

EXHIBIT A
SCOPE OF SERVICES (DRAFT)

1. ROLE OF DEVELOPER:

Developer agrees to:

- (a) Support customers through assessment, procurement, installation, and commissioning of facility upgrades that result in subsequent VPP enrollment by performing the following tasks:
 - a. Supporting customer acquisition and, where applicable, enrollment of projects currently under development or which have been completed;
 - b. Conducting site assessments and feasibility reporting to identify deployment opportunities;
 - c. Creating integrated DER solutions capable of responding to MCE dispatch signals;
 - d. Designing approaches that reduce financial and technical barriers to participation and maximize aggregate flexible capacity;
 - e. Aligning project economics with MCE's value-sharing and P4P frameworks;
 - f. Creating proposals and pro formas that outline financial performance;
 - g. Managing construction and installation permitting processes;
 - h. Coordinating with PG&E for interconnection and approval, including final Commission and Permission to Operate (PTO) where applicable;
 - i. Supporting customer enrollment into MCE's VPP Tariff and Agreement;
 - j. Selecting equipment for installation that is has attained OpenADR 3.0 certification or will support alternative integration pathways for device dispatch or control with MCE's eDERMS;
 - k. Providing ongoing asset management programs (AMPS), maintenance and operations, and performance guarantees for system upgrades/installations; and
 - l. Managing customer communications, dispute resolution, and program representation;
- (b) Provide distributed energy resources ("DER") capable of responding to MCE dispatch instructions by:
 - a. Ensuring that enrolled resources satisfy availability and performance thresholds;
 - b. Maintain cybersecurity practices consistent with industry standards and appropriate to the risks associated with the Services;
 - c. Providing MCE required telemetry and operational data; and
 - d. Reporting performance data (e.g., Settlement Quality Meter Data and telemetry data) to MCE's M&V provider;
- (c) Provide load modification dispatch rights to the MCE VPP program by:
 - a. Providing performance data;
 - b. Aligning projects with MCE's VPP Program, including VPP tariff structures and customer-facing VPP Agreements; and
 - c. Supporting education of site hosts on the VPP Program; and
- (d) Execute all required non-disclosure agreements, confidentiality agreements, data privacy agreements, and comply with MCE's Code of Conduct, customer handling requirements, and applicable federal, state, and local regulatory requirements.

2. ROLE OF MCE:

MCE agrees to:

- (a) Collaborate with Developer in customer targeting, outreach, and engagement by:
 - a. Providing data-driven customer leads;
 - b. Providing, on a case-by-case basis, grant funding for high-value or equity-focused projects, with the understanding that grant-funded projects must comply with California prevailing wage requirements; and

- c. Supporting program enrollment outreach by attending calls and customer meetings alongside developers;
- (b) Enroll customers through the VPP Agreement and execute VPP Tariff terms;
- (c) Manage the M&V process to validate and conduct performance-based payments; and
- (d) Distribute performance-based compensation to all applicable VPP Partners and to the named Developer following the payment terms described in **Exhibit B** ("Payment Terms").

ADDITIONAL REQUIREMENTS:

Contract Terms are defined as one-year renewable terms during which time the Developer shall be empowered to offer VPP FLEX program enrollment to customers and initiate new enrollments and deployments; and

- (a) Project Terms apply to each project or portfolio, established for 5-years for residential-aligned portfolios and 7-year terms for commercial and industrial-aligned portfolios, such that, during the Project Term, the Developer shall receive compensation amounts as described in this **Exhibit B** ("Payment Terms") and calculated in **Exhibit C** ("Value-Sharing Worksheet") of this Agreement.

Developer shall:

- (a) Maintain active eligibility as an MCE-approved VPP Partner;
- (b) Comply with all technical, telemetry, data, and M&V requirements, including integration with MCE's VPP using OpenADR communication protocols;
- (c) Refrain from implementing changes that materially impair dispatchability or telemetry; and
- (d) Maintain control rights sufficient to enable dispatch and performance measurement of enrolled DERs.

DISPATCH AUTHORITY

- (a) MCE retains sole authority over VPP dispatch for market participation, bidding, scheduling, and settlement.
- (b) Developer agrees not to dispatch DERs in response to other third-party signals for DR market participation or other use cases except as expressly directed by MCE.
- (c) All dispatch instructions shall be issued by MCE through its enterprise-level distributed energy resource management system ("eDERMS") and constitute the authoritative definition of dispatch events.
- (d) Unless otherwise negotiated, customer override rights shall take precedence over dispatch instructions. Any reduction in delivered performance resulting from overrides shall be reflected in M&V outcomes.

TARIFF SEPARATION

Customer participation, bill credits, compensation, and customer rights are governed exclusively by applicable and approved MCE tariffs and VPPAs and are not modified by this Agreement. Compensation payable to Developer under this Agreement shall not reduce, replace, or offset amounts payable to customers under tariffs.

MEASUREMENT AND VERIFICATION

- (a) All performance determinations shall be made by an independent M&V Provider engaged by MCE. M&V results shall be final and binding for settlement purposes and shall be used to calculate Developer compensation as described in **Exhibit B** ("Payment Terms").
- (b) M&V may rely on:
 - a. DERMS dispatch records;
 - b. Telemetry from OEM platforms or aggregators; and
 - c. Utility meter data or Settlement Quality Meter Data, as applicable.

EXHIBIT B
PAYMENT TERMS (DRAFT)

For services provided under this Agreement, MCE shall pay Developer according to the payment terms specified below:

1. **GENERAL COMPENSATION FRAMEWORK:**

- (a) Developer compensation under this Agreement is performance-based, non-tariff, and independent of customer bill credits.
- (b) Developer compensation is not based on a fixed \$/kWh rate, but rather on a proportional allocation of value derived from performance.
- (c) Developer compensation will commence upon the successful enrollment and integration of a completed project into MCE's Virtual Power Plant (VPP). At such time, MCE will establish payment amounts using the worksheet provided in **Exhibit C** ("Value-Sharing Worksheet"). Upon enrollment of each given project in the VPP, or if the Developer migrates to new tiers or terms, an associated **Exhibit C** ("Value-Sharing Worksheet") will be filed as an amendment to this Agreement.

2. **DEFINITION OF VALUE BASIS: VPP PARTNER PAYMENT AMOUNT:**

For the purposes of Year 1 payment calculations, value is allocated to VPP Partners, including Developers, through the formulas provided below. According to this framework, Total Value is defined as the product of the VPP Partner's cumulative Verified Load Modification from each site and the value derived from those sites. Total Value, less the Customer Payment, constitutes Net Value. The VPP Partner Payment is the product of this Net Value and a contracted Partner Allocation Percentage. This value-sharing framework is expressed in the following formulas:

Total Value = Partner Verified Load Modification (kWh) x Value derived from VPP Partner sites

Net Value = Total Value – Customer Payment

VPP Partner Payment = Net Value x Partner Allocation Percentage (20%)

Where:

- (a) Partner Verified Load Modification (kWh) is the actual measured load modification (kWh) attributable to the VPP Partner's enrolled assets, as verified by MCE's independent Measurement and Verification ("M&V") Provider;
- (b) Value derived from VPP Partner sites is based on both revenues from market participation and avoided costs, as determined by MCE's independent M&V Provider;
- (c) The Customer Payment amount shall be as defined in the customer's Virtual Power Plant Agreement (VPPA); and
- (d) The VPP Partner Payment represents the total annual payment amount to be allocated to the VPP Partner.

Furthermore:

- (a) MCE shall not be required to disclose program-wide load modification or value totals to any VPP Partner; and
- (b) MCE shall have sole discretion in determining Total Value, Customer Payments, and Net Value, subject to the M&V process.

3. **YEAR 1 PAYMENT STRUCTURE:**

Compensation shall consist of:

- (a) An Estimated Payment, made based on forecasted performance, disbursed monthly, and defined in Section 4; and
- (b) A one-time End-of-Year True-Up Payment, based on verified load modification (kWh) and realized Net Value, as defined in Section 5.

4. **ESTIMATED PAYMENT:**

4.1 PURPOSE AND NATURE

The Estimated Payment is:

- (a) Forward-looking and provisional;
- (b) A total estimated amount to be disbursed monthly;
- (c) Based on forecasted performance and discounted to reflect uncertainty;
- (d) Intended to provide initial compensation prior to realized performance; and
- (e) Not representative of actual market value or guaranteed earnings.

4.2 CALCULATION

In Year 1, the Estimated Payment shall be calculated as follows. Please note that estimated payment formulas tailored to the Developer named in this contract are provided in **Exhibit C** ("Value-Sharing Worksheet").

Estimated Payment = Proxy \$/kWh x Forecasted Volume x Discount Factor 33%

Where:

- (a) Proxy \$/kWh is an administratively determined provisional value established by MCE;
- (b) Forecasted Volume is the expected load modification (kWh) attributable to Developer's enrolled assets, as determined by MCE or its M&V Provider using approved forecasting methodologies;
- (c) Discount Factor is a constant established at 33% for the first program year, unless otherwise specified; and
- (d) The Estimated Payment will be divided by 12 and disbursed monthly throughout the program year.

4.3 TIMING

Monthly disbursements of the Estimated Payment shall be made within 7 days of the conclusion of each month during the contract period.

5. **END-OF-YEAR TRUE-UP PAYMENT:**

5.1 PURPOSE AND NATURE

The End-of-Year True-Up Payment is:

- (a) An annual reconciliation; and
- (b) Calculated at the end of the Program Year.

5.2 CALCULATION

The End-of-Year True-Up Payment ("True-Up Payment") shall be calculated as follows:

True-Up Payment = VPP Partner Payment Amount – Estimated Payment

Where:

- (a) Estimated Payment is the total cumulative amount paid to the VPP Partner throughout the program year, comprised of 12 discrete monthly payments;
- (b) If the True-Up Payment is greater than 0, MCE shall pay the difference; and
- (c) If the True-Up Payment is less than 0, no repayment obligation shall apply.

5.3 TIMING

The True-Up Payment shall be made no later than March 31st following the conclusion of the program year.

6. TRANSITION TO YEAR 2 AND SUBSEQUENT YEARS:

Beginning in Year 2:

- (a) Payment methodologies may be recalibrated based on observed performance;
- (b) Historical verified performance shall be used to adjust future forecasts and enrolled capacity;
- (c) Discount factors and estimation approaches may be modified or eliminated;
- (d) More dynamic and performance-aligned compensation structures, including "higher-reward, higher-risk" tiers, may be introduced, and in such cases:
 - a. Developer will be empowered to either extend the current terms or migrate to new terms and/or tiers as they become available; and
- (e) Payment cadence may change.

Any such changes shall be implemented via:

- (a) Amendment to this Exhibit;
- (b) Resubmission of Exhibit C; or
- (c) Execution of a revised commercial terms addendum.

EXHIBIT C

VALUE-SHARING WORKSHEET (DRAFT)

This Worksheet is designed to be completed by MCE to establish the VPP Partner Payment, Estimated Payment, and End-of-Year True-Up Payment calculations unique to the Developer and project named in this Worksheet. This Agreement shall not limit the ability of the Developer to migrate to new tiers and terms as they become available. Distinct Value-Sharing Worksheets shall be submitted for each new project deployment and/or the adoption of new tiers and terms.

Project Information			
Developer Name:		Site Reference Number (UUID or DAXREF):	
Project Number:		Associated VPPA Number:	
Project Term:	☐ 1 Year Program Transition	☐ 5 Years Residential	☐ 7 Years Commercial & Industrial
Start Date:		End Date:	
Project Description (e.g., deployed assets, nameplate capacity, etc.)			

1. **VPP PARTNER PAYMENT CALCULATION:**

For the purposes of Year 1 payment calculations, the VPP Partner Payment Amount will be calculated as follows:

Total Value = Partner Verified Load Modification (kWh) x Value derived from VPP Partner sites

Total Value – Customer Payment = Net Value

VPP Partner Payment = Net Value x Partner Allocation Percentage (20%)

2. **YEAR 1 ESTIMATED PAYMENT CALCULATION:**

For the purposes of Year 1 payment calculations, the Estimated Payment shall be calculated as follows:

Estimated Payment = Proxy \$/kWh x Forecasted Volume x Discount Factor 33%

Where the Proxy \$/kWh is an administratively determined provisional value established by MCE in this **Exhibit C** to be \$_____/kWh.

First Year Estimated Payment Calculation and Monthly Disbursement Amounts	
Proxy Dollars (\$) per kWh	(a) \$ ____ /kWh
Forecasted Volume (kWh)	(b) ____ kWh
Discount Factor	(c) 0.33
First Year Estimated Payment: multiply Lines (a) through (c)	(d) \$ ____
First Year Monthly Disbursement Amount: divide line (d) by 12	(e) \$ ____

3. **YEAR 1 END-OF-YEAR TRUE-UP PAYMENT CALCULATION:**

The End-of-Year True-Up Payment ("True-Up Payment") shall be calculated as follows:

True-Up Payment = VPP Partner Payment Amount – Estimated Payment

Where the Estimated Payment shall be equivalent to line (d) in the table in Section 2: \$.

**APPROVED BY
MCE:**

By: _____

Title: _____

Date: _____

DEVELOPER:

By: _____

Name: _____

Date: _____