide to Buyer an updated version of Attachment A reflecting the new Additional Projects, which updated version will then replace the prior Attachment A. All terms, conditions and obligations of this Transaction Confirmation and the Base Contract, including without limitation and by way of example, the obligation that RB meet the requirements of the Renewable Portfolio Standard Eligibility Guidebook, apply fully and equally to any Additional Projects that may be utilized under this Transaction Confirmation and to any RB that may be supplied from those Additional Projects.

9. **Ad-hoc RB.** If, despite arranging to obtain RB from Project(s) pursuant to the terms of this Transaction Confirmation and the Base Contract, Seller is unable to deliver RB up to the MDV from those Project(s), Seller may at its discretion supply replacement RB to Buyer under terms and conditions identical to those set forth in this Transaction Confirmation and the Base Contract ("Ad-hoc RB") until such time as the Project(s) produce RB up to the MDV. Before supplying Ad-hoc RB to Buyer, Seller will provide Buyer with a notice of the anticipated quantity of such Ad-hoc RB to be provided and the projects ("Ad-hoc Project") from which the Ad-hoc RB will originate. Such notice will be in the form of a written, signed ad-hoc RB request letter ("Ad-hoc Request Letter") delivered by Seller to Buyer, which Buyer will consent to by signing the Ad-hoc Request Letter, such consent not to be unreasonably withheld. The Ad-hoc Request Letter will contain no additional contractual terms or conditions whatsoever, but will only identify the Ad-hoc Project(s) to be used for supplying Ad-hoc RB. All terms, conditions and obligations of this Transaction Confirmation and the Base Contract, including without limitation and by way of example, the obligation that RB meet the requirements of the Renewable Portfolio Standard Eligibility Guidebook, apply fully and equally to any Ad-hoc RB that may be supplied and to any Ad-hoc Projects that may be utilized under this Transaction Confirmation.

10. **Credit Terms.** With respect to RB sales hereunder, the Green Attributes Price Component of the Contract Price as identified in Section 7(b) shall be excluded from the definition of "Market Value", as set forth in Section 10.3.1 of the Base Contract, for the purposes of calculating "Contract Exposure" (as defined in Section 7 of Exhibit B of the Base Contract).

11. **Compliance Threshold Cumulative.** Seller is required under various sections of this Transaction Confirmation (e.g. (a) the last paragraph of the "Performance Obligation and Contract Quantity" section, (b) section

4 and (c) section 7(b)) to expend funds for various reasons relating to the Compliance Threshold. Seller's obligation to expend such amounts is cumulative such that upon Seller's aggregate expenditures under this Transaction Confirmation of an amount equal to the Compliance Threshold, Seller shall be deemed to have satisfied its obligation under all such provisions herein. Likewise, Buyer under various sections of this Transaction Confirmation may expend funds up to the Compliance Threshold, and Buyer's expenditures up to the Compliance Threshold are cumulative, such that upon Buyer's aggregate expenditures under this Transaction Confirmation of an amount equal to the Compliance Threshold, Buyer will be deemed to have satisfied its obligation under all such provisions herein.

DEFINITIONS:

"California Renewables Portfolio Standard" or "RPS" means the renewable energy program and policies established by California State Senate Bills 1038, 1078, and X1 2, codified in California Public Utilities Code Sections 399.11 through 399.20 and California Public Resources Code Sections 25740 through 25751, and as all of the foregoing may be amended, replaced or supplemented from time to time.

"Cap and Trade Regulations" means the regulation entitled "California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms", as approved by the California Air Resources Board on December 16, 2010, which will be set forth in division 3, chapter 1, subchapter 10, article 5 of title 17 of the California Code of Regulations, and as all of the foregoing may be amended, replaced or supplemented from time to time.

"CARB" means the California Air Resources Board or its successor agency.

"CEC" means the California Energy Commission or its successor agency.

"Compliance Threshold" means an amount (in USD) equal to \$400,000.

"GHG Attribute" means: any avoided emissions of carbon dioxide (CO₂), methane (CH₄) and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere, and the reporting rights to these attributes.

"Governmental Authority" means any federal, state, local, or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority. Governmental Authority includes, but is not limited to, the CEC and the California Public Utilities Commission or their successor agencies and, for the purposes of Sections 7(b) and (c), excludes Buyer and the City of Los Angeles).

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, however entitled or defined, attributable to the production and delivery of RB to be transported to Buyer and Buyer's use of the RB to generate renewable energy. Green Attributes include but are not limited to:

- (i) GHG Attributes;
- (ii) the ability to generate renewable electricity certificates or similar instruments in respect of the electricity generated from combusting the RB at a power plant certified by the CEC as an eligible renewable resource; and
- (iii) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants, including, without limitation, those pollutants covered by the "United Nations Framework Convention on Climate Change ("UNFCC").

Green Attributes do **not** include:

- (i) any energy, capacity, reliability or other power attributes from a generating facility;
- (ii) production tax credits or benefits associated with the construction or operation of energy projects and other financial incentives in the form of credits, reductions, or financial tax allowances associated with an energy project that are applicable to a state or federal income taxation obligation;
- (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits;
- (iv) emission reduction credits encumbered or used by a generating facility for compliance with local, state, or

federal operating and/or air quality permits (excepting GHG Attributes); or

(v) any credits or payments (other than offset credits or GHG Attributes) associated with the reduction of solid waste and treatment benefits created by the utilization of biomass or biogas fuels.

"Mandatory Reporting Regulations" means the regulation for the mandatory reporting of greenhouse gas emissions promulgated by the California Air Resources Board as set forth in division 3, chapter 1, subchapter 10, article 2 of title 17 of the California Code of Regulations, specifically excluding the verification process and any reporting obligations pursuant to the Cap and Trade Regulations, and as all of the foregoing may be amended, replaced or supplemented from time to time.

"Overall Program Guidebook" means the CEC's Renewable Energy Program Overall Program Guidebook, Third Edition (January 2011), or subsequent versions or functional replacements thereof.

"Pre-Sold RB" means the maximum volume of RB committed to a third party by Seller or a Project as of the Execution Date, or for Additional Projects, as of the date Seller signs the relevant Request Letter.

"Projects" means collectively (i) the projects listed in Attachment A to this Transaction Confirmation, and (ii) all Additional Projects.

"Renewable Biomethane" or **"RB"** means (a) Pipeline Biomethane (as defined in the Overall Program Guidebook) that is generated by a Project and (b) all Green Attributes associated with such Pipeline Biomethane.

"Renewables Portfolio Standard Eligibility Guidebook" means the CEC's Renewables Portfolio Standard Eligibility Guidebook, Fourth Edition, January 2011, or subsequent versions or functional replacements thereof.

"Western Renewable Energy Generation Information System" or **"WREGIS"** means the renewable energy registry and tracking organization located in Salt Lake City, UT or its successor agency.

Seller: **SHELL ENERGY NORTH AMERICA (US), L.P.**

By:

Beth Bowman

Name: **Beth Bowman**

Title: **Sr. Vice President**

Date: **December 11, 2011**

Buyer: **CITY OF LOS ANGELES ACTING BY AND THROUGH THE DEPARTMENT OF WATER AND POWER**

By:

Ronald O. Nichols

Name: **Ronald O. Nichols**

Title: **General Manager - LADWP**

Date: **December 13, 2011**

APPROVED AS TO FORM AND LEGALITY
CARMEN A. THURMOND, CITY ATTORNEY

BY

[Signature]
CITY ATTORNEY

Attachment A – Estimated and Max Production

	Beacon Conservative Estimate*	Beacon Contract Maximum	Turkey Creek Contract Min	Turkey Creek Maximum	Live Oak Estimate**	Live Oak Maximum ***	Maximum volume pre-sold	TOTAL CONSERVATIVE ESTIMATE****	TOTAL MAXIMUM
Jan-12	5,000	6,500	-	-	2,000	2,700	594	6,406	8,606
Feb	5,000	6,500	1,016	1,016	2,000	2,700	594	7,422	9,622
Mar	5,000	6,000	1,016	1,330	2,000	2,700	594	7,422	9,436
Apr	5,000	6,500	1,016	1,330	2,000	2,700	594	7,422	9,936
May	5,000	6,500	1,016	1,330	2,000	2,700	594	7,422	9,936
Jun	5,000	6,500	1,016	1,330	2,000	2,700	594	7,422	9,936
Jul	5,500	6,500	1,016	1,330	2,000	2,700	594	7,922	9,936
Aug	5,500	6,500	1,016	1,330	2,000	2,700	594	7,922	9,936
Sep	5,500	6,500	1,016	1,330	2,000	2,700	594	7,922	9,936
Oct	5,500	6,500	1,016	1,330	2,000	2,700	594	7,922	9,936
Nov	5,500	6,500	1,016	1,330	2,000	2,700	594	7,922	9,936
Dec	5,500	6,500	1,016	1,330	2,000	2,700	594	7,922	9,936
2012 AVG	5,250	6,458	931	1,193	2,000	2,700	594	7,587	9,757
2013	5,500	7,000	1,016	1,400	1,940	2,640	594	7,862	10,446
2014	5,500	7,200	1,016	1,500	1,882	2,582	594	7,804	10,688
2015	5,500	7,400	1,016	1,550	1,825	2,525	587	7,754	10,888
2016	5,500	7,500	1,016	1,600	1,771	2,471	400	7,887	11,171
2017	5,500	7,600	1,016	1,700	1,717	2,417	132	8,101	11,585
2018	5,500	7,700	1,016	1,750	1,666	2,366	-	8,182	11,816
2019	5,500	7,800	1,016	1,800	1,616	2,316	-	8,132	11,916
2020	5,500	7,900	1,016	1,900	1,567	2,267	-	8,083	12,067
2021	*****	*****	1,016	1,950	1,520	2,220	-	2,536	4,170

*Following information from the developer on 10/28/2011: "December volumes could increase to 6,000-5,700 dt/day under favorable conditions.

We would hope to have 6,000 dt/day in 2012. More favorable conditions would be 6,500 dt/day and less favorable would be 5,500 dt/day."

**Closed landfill - estimates based on developers forecast of future volumes to be 2,000 dt per day for 2012 declining at an annual rate of 3%.

Currently working with supplier to cure a title discrepancy. Resolution expected in December for Jan 2012 flow.

***They are looking at improving efficiency of non-producing wells which could increase production by 700/day.

****Using Beacon Conservative Estimate and Turkey Creek Min

***** Currently negotiating with supplier for an extension of current deal from August 2020 to Dec 2021.

Historical Production

Month	Year	Beacon Landfills Monthly	Beacon Landfills Daily AVG	Live Oak Monthly	Live Oak Daily Average	Days/ Mo
May	2009			55,155	1,779	31
June	2009			43,227	1,441	30
July	2009			30,026	969	31
August	2009			61,847	1,995	31
September	2009			61,083	2,036	30
October	2009			59,160	1,908	31
November	2009			55,119	1,778	31
December	2009			60,093	1,938	31
January	2010			62,582	2,019	31
February	2010			56,511	2,018	28
March	2010			56,705	1,829	31
April	2010			60,268	2,009	30
May	2010			62,555	2,018	31
June	2010			60,778	2,026	30
July	2010			62,810	2,026	31
August	2010			63,331	2,043	31
September	2010	156,697	5,223	61,607	2,054	30
October	2010	170,300	5,494	63,016	2,033	31
November	2010	165,000	5,500	58,621	1,954	30
December	2010	160,602	5,181	61,575	1,986	31
January	2011	168,000	5,419	60,054	1,937	31
February	2011	153,400	5,479	48,706	1,740	28
March	2011	168,900	5,448	60,542	1,953	31
April	2011	166,726	5,558	57,026	1,901	30
May	2011	166,182	5,361	58,603	1,890	31
June	2011	151,542	5,051	58,002	1,933	30
July	2011	158,177	5,102	60,770	1,960	31
August	2011	155,672	5,022	60,641	1,956	31
September	2011	152,420	5,081	59,950	1,998	30
October	2011	163,200	5,265	58,975	1,902	31
November	2011	152,111	5,070	59,700	1,990	30

