

CITY OF YUBA CITY  
STAFF REPORT

**Date:** December 18, 2018  
**To:** Honorable Mayor & Members of the City Council  
**From:** Administration  
**Presentation By:** George Barlow, Administration Analyst

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**Summary**

**Subject:** Sutter Buttes Energy Watch Partnership

**Recommendation:**

- A. Authorize the City Manager to sign a contract with PG&E to receive funding for the Sutter Buttes Energy Watch Partnership
- B. Award a professional services agreement to Sapphire Marketing Group not to exceed \$60,500
- C. Authorize the Finance Director to record a supplemental appropriation in the amount of \$66,500 to accounts 212-4720 and 6810-62701 with the finding that it is in the best interest of the City

**Fiscal Impact:** No local match is required. The City will receive \$66,500 in funding for the 2019 project, this includes \$6,000 allocated to reimburse the City for staff time associated with this project.

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**Purpose:**

To provide funding to support local governments, in the identification and implementation of energy efficiency projects in Sutter, Yuba & Colusa Counties.

**Background:**

PG&E Local Government Partnership (LGP) is a ratepayer funded program that provides no-cost energy audits, benchmarking, and climate action planning services to municipal, small and medium businesses through a public goods charge collected by the investor-owned utility (IOU). Both Sutter Buttes Energy Watch Partnership and this grant program are funded by California utility customers and administered by PG&E under the auspices of the California Public Utilities Commission (CPUC).

The City has had the privilege of managing the Sutter Buttes Energy Watch Partnership for the last four years. The City supports implementation of the Sutter Buttes Energy Watch Programs in Sutter, Yuba & Colusa Counties, offering comprehensive energy efficiency services to municipal, small and medium business in these areas. These services may include energy reduction strategies for cities and counties. Other activities may include the support of the California Long-Term Energy Efficiency Strategic Plan, community outreach, integrated marketing efforts and workforce development programs.

**Analysis:**

The Sutter Buttes Energy Watch Partnership has been very successful in reaching the PG&E target goals for the last four years.

We hope to secure additional funding in the coming years and expand the energy efficiency efforts of the Partnership.

One of the reasons we have been successful in our efforts is through the assistance of Sapphire Marketing Group, which manages the day-to-day marketing and direct implementation of the Partnership. Sapphire Marketing Group is a Yuba City based marketing consultant firm with experience working with PG&E, implementing a variety of energy efficiency related programs in both municipal and commercial sectors. Due to the success of the program, we are proposing to continue the Partnership and enter into a professional services contract with Sapphire Marketing Group, not to exceed \$60,500.

**Fiscal Impact:**

No local match is required and the City will receive over \$66,500 in funding for the project and be reimbursed staff time associated with this project from PG&E.

**Alternatives**

1. Do not continue the Sutter Buttes Energy Watch Partnership.
2. Continue with the Sutter Buttes Energy Watch Partnership and award a professional services agreement to Sapphire Marketing Group.

**Recommendation:**

- A. Authorize the City Manager to sign a contract with PG&E to receive funding for the Sutter Buttes Energy Watch Partnership.
- B. Award a professional services agreement to Sapphire Marketing Group not to exceed \$60,500.
- C. Authorize the Finance Director to record a supplemental appropriation in the amount of \$66,500 to accounts 212-4720 and 6810-62701 with the finding that it is in the best interest of the City.

**Attachments:**

- A. PG&E Contract Work Authorization (CWA) scope of work with attachments.

Prepared By:

Submitted By:

*/s/ George Barlow*

George Barlow  
Administration Analyst

*/s/ Steven C. Kroeger*

Steven C. Kroeger  
City Manager

Reviewed By:

Finance

RB

City Attorney

SLC by email

# Attachment A

## Contract Work Authorization (CWA)

This Contract Work Authorization ("CWA") No. [insert CWA no. here] Issued under and pursuant to the Blanket Agreement or Master Service Agreement No. [Insert MSA no here] dated 01/01/2019 (the "MSA") between the below-named Contractor ("**Contractor**"), and **Pacific Gas and Electric Company ("PG&E")**, a California corporation with its headquarters located at 77 Beale Street, San Francisco, California 94105. Contractor shall perform all Work under this CWA pursuant to and In accordance with the terms and conditions of the MSA.

**Contractor's** City of Yuba  
 Legal Name:  
 1201 Civic Center Blvd  
**Contractor's** Address: Yuba City, CA 95993

This CWA consists of 26 pages and all Attachments and Exhibits Indicated herein.

Project Name: Sutter Buttes Energy Watch  
 Program Job Location: Sutter, Yuba and Colusa Counties

**WORK:** Contractor shall, at its own risk and expense, perform the Work described in this Contract Work Authorization and furnish all labor, equipment, and materials necessary to complete the Work as summarized below, and shall be compensated by PG&E for work performed under this CWA.

The City of Yuba City supports implementation of the Sutter Buttes Energy Watch Programs, offering comprehensive energy efficiency services to municipal and public customers. These services may include energy efficiency audits, retrofits, retro-commissioning, rebates, education and training, and the development of long-term energy reduction strategies for cities and counties. Other activities may include the support of the California Long-Term Energy Efficiency Strategic Plan, community outreach and integrated marketing efforts and workforce development programs.

**ATTACHMENTS:** Each of the following documents is attached to this CWA and is incorporated herein by this reference:

**CWA TERM:** This CWA is effective upon signature by both parties and expires on 12/31/2019. Time is of the essence. Contractor shall commence performance hereof when directed to do so by PG&E and Work shall be completed by the completion date of 12/31/2019.

**CONSIDERATION:** As full consideration for satisfactory performance of the Work under this CWA by Contractor, PG&E's total obligation to Contractor shall not exceed the following amount. This amount is inclusive of all taxes incurred in the performance of the Work. Any change to this amount shall only be authorized in writing by a PG&E CWA Change Order, fully executed by both PG&E and Contractor.

**TOTAL: \$66,500**

THE PARTIES, BY SIGNATURE OF THEIR AUTHORIZED REPRESENTATIVES, HEREBY AGREE TO THE TERMS OF THIS CONTRACT WORK AUTHORIZATION

PACIFIC GAS AND ELECTRIC COMPANY		CONTRACTOR:	
Signature		Signature	
Name		Name	Steve Kroeger
Title		Title	City Manager
Date		Date	

Contract Work Authorization  
 CWA No. xxxxxxxxxxxx

ADMINISTRATION			
PG&E Negotiator		Contractor Represent	George Barlow
Phone		Phone	530-822-4638
Email		Email	gbarlow@yubacity.net
Accounting Reference			
PG&E Work Supervisor:	Eva Chu	Phone:	
INVOICE INSTRUCTIONS: Contractor shall send Invoices for each payment when due, showing the CWA number, to: PACIFIC GAS AND ELECTRIC COMPANY	Send ORIGINAL Invoice to:	PG&E Accounts Payable PO Box 7760 San Francisco, CA 94120 -7760	
	Send COPY of Invoice to:	Kate Schulenberg, 3136 Boeing Way, Stockton, CA, (209) 272-8553, k2s0@pge.com	
	For information regarding Invoice status, call PG&E's Paid Help Line at (800) 756-PAID (7243) or go to AP Web Reporting site at <a href="http://www.pge.com/actpay">www.pge.com/actpay</a> .		

INTERNAL PG&E USE ONLY		
Distribution Date		
Distributions of Copies:	Document Services (Signed Original Copy)	Contractor (Signed Original Copy)
	245 MARKET ST., SAN FRANCISCO	
	Work Supervisor	Manager
	Invoice Approver	Supervisor
	V.P.	Sourcing/ Purchasing
	Director	Law

## LOCAL GOVERNMENT PARTNERSHIP SCOPE OF WORK

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#### ATTACHMENTS TO PG&E's CWA SCOPE OF WORK:

- ATTACHMENT 1. Allowable Measures, Geographic Areas, and Program Customers
- ATTACHMENT 2. Itemization of CPUC Budget Allocation
- ATTACHMENT 3. Key Performance Indicators (KPI) Reporting Data
- ATTACHMENT 4. Program Management Plan Requirements
- ATTACHMENT 5. Revision to the General Conditions

**1. INTRODUCTION**

1.1 The Sutter Buttes Energy Watch Partnership (Contractor) programs, offers comprehensive energy efficiency services to municipal customers. These services may include energy efficiency audits, education, training and the development of long-term energy reduction strategies for cities and counties. Other activities may include the support of the California Long-Term Energy Efficiency Strategic Plan, community outreach and integrated marketing efforts and workforce development programs. The statement of work (SOW) requirements for Contractor’s programs are as follows:

**2. PROGRAM REQUIREMENTS**

2.1 Program Begin and End Dates.

2.1.1 Contractor shall begin Program activities on January 1, 2019 and Program activities shall end on December 31, 2019.

2.1.2 End Date for Administrative Activities. Administrative activities must be complete and submitted to PG&E with a final invoice and Final Completion Program Report, defined below by January 25, 2020 If this SOW is terminated prior to then, these items must be submitted to PG&E forty (40) days after the termination date.

**3. TASK 1 – DEVELOP PROGRAM MANAGEMENT PLAN**

3.1 Contractor shall develop a Program Management Plan (PMP) for Program activities in the Customer geographic areas served by the Contractor on Attachment 1. The PMP shall include the Program’s overview, activities, tasks to be performed, itemized costs and budget totals as more fully described on Attachment 4, The Program Management Plan Requirements.

3.2 The Contractor’s PMP must be reviewed and approved by PG&E’s PM no later than 15 days prior to launching any Program activities.

**3.3.1 Task 1 - Schedule of Deliverable**

<b>Deliverable</b>	<b>Draft Due Date</b>	<b>Final Due Date</b>
Program Management Plan	15 calendar days following contract execution	Two weeks after receipt of PG&E PM comments

**4. TASK 2 – PG&E AND CONTRACTOR PROGRAM ADMINISTRATION**

4.1 Attend Program Meetings. Contractor shall attend Program meetings with the PG&E’s PM and other PG&E staff, as requested, to discuss Program logistics,

marketing coordination, evaluation, invoicing requirements, scope of work, and any contractual issues.

- 4.2 Program Training. Attend training, workshops, webinars and other training events as requested by PG&E to use PG&E's data reporting systems, update information on regulatory and environmental activities, codes and standards, energy efficiency and demand response products and other information pertinent to Program implementation.
- 4.3 When relevant, provide training for PG&E staff and Customer field representatives either via PG&E-established Webcasts or in person at PG&E facilities. Contractor shall develop and submit to PG&E PM for review and approval an agenda of the Program training events. Contractor shall conduct additional discussions and training on an as-needed basis.

## **5. TASK 3 - SOLICIT CUSTOMER PARTICIPATION IN THE PROGRAM**

The following activities may take place as a part of the Program to enroll Customers in PG&E energy efficiency programs.

- 5.1 Contractor shall evaluate potential Customers to ensure energy efficiency opportunities are identified and the Customer has the eligibility and intent to meet the requirements to achieve long-term energy savings.
- 5.2 Contractor shall determine which Program services best serve the Customer and align with the Program goals. Contractor shall keep PG&E assigned representative(s) and Regional Direct Install Implementer engaged and informed the status of Program activities. These shall include, but are not limited to:
  - 5.2.1 Initial Walkthrough / Facility Assessment. A facility walkthrough to discuss the facility operation and equipment to understand the systems to be evaluated for efficiency opportunities. Systems may include, but are not limited to, air conditioning, process cooling and refrigeration equipment, compressed air systems, ventilation and fan systems, pumping systems, lighting, and associated controls and control systems.
  - 5.2.2 Energy Assessments. A simple energy assessment to identifying potential cost-effective energy savings opportunities. Contractor, PG&E PM, and the Customer field representative shall coordinate to explain other applicable Program offerings and how to receive them with the Customer.
  - 5.2.3 Customer Target List. Contractor, PG&E PM and Customer field representative shall coordinate to ensure a consistent and no overlapping marketing approach by reviewing the initial Customer target list and identifying the best methodology to pursue each Customer segment.



**6. TASK 4 - REFER CUSTOMERS TO DIRECT INSTALL IMPLEMENTERS**

Refer Customers. Contractor shall refer qualified Customers to authorized direct install implementers through PG&E’s Energy Insight software tool, if available.

**7. TASK 5 - PROGRAM BUDGET AND REPORTING**

7.1 Program Budget, CPUC Budget Allocations

7.1.1 Program Budget. The total of PG&E payments for all Work approved under the CWA authorizing this SOW shall be the Program budget. The Program budget is the maximum amount of funding allocated each year during the term of this Contract (Budget). Unspent funds from a prior year’s Budget will not rollover into the current or future year Budgets. PG&E will work with Contractor to review and set the Budget annually. The annual Budget will be based on several factors including, but not limited to, prior year Program performance and its Budget spend, the Program scope of work requirements for the following year, and other relevant issues that affect the Program implementation. The Budget will be updated annually and memorialized in the Contractor’s PMP. If Contractor depletes the Budget funding prior to the Term, Contractor must shut down the Program. The total Budget amounts are:

**Time and Material Program Budget**

Description	Order Number	\$\$ Amount
Administration	8179199	\$6,600
Marketing	8179202	\$9,900
Implementation	8179201	\$44,000
SER	8XXXXXX	\$ 6,000
<b>Total</b>		<b>\$66,500</b>

7.1.2 CPUC Budget Allocation. Contractor may be required to provide an annual Program budget allocation in the CPUC-specified categories which includes Administration, Marketing and Direct Implementation Non-Incentive Costs and Direct Implementation Non-Incentive Costs: Strategic Energy Resources as itemized on Attachment 2. Contractor will notify PG&E if at any time during the year there is significant change that may impact this CPUC Budget Allocation.

**8. TASK 6- PROGRAM REPORTS AND INVOICE REQUIREMENTS**

- 8.1 Monthly Progress Report documenting Program accomplishments, savings and budget tracking, Project installations performed in the preceding calendar month, Contractor will work with PG&E PM on the format and content of the Monthly Progress Report but may include the following:
- Program performance
  - Progression on Programs/Projects
  - Budget Analysis
- 8.2 Monthly Program Accruals. Contractor will provide PG&E with a monthly forecast of expenditures and Accruals. These accruals determine the estimated monthly expenditure Contractor seeks to spend during the Program. PG&E relies upon Contractor's representations about these accrual's in managing and justifying this SOW. The Contractor and PG&E PM will revisit the accruals monthly to ensure that any changes in program delivery are reflected. Material changes in the accruals may lead to terminating this SOW.
- 8.3 Monthly Invoice(s) totals are required to be broken down by CPUC budget allocation categories. The invoice shall show the monthly, year to date, and percentage of the total budget allocation as set forth in Attachment 2.
- 8.4 Project Pipeline Report. Contractor shall provide monthly Project Pipeline Reports if applicable.
- 8.5 Monthly Key Performance Indicators (KPI) Reporting. Data will be collected monthly and reviewed together with the PG&E PM on a quarterly basis. Final KPIs, including annual energy savings goals, will be documented in the PMP.
- 8.6 Ad Hoc Reports and Additional Data. PG&E may require Contractor to provide other reports or documentation ("Ad Hoc Reports"). Additional information may be required by the CPUC.
- 8.7 CPUC Regulatory Reporting. Contractor shall comply with all CPUC regulatory reporting requirements. PG&E may request such data be provided in a format suitable for submittal to the CPUC.
- 8.8 Monthly Direct Costs/Activities (applicable to Time and Materials invoices). Contractor shall provide a list of individuals and total hours worked by each individual per month.
- 8.9 Contractor shall deliver a Final Program Report upon Program completion and shall include, but is not limited to, the following topics:
- Program Overview
  - Summary of Program Accomplishments

- Description of Best Practices or Program Improvement Recommendations
- Description of Challenges or Other Issues
- Other items as requested by the PG&E PM

Task 6 Invoicing and Reporting Schedule of Deliverables

<b>Deliverable (Per Project)</b>	<b>Due Date</b>
Monthly Progress Report	15th calendar day of the month
Monthly Invoice with breakdown of administration, marketing, direct implementation costs	15th calendar day of the month
Monthly Accrual Report	15th calendar day of the month
Pipeline Report	20th calendar day of the month
KPI Reporting Data	Monthly, as relevant for Program
Ad-Hoc Reports	As needed
CPUC Reports	As needed
Final Program Report	30 days after Program Completion

**9. Task 7 PROJECT COMPLETION AND PROGRAM PAYMENT TERMS**

- 9.1 Time and Materials-Based (T&M) Payments (if applicable). Contractor shall bill PG&E for that portion of the Budget which PG&E has agreed to pay on a time-and-materials, not-to-exceed basis for each of the Tasks and Deliverables indicated as "T&M Payments" according to the labor rates contained in this MSA.
- 9.2 Budget Adjustments/Measure Disallowance/Termination.
- 9.2.1 PG&E may: (a) reduce or increase the Budget and its associated savings, (b) shift program funds, or (c) cancel or terminate this SOW.
- 9.2.2 PG&E can modify any Program requirements that include, but are not limited to, pursuant to CPUC directives, and Program portfolio reviews. Contractor shall make these modifications upon notice from PG&E accordingly.
- 9.2.3 If PG&E reduces funding, terminates this SOW, or the Program is discontinued, Contractor shall provide a Project(s) status report.

**10. Task 8 RAMP-DOWN PROGRAM**

- 10.1 Program Ramp-Down. Unless otherwise agreed, Contractor shall provide a plan to ramp down the Program (Ramp Down Plan) by December 1, 2019 The Ramp-Down Plan must take into consideration that all Projects should be complete and paid by December 30, 2019.

- 10.2 Program Shut-Down Notification. Contractor shall develop for PG&E PM approval a shut-down notification as part of the Ramp Down Plan. The notification shall be sent to Customers no later than 14 days after notification to Contractor to ramp down the Program. Contractor shall develop the Notification to be approved by the PG&E PM. The Notification will provide Program shut down information.
- 10.3 If Program funding is no longer available, Contractor must immediately notify Customers in writing the Program is being shut down.
- 10.4 Ramp-Down Schedule of Deliverables.

<b>Deliverable (Per Project)</b>	<b>Due Date</b>
Program Ramp-Down Plan	No later than December 1, 2019, or as requested by PG&E PM
Shut-Down Notification	No later than December 15, 2019, or as requested by PG&E PM

**11. NOTICES**

- 11.1 Contractor designates George Barlow, 1201 Civic Center Blvd, Yuba City, CA 95993, (530) 822-4638. gbarlow@yubacity.net as Contractor's Contract Representative for all matters relating to this CWA.
- 11.2 PG&E designates Kate Schulenberg, 3136 Boeing Way, Stockton, CA, (209) 272-8553, k2s0@pge.com as PG&E's PM for all matters relating to CWA.
- 11.3 The Parties may modify their designated contact representatives at any time by providing the other Party with a written update notification with the new contact information.

**12. CPUC AUTHORITY**

- 12.1 This CWA and SOW can be modified at any time in accordance with any directive of the CPUC and regulation of PG&E. Any information, results and reports regarding this CWA and SOW shall be made available to the CPUC.

## **Attachment 1**

### **Allowable Measures, Geographic Areas, and Customers to be Served by this Program**

This Attachment describes the Customers and geographic areas (within the Service Territory).

Contractor understands there are other Contractors, including PG&E, local governments, other affiliates and similar third-party Contractors that may include the same Customers, and geographic locations.

For avoiding Customer confusion, ensuring satisfaction, and avoiding duplication and overlap of services among the Program and offerings of other Contractors, Contractor shall abide by the assignment of Customers, and geographic area. PG&E reserves the right in its sole discretion to amend these assignments during the Program. No deviation from these assignments is permitted without the prior written consent by the PG&E PM.

#### **Eligible Customers:**

Contractor may serve the following Customers:

- Municipal customers, including but not limited to cities, counties, special districts, wastewater treatment facilities (NAICS 22132x) and K-12 public schools.
- Any exceptions to this list of eligible customers must be approved in writing by the PG&E PM.

#### **Eligible Geographic Area:**

Contractor may serve the above eligible customers in the following counties within PG&E's service territory: Colusa, Sutter and Yuba Counties

#### **Excluded Customers -**

Contractor shall not serve the following Customers unless authorized by PG&E PM: All non-municipal customers including, but not limited to Higher Education, State of California, Federal, Commercial, Residential and Industrial/Agricultural unless approved in writing by PG&E PM.

## Attachment 2

### Itemization of CPUC Budget Allocation

Upon PG&E PM request, Contractor may be asked to complete a cost allocation budget exercise resembling the attached worksheet.

CWA Attachment 2:  
 Itemized CPUC Budget  
 Allocations

Implementer Name:  
 Program Name:

*Instructions: Implementer is to complete the grey cells below in columns B through R.*

Labor Classification	Hourly Rate (\$)	Administrative Hours - List the time spent on administration across these different project related tasks (as defined in CPUC project Manual)				Total Hours - Administrative	Total Cost - Administrative
		Task 1 - Develop Program Materials	Task 2 - Solicit Customers	Task 3 - Enroll Customers & Obtain PG&E Project Approval	Task 4 - Program Project Implementation		
Officer/Principal						\$ -	
Director						\$ -	
Engineer Manager						\$ -	
Engineer Section Head						\$ -	
Engineer Project Leader						\$ -	
Engineer III						\$ -	
Engineer II						\$ -	
Engineer I						\$ -	
Architectural Project Manager						\$ -	
Architect IV						\$ -	
Architect III						\$ -	
Architect II						\$ -	
Architect I						\$ -	
Sr. Project Manager						\$ -	
Project Manager						\$ -	
Training Development Consultant						\$ -	
Education Consultant						\$ -	
Administrative Assistant						\$ -	
Lead Web Designer						\$ -	
Senior Web Developer						\$ -	
Web Developer						\$ -	
	#DIV/0!					\$ -	

**Attachment 3**

**Key Performance Indicators (KPI) Reporting Data Sample**

Metric Group	Weight: KPIs	Weight: Metric Score	Key Performance Indicator (KPI)	Description and (Detailed Calculation of KPI)	Data Source
Market Potential and Flexibility	2.00	5.00	Project Pipeline Target	The project sales pipeline of potential projects measured by energy savings (not actual or committed projects) size in relation to the number of projects needed to achieve the energy savings goal. (Total energy savings of projects in the sales pipeline / Forecasted total energy savings needed to meet energy savings goals) x100	Implementer
<b>Notes</b>					

Metric Group	Weight: KPIs	Weight: Metric Score	Key Performance Indicator (KPI)	Description and (Detailed Calculation of KPI)	Data Source
Market Potential and Flexibility	2.00	5.00	Subprogram Flexibility	The ability of the sub-program and implementer to scale up to achieve additional energy savings with additional budget applied (The percentage that the implementer can accrue additional energy savings, based on available or accessible resources (Implementer flexibility % reported)	Implementer
<b>Notes</b>					

Metric Group	Weight: Metric Group	Weight: KPIs	Key Performance Indicator (KPI)	Description and (Detailed Calculation of KPI)	Data Source
Market Participation	2.00	5.00	Market Participation Ratio	Participation in the subprogram in comparison to the representation of the customer base by geography, customer size, customer sector and, NAICS (Customers being served/Total customer base)x100	Implementer

## Attachment 4

### Program Management Plan Requirements

The Contractor's Program Management Plan shall address the following:

1. **Introduction:** Summarize objectives and the major components of the Program
  - a. Program Overview
  - b. Staff
    - i. Team Org Chart - departments, subcontractors, and reporting structure
    - ii. Key staff names, titles, and responsibilities
  - c. Coordination Efforts: Contractor's plan to coordinate with other PG&E programs
2. **Program Activities, Deliverables and Itemized Cost Budget:** Provide Program implementation activities and their respective itemized costs and budgets, such as:

#### Name of Program

##### ***Task 1 – Lead Generation Activities***

Estimated labor costs \$ 34,000 Estimated material costs \$ 3,400 Total budget \$37,400

Task 1 Deliverables:

- Working with the Public Sector to promote and develop EE projects
  - Coordination with other programs
  - Contact all cities/counties and introduce new focus
  - Provide X number of assessments
  - Outreach activities (list)

##### ***Task 2 – Education and Training***

Estimated labor costs \$ 10,000 Estimated material costs \$ 4,500 Total budget \$ 14,500

Task 2 Deliverables:

- Determine training needs for Public Sector
- Classes
  - What classes and schedule
- Organize advertising campaign to promote classes.

##### ***Task 3 – Best Practices Development***

Estimated labor costs \$ 2,000 Estimated material costs \$ 2,000 Total budget \$ 4,000

Task 3 Deliverables:

- Prepare selected case stories, blog posts, articles, and/or video clips in conjunction with annual awards to illustrate and share energy, climate and sustainability best practice activities of Beacon communities.

##### ***Task 4 – Develop policy for revolving energy efficiency fund for city/county facilities***

Estimated labor costs \$ 4,600 Estimated material costs \$ 0.00 Total budget \$ 4,600



Task 4 Deliverables:

- Successfully launch one revolving energy efficiency fund in a city/muni
  - Find key stakeholders and decision-makers
  - Contact other municipalities for best practices

**Task 5 – Program Administration**

Estimated labor costs \$ 6,000 Estimated material costs \$ 0.00 Total budget \$ 6,000

Task 5 Deliverables:

- Monthly invoices, reports, and billing projections
  - Set up meeting with Program Manager and PG&E customer field representatives as appropriate.
  - Provide the following reports on date(s) due
    - Monthly report – 15<sup>th</sup> of every month

3. **Program Budget Totals:** Provide a summarized list of the Program Budget Categories as related to the Program activities, such as:

**Program Activity Budget Totals**

<b>Task</b>	<b>Budget</b>
Task 1- Direct Install Activities	\$ 37,400
Task 2- Adopt Reach Codes	\$ 14,500
Task 3- Best Practices Development	\$ 4,000
Task 4- Revolving Energy Efficiency Fund	\$ 4,600
Task 5- Program Administrative	\$ 6,000
<b>Total</b>	<b>\$ 66,500</b>

*PG&E has updated its Customer Energy Solutions (CES) General Conditions (GC's) and this change order shall add the following new provisions and modify provisions to the Parties existing CES GC's as follows:*

**I. PROVISIONS ADDED TO THE CES GENERAL TERMS AND CONDITIONS:**

A. The following definitions shall be added to Section. 1.0 Definitions:

1. **"FERC"**: The United States Federal Energy Regulatory Commission.
2. **"Malicious Code"**: Collectively, any malicious or unauthorized code, scripts, routines or techniques (including without limitation any virus, spyware, ransomware or other malware) that is designed to erase data or programming, or infect, impair, modify, record, take control of, disrupt, damage, destroy, disable, shut down or permit or cause unauthorized access to or misuse of a computer system or any component thereof.
3. **"NERC"**: North American Electric Reliability Corporation, which enforces reliability standards with all users, owners and operators of the bulk power system in the United States.
4. **"CPUC"**: California Public Utilities Commission

B. The following shall be added to Section 2.6 Training Records and Section 2.8.3 Corrective Action Plan under Section 2.0 Performance of the Work:

**2.6 TRAINING RECORDS:** Contractor shall maintain records demonstrating that its personnel have completed training, as well as any associated assessments required by law, regulation, certifying organization, or PG&E, required to perform Work under this Contract. Contractor shall also maintain copies of certificates, licenses, and other materials demonstrating that its personnel are qualified to safely and correctly complete the Work. Training and qualification records must be provided to PG&E within 48 hours of request.

**2.8.3 CORRECTIVE ACTION PLAN.** Except as otherwise provided in this Contract, Contractor shall meet or achieve each milestone or deliverable for the Work by the applicable date. If PG&E reasonably believes that Contractor is not making substantial progress, or if Contractor fails to achieve a milestone or complete a deliverable by the applicable date, and such failure is not attributable to reasons entitling Contractor to a Contract Change Order, then Contractor shall provide for PG&E's approval a corrective action plan that will demonstrate achievement at the earliest possible date to minimize delay of the Work schedule. Such corrective action plan shall include, without limitation, reasonable evidence of increases in Contractor's work force, increases in the number of shifts, overtime operations, additional days of Work per week, and such other evidence (including schedule analysis) as necessary for the timely completion of the Work. Upon receipt of PG&E's written concurrence, Contractor shall diligently comply with such corrective action plan; provided, however, that PG&E's concurrence shall not affect any of PG&E's rights or Contractor's obligations under this Contract.

C. The following shall be added under Section 5.0 Confidentiality and Data Security:

**5.2 SECURITY:** Contractor hereby represents, warrants, and covenants to PG&E that the Work, including any hardware, software, firmware, equipment and other deliverables, does not and will not

contain or make available any Malicious Code. Without limiting any of PG&E's rights and remedies with respect thereto (all of which are expressly reserved), if Contractor detects or is made aware of Malicious Code in the Work, Contractor shall notify PG&E immediately, remove such Malicious Code, remediate the effects of such Malicious Code, and restore any lost or corrupt data if applicable.

**5.3 CYBER PROTECTION FOR PROGRAMMABLE DEVICES:** The following requirements apply to any deliverables under this Contract containing software, firmware, microcode or other programmable features. These requirements apply on a continuing basis for the longer of five years and the expected service life of the deliverables as disclosed by Contractor in its product descriptions (the "**Service Life**").

**5.3.1 MALICIOUS CODE:** Contractor hereby represents, warrants, and covenants to PG&E that upon delivery to PG&E the deliverables will not contain or make available any Malicious Code. Without limiting any of PG&E's rights and remedies with respect thereto (all of which are expressly reserved), if Contractor detects or is made aware of Malicious Code in the deliverables during the Service Life, Contractor shall immediately notify PG&E. If the deliverables are not yet in use by PG&E, Contractor shall remove such Malicious Code, remediate its effects and certify to PG&E that the Malicious Code has been removed. If the deliverables are in use by PG&E, Contractor shall assist PG&E to remove the Malicious Code in accordance with the Section below titled "Security Updates and Support."

**5.3.2 CYBERSECURITY SPECIFICATIONS:** Contractor hereby represents, warrants, and covenants that the deliverables comply with the cybersecurity features and functions, if any, described in the associated specifications.

**5.3.3 SECURITY VULNERABILITIES AND TESTS:** Contractor acknowledges that the deliverables may be subject to security testing by PG&E or its security testing consultants before the deliverables are accepted by PG&E as well as subsequently, at any time during their Service Life. If the deliverables are integrated with products supplied by third parties, the third-party suppliers may also be involved in PG&E, such cooperation shall include the following: (i) providing source code and other program documentation (which PG&E shall use solely for testing purposes), and (ii) providing a representative with suitable technical expertise to participate in the tests. The conduct and results of the tests, including any security vulnerabilities that are identified in the course of the tests, shall be PG&E Confidential Information. Any security vulnerabilities that are identified in such tests shall be resolved in accordance with the following Section, concerning Security Updates and Support.

**5.3.4 SECURITY UPDATES AND SUPPORT:** Contractor shall maintain a technical support line with access to PG&E so that any security-related issues can be addressed promptly. Contractor shall notify PG&E without delay if Contractor detects or is made aware of any Malicious Code or security vulnerability in the deliverables during their Service Life. If Malicious Code or security vulnerability is identified during the Service Life, Contractor shall provide an update or revision to the deliverables to remove the Malicious Code and/or cure the vulnerability (a "**Security Patch**") as soon as possible and at no charge to PG&E. Contractor shall assist PG&E to implement the Security Patch if requested by PG&E and shall reimburse PG&E for the cost of implementing the Security Patch.

D. The following shall be added to Section 8.0 Force Majeure, Cancellation and Termination of the Contract.

**8.6 LIMITATIONS:** In no event shall PG&E be liable for lost or anticipated profits or overhead on uncompleted portions of the Work. Contractor shall not enter into any agreements, commitments, or Subcontracts which would incur significant cancellation or termination costs without prior written approval of PG&E. Such written approval is a condition precedent to the payment of cancellation or termination charges by PG&E. Before PG&E will release final payment, Contractor shall deliver to PG&E any and all reports, drawings, documents and deliverables prepared for PG&E before the effective date of cancellation or termination.

8.6.1 Before PG&E will release final payment, Contractor shall deliver to PG&E any and all reports, drawings, documents and deliverables prepared for PG&E before the effective date of cancellation or termination.

E. The following sections shall be added to Section 9.0 Requirements and Policies:

**9.13 EXPORT CONTROLS.** Contractor shall provide PG&E with information and assistance as may reasonably be required in connection with compliance with applicable import and export laws, including but not limited to, Manufacturer's Affidavits, Harmonized Tariff Schedules, Export Control Classification Numbers, and qualification information (e.g. origin) relevant to United States and foreign regulatory approvals for deliverables, products, and other materials furnished hereunder. Contractor shall make such information available to PG&E within five (5) business days following receipt of PG&E's written request.

## **II. GENERAL CONDITIONS PROVISIONS THAT WERE MODIFIED:**

A. The following section shall replace sections 7.5.1 – 7.5.6 and be added to Section 7.0 Insurance:

**7.6 INSURANCE DOCUMENTATION REQUIREMENTS.** Contractor shall have all insurance in place before beginning any Work. Upon request, Contractor shall furnish PG&E with certificates of insurance and endorsements of all required insurance.

7.6.1 Certificates of insurance and endorsements shall be signed and submitted by a person authorized by that insurer to issue certificates of insurance and endorsements on its behalf.

7.6.2 The insurer shall deliver notification to PG&E in accordance with the policy provisions if any of the above-described policies are cancelled before the stated expiration date.

7.6.3 PG&E may inspect the original policies or require complete certified copies at any time.

7.6.4 The minimum liability insurance requirements established in this Contract are not a representation by PG&E that the insurance limits are sufficient, nor do these requirements in any way limit Contractor's liability under this Contract.

7.6.5 Upon request, Contractor shall furnish PG&E the same evidence of insurance for its Subcontractors as PG&E requires of Contractor.

B. The following Sections 8.2 – 8.2.4 Cancellation For Cause under Section 8.0 Force Majeure, Cancellation and Termination of Contract shall be deleted in their entirety and replaced with:

**8.2 CANCELLATION FOR CAUSE.** PG&E may, at its option, cancel or suspend, in whole or in part, this Contract or any one or more CWAs for cause, including but not limited to, the following situations:

(a) the failure, refusal or inability of Contractor to perform the Work in accordance with this Contract for any reason (except as specified in the section titled "Force Majeure") following notice and an opportunity to cure and Contractor has failed to do so; provided, however, that safety or security violations may result in immediate cancellation; (b) Contractor has become insolvent, has failed to pay its bills, or has had checks for payment of its bills returned from suppliers and Subcontractors due to insufficient funds; (c) a legal action is placed against Contractor which, in PG&E's opinion, may interfere with the performance of the Work; or (d) in PG&E's opinion, the Work will not be completed in the specified time PG&E has requested Contractor take action to accomplish the required progress and completion, and Contractor has failed to do so. PG&E will be the sole judge whether Contractor is substantially performing Work in accordance with this Contract. If the Contract is cancelled for cause: (i) PG&E shall pay Contractor for services satisfactorily performed prior to the date of cancellation which are of benefit to PG&E, and (ii) Contractor shall be liable for additional costs to PG&E arising from cancellation. Contractor shall vacate PG&E's worksite but shall not remove material, plant, or equipment without the approval of PG&E. In addition to other remedies, PG&E may, at its option and without prejudice to its other rights, take over and complete all or part of the Work using Contractor's equipment and facilities at the PG&E worksite.

C. Sections 9.1 – 9.1.4 PG&E's Supplier Diversity Policies under Section 9.0 Requirements and Policies shall be deleted in their entirety and replaced with:

**9.1 PG&E's SUPPLY CHAIN RESPONSIBILITY.** It is PG&E's policy that small and diverse businesses shall have the maximum practicable opportunity to participate in providing the goods and services purchased by PG&E. Small and diverse businesses include Small Business Enterprises ("SBEs"); Women, Minority, and Disabled Veteran Business Enterprises ("WMDVBEs"); and Lesbian, Gay, Bisexual, and Transgender Business Enterprises ("LGBTBEs").

9.1.1 Contractor agrees to comply, and to require all Subcontractors and sub-Subcontractors to comply, with PG&E's Supply Chain Responsibility Policy, in **Exhibit 2**, attached and incorporated herein. Contractor shall provide a copy of **Exhibit 2** to each prospective Subcontractor.

9.1.2 Contractor shall act in accordance with its completed Prime Supplier Subcontracting Plan, **Exhibit 1-A**, attached hereto and incorporated herein, in the performance of the Work and in the award of all Subcontracts.

9.1.3 In addition, if the Contract exceeds \$500,000 (\$1 million for construction contracts), Contractor shall comply with **Exhibit 2A**, Policy Regarding Utilization of Small Business Concerns and Small Disadvantaged Business Concerns attached hereto and incorporated herein, and the Prime Supplier Subcontracting Plan for these Contracts must include provisions for implementing the requirements of **Exhibit 2A**.

9.1.4 Each Bidder's Proposal shall describe how Bidder will comply with the mandatory requirements of **Exhibit 2** if awarded the Work. The requirements of **Exhibit 2** and the successful Bidder's response, along with a completed, signed copy of **Exhibit 1-A**, will be incorporated into the Contract.

D. The following Sections 9.2.4 – 9.2.5 Equal Employment Opportunity and Affirmative Action Regulations Policy, Section 9.3 Contractor Safety Program, Section 9.5 Supplier Code of Conduct, Section 9.10 Work on PG&E or PG&E's Customer Property, 9.11 Nerc Requirements and Section 9.12 Documentation and Production Requirements under Section 9.2 Federal Requirements shall be deleted in their entirety and replaced with:

**9.2.4 Vietnam Era Veterans' Readjustment Assistance Act of 1974**, 41 CFR Part 60-300.5.a: Equal Opportunity Clause. Contractor and its Subcontractor(s) shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.

**9.2.5 Section 503 of the Rehabilitation Act of 1973**, 41 CFR Part 60-741.5.a: Equal Opportunity Clause. Contractor and its Subcontractor(s) shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

**9.3 CONTRACTOR SAFETY PROGRAM:** Contractor represents and warrants that it will perform all applicable Work, and cause all Subcontractors to perform all applicable Work, in compliance with PG&E's Contractor Safety Program Standard Contract Requirements, as may be modified from time to time. The Contractor Safety Program Standard Contract Requirements can be located and downloaded at: [www.pge.com/contractorsafety](http://www.pge.com/contractorsafety) and are hereby incorporated by reference into this Contract. Contractor's failure to comply with the Contractor Safety Program Standard Contract Requirements shall be immediate grounds for termination for cause under this Contract. Notwithstanding the above, Contractor is the "controlling employer" as defined under CalOSHA and will remain responsible for all fines and liability arising from violation of the Contractor Safety Program Standard Contract Requirements and applicable law.

**9.10 WORK ON PG&E OR PG&E CUSTOMER ASSETS OR PREMISES:** The following provisions shall apply to the extent that the Work under the Contract requires any Contractor or Subcontractor personnel (collectively, "Personnel") to have access to PG&E assets, premises, customer property, or logical access to PG&E data or systems (collectively, "Access").

**9.10.1 CRIMINAL BACKGROUND CHECKS.** a) Contractor warrants and represents that it will not assign any Personnel to work requiring Access unless Contractor has performed a criminal background check on each such individual (either at the time of hiring or during the course of employment). Prior to assigning work requiring Access to any Personnel with one or more criminal convictions during the last seven years, Contractor must consider the gravity of the individual's offense, the time since the conviction, the successful completion of parole/probation, the individual's age at the time of conviction, the number of convictions, and the stability of the individual, including favorable work history. Contractor shall also consider the relation of the offense to the nature of the work to be performed.

b) Notwithstanding the foregoing, in no event shall Contractor grant Access to an individual with one or more convictions for a Serious Offense(s), which is defined as violent and sex offenses, crimes against children, domestic violence, fraud, theft (including but not limited to identity theft), embezzlement, all felonies during the last seven years, and/or two or more DUI's in the past three years.

c) Contractor shall maintain documentation related to its criminal background check investigation for all Personnel requiring Access and make it available to PG&E for audit if requested pursuant to the audit provisions of this Contract.

d) Contractor also agrees to notify PG&E if any of its Personnel requiring Access are charged with or convicted of a Serious Offense during the course of a PG&E assignment.

**9.11 NERC REQUIREMENTS:** Pursuant to a NERC directive, PG&E has implemented policies and procedures for the protection of facilities, systems, assets and information that are critical to the operation or support of the Bulk Electric System ("BES"). PG&E identifies these facilities, systems, assets

and information in accordance with its internal utility procedures. If this Contract relates to BES Cyber Systems or Bulk Electric System Cyber System Information (as designated by PG&E), then Contractor shall comply with the requirements of Exhibit 7, NERC Requirements and Exhibit 7A, PG&E NERC CIP Program Non-Employee Attestation Form, each attached hereto and incorporated herein. Contractor represents and warrants that it has consulted with PG&E to determine whether Exhibit 7 is applicable to the Work under this Contract.

**III. The following Exhibits shall be deleted in their entirety and replaced as follows:**

- A. EXHIBIT 1 PG&E Supplier Diversity Policy – replace with PG&E Prime Subcontracting Plan Instructions**
  - B. EXHIBIT 1A Prime Supplier Subcontracting Plan- replace with Prime Supplier Subcontracting Plan**
  - C. EXHIBIT 2 PG&E’s Supply Chain Responsibility Policy- replace with current 2018 Exhibit 2**
  - D. EXHIBIT 2A Policy Regarding Utilization of Small Business Concerns and Small Disadvantaged Business - replace with current 2018 Exhibit 2**
  - E. EXHIBIT 7 NERC Requirements - replace with current 2018 Exhibit 2**
  - F. EXHIBIT 7A PG&E NERC CIP Non-Employee Attestation Form - replace with current 2018 Exhibit 2**
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- A. EXHIBIT 1A List of Subcontractors and Disbursement Record Prime Supplier Subcontracting Plan
  - B. EXHIBIT 2 PG&E’s Supply Chain Responsibility Policy
  - A. EXHIBIT 2A Policy Regarding Utilization of Small Business Concerns and Small Disadvantaged Business Concerns

## EXHIBIT 1

### PRIME SUPPLIER SUBCONTRACTING PLAN INSTRUCTIONS

Contractor shall provide a signed Prime Supplier Subcontracting Plan (Exhibit 1A) describing Contractor's planned utilization of Subcontractors and Suppliers. The first line on the form is completed as a sample. Line by Line instructions follow. Respond "N/A" for anything that is not applicable.

- (1) Provide the complete name of the Subcontractor or Supplier. Do not abbreviate - please spell out any acronyms.
- (2) Provide the California Contractor's License Number of each Subcontractor or Supplier (if applicable).
- (2a) Provide the Expiration Date of the Subcontractor or Supplier's California Contractor's License.
- (3) Indicate whether Subcontractor or Supplier is signatory to a labor union by responding "Yes" or "No."
- (4) Provide CPUC Clearinghouse Verification Order Number (VON) of Subcontractor's or Supplier as listed in the CPUC Clearinghouse Database (if applicable). To locate the VON, diversity status, or to find potential subcontractors, access the following site:
  - CPUC Clearinghouse Database: <https://sch.thesupplierclearinghouse.com/frontend/searchcertifieddirectory.asp>
- (5) Provide Small Business number of Subcontractor or Supplier (if applicable). To determine status or to find potential subcontractors, access the following sites:
  - California Department of General Services (DGS): <http://www.dgs.ca.gov/pd/Programs/OSDS.aspx>
  - U.S. Small Business Administration (SBA): <https://www.sba.gov/contracting/getting-started-contractor/qualifying-small-business>
- (6) Provide the Small Business Code of Subcontractor or Supplier (if applicable). See Small Business Code List in Exhibit 1A.
- (7) Provide a description of the work to be performed or major materials to be supplied by the Subcontractor or Supplier.
- (7a) Indicate whether the work to be performed by each Subcontractor or Supplier includes excavation by responding "Yes" or "No." Refer to [Section 4216 of the California Government Code](#) for the definition of "excavation."
- (8) Indicate the Gold Shovel Status for each Subcontractor or Supplier by responding as appropriate:
  - "N/A" for Subcontractor or Supplier who will not perform excavation work.
  - "Active" for Subcontractor or Supplier with an active Gold Shovel Certification.
  - "Inactive" for Subcontractor or Supplier that does not have current Gold Shovel Certification. Attach an explanation to Exhibit 1A indicating when Contractor anticipates Subcontractor or Supplier will obtain Gold Shovel Certification.

To determine status or to find potential subcontractors, access the following site: <http://www.goldshovelstandard.com>
- (9) Indicate whether each Subcontractor or Supplier will be performing low, medium, or high risk work by responding "Low", "Med", or "High". Refer to PG&E's Contractor Safety Program Contract Requirements at <http://www.pge.com/contractorsafety> for risk definitions.
- (10) Provide ISNworld (ISN) Identification Number of each Subcontractor or Supplier performing medium to high risk work.
  - Respond "N/A" for any Subcontractor or Supplier performing low risk work.
  - Respond "None" if Subcontractor or Supplier has not completed ISN prequalification. Attach an explanation to Exhibit 1A explaining when Contractor anticipates Subcontractor or Supplier prequalification will be complete.
- (10a) Indicate whether Subcontractor or Supplier performing medium to high risk work is Prequalified in ISN by responding "Yes" or "No." Respond "N/A" for each Subcontractor or Supplier performing low risk work.
  - To determine prequalification status or to find potential subcontractors, access the following site: [https://www.pge.com/en\\_US/for-our-business-partners/purchasing-program/suppliers/suppliers.page](https://www.pge.com/en_US/for-our-business-partners/purchasing-program/suppliers/suppliers.page)
- (11) Provide the estimated amount to be paid to each Subcontractor or Supplier.
- (12) Provide the total estimated amount to be paid to all Subcontractors and Suppliers.
- (13) Provide the total estimated amount to be paid to the Prime Contractor or Supplier for work to be self-performed.
- (14) Provide the total bid value in U.S. Dollars for all work to be performed.
- (15) Provide the total estimated amount to be paid to all CPUC Clearinghouse Subcontractors and Suppliers with a VON.
- (16) Provide the total estimated amount to be paid to all Small Business Subcontractors and Suppliers.





## EXHIBIT 2

### PG&E'S SUPPLY CHAIN RESPONSIBILITY POLICY

PG&E is committed to supply chain responsibility, including supplier diversity, sustainability, and ethical supply chain practices.

- PG&E's Supplier Diversity Program, launched in 1981, aims to provide diverse suppliers with economic opportunities to supply products and services to PG&E.
- ☐ The Supplier Sustainability Program, launched in 2007, encourages supplier responsibility, excellence and innovation.
- Promoting an ethical supply chain means that ethical supplier performance, including a supplier's efforts in each of the following areas, is an important consideration in supplier selection: health and safety, labor issues, human rights, ethical business conduct, and conflicts of interest.

SUPPLIER AND ITS SUBCONTRACTORS OF ALL TIERS MUST COMPLY WITH PG&E'S SUPPLY CHAIN RESPONSIBILITY POLICY IN THE AWARD OF ALL SUBCONTRACTS. This Policy requires that small and diverse businesses shall have the maximum practicable opportunity to participate in the performance of work, including Small Business Enterprises ("**SBEs**"); Women, Minority, and Disabled Veteran Business Enterprises ("**WMDVBes**"); and Lesbian, Gay, Bisexual, and Transgender Business Enterprises ("**LGBTBES**")

In order to be considered for this Contract, the Supplier must comply with the following requirements:

1. Supplier shall provide a copy of this Exhibit 2 to each prospective Subcontractor.
2. Supplier shall provide a separate signed Prime Supplier Subcontracting Plan (Exhibit 1A). Supplier shall also describe its Supply Chain Responsibility efforts and planned outreach to small, diverse businesses.
3. Qualifying Subcontractors must be certified as follows:
  - a. Small Business Enterprises must be registered as a small business with a state or federal agency (e.g. California Department of General Services or Small Business Administration);
  - b. Women-, minority-, and lesbian, gay, bisexual and transgender-owned businesses must be certified by the California Public Utilities Commission's Supplier Clearinghouse; and
  - c. Service disabled veteran-owned businesses must be certified by the California Department of General Services.
4. No later than the 10<sup>th</sup> of each month, Supplier shall submit its Subcontracting spend with small and diverse Subcontractors using PG&E's electronic reporting system located at the following address: <https://cvmas10.cvmsolutions.com/pge/default.asp>. To establish a User ID for use in the reporting system, Supplier shall submit a request via email to the following e-mail address: [PVB1@pge.com](mailto:PVB1@pge.com).
5. For contracts exceeding \$500,000 (or \$1 million for construction), Suppliers must comply with the Policy Regarding Utilization of Small Business Concerns and Small Disadvantaged Business Concerns, as described in Exhibit 2A. The Prime Supplier Subcontracting Plan for these contracts must include provisions for implementing the terms of this Exhibit 2.

## EXHIBIT 2A

### 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) Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. Contractor 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 Contractor'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. Contractor 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. Contractor shall presume that socially and economically disadvantaged entities also include Indian Tribes and Native Hawaiian Organizations.
- d) Contractor 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>4</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.

**Exhibit 7**  
**NERC REQUIREMENTS**

**I. Applicability to Bulk Electric System Cyber Systems and Information**

Pursuant to a directive from the North American Electric Reliability Corporation (“**NERC**”), PG&E has implemented policies and procedures for the protection of facilities, systems, assets and information that are critical to the operation or support of the Bulk Electric System (“**BES**”). PG&E identifies these facilities, systems, assets and information in accordance with its internal utility procedures.

If this Contract relates to BES Cyber Systems or BCSI (as designated by PG&E), then Contractor must comply with the additional requirements described in this Exhibit 7. Contractor represents and warrants that it has consulted with PG&E to determine whether Exhibit 7 is applicable.

**II. Definitions**

The following terms are defined for use in this Exhibit:

“**Access**” means:

- 1) Unescorted access by any person to facilities, systems and functions that PG&E deems critical to the support of the Bulk Electric System (“**Critical Facilities and/or Critical Systems**”), including persons working within PG&E Critical Facilities and/or Critical Systems; and
- 2) Physical or electronic access by any person to BCSI, or administrative control over BCSI or systems containing BCSI. For the avoidance of doubt, disclosing BCSI to a person by any means constitutes Access to such information by that person.

“**BCSI**” means Bulk Electric System Cyber System Information in any form (whether printed or electronic) including data, files, and file attributes. BCSI is information about a BES Cyber System that could be used to gain unauthorized access or pose a security threat to the BES Cyber System, as determined by PG&E. BCSI is typically classified by PG&E as “NERC CIP Confidential – BCSI” or “Restricted – BCSI,” but not all BCSI data will be designated as such in all formats.

“**BES**” means Bulk Electric System.

“**PRA**” means Personal Risk Assessment.

“**NERC**” means North American Electric Reliability Corporation.

“**WECC**” means Western Electricity Coordinating Council.

**III. NERC CIP Security Obligations**

- A.** Contractor shall comply with all cyber security policies, plans and procedures relating to the BES Cyber Systems and/or BCSI as directed by PG&E. As directed by PG&E, Contractor shall provide documentation and evidence demonstrating such compliance. This may include the conduct of periodic tests and audits as specified by PG&E from time to time. Contractor acknowledges that Contractor’s failure to comply and demonstrate compliance may subject Contractor and/or PG&E to fines and other sanctions.
- B.** Before being granted Access, Contractor must satisfactorily complete PG&E’s Vendor Security Review process. If Work is to be performed at Contractor locations, those locations must be approved by PG&E following completion of the Vendor Security Review Process. PG&E’s approval does not limit its rights to conduct periodic audits and reviews as provided in the Contract.
- C.** Contractor shall ensure that (i) any BCSI that is obtained by Contractor is stored and Accessed only within the United States, (ii) BCSI is not copied, exported, transferred or otherwise transmitted outside the United States, and (iii) no third party (including without limitation any

individual, corporation, government or governmental agency), system or environment located outside the United States obtains Access to BCSI through Contractor. Without limiting any other term of this Contract, a third party, system, or environment will be deemed to have Access to BCSI if Contractor shares BCSI with such third party, system, or environment in any manner, or if such third party uses access tokens, cards, credentials, or other means of authentication furnished to Contractor by PG&E to obtain, view, download, or copy BCSI.

- D. Contractor shall ensure that any personnel requiring Access successfully complete background checks (“**Personnel Risk Assessments**” or “**PRAs**”) and PG&E-mandated security training before they obtain Access, in accordance with the following requirements:
- 1) Contractor shall perform a background screening for each individual that includes each of the following criteria: (i) Social Security Number verification; (ii) City, County, State and Federal Criminal Check for felonies and misdemeanors over the past seven years (in up to three counties where the individual has lived in the past seven years); (iii) “Global Watch” (check of 19 Federal and International Terrorist Watch lists); and (iv) validation of current residence and confirmation of continuous residence at this site for a minimum of the most recent 6 months (confirmed by period of residence, employment, or education at a specific site) and validation of other locations where, during the seven years immediately prior to the date of the criminal check specified in 4a(ii) above, the individual has resided for six consecutive months or more.
  - 2) After performing an acceptable background check, the Contractor shall provide PG&E’s Human Resources Department with a Personnel Risk Assessment Attestation Form in the form attached hereto as **Exhibit 7A** for the individual prior to the individual being granted Access. PG&E may request that Contractor provide a copy of the complete Personnel Risk Assessment results at the time the PRA Form is submitted.
  - 3) Contractor shall require that each individual complete an initial training and annual PG&E web-based training session on safety, information security, compliance with PG&E codes and procedures, including but not limited to CORP-0804 Cyber and Physical Security Awareness training (or alternative training as designated by PG&E). Contractor shall direct that each individual complete the PG&E training program by CD or by hard copy format, if Contractor informs PG&E that web based training is not feasible.
  - 4) After Contractor certifies to PG&E completion of the requirements set forth in paragraphs a. through c. above, PG&E will issue appropriate Access credentials. PG&E will deny Access to any individual for whom Contractor has not certified completion of the requirements set forth in paragraphs D(1) through (3) above.
  - 5) Every seven years, Contractor shall perform background screening as described herein for each individual on continuing assignment who has Access.
  - 6) Contractor shall retain documentation supporting the Personnel Risk Assessment Attestation Form for each individual with Access for a minimum of seven years.
  - 7) PG&E may audit Contractor’s background screening methodology and substantiate the accuracy of Personnel Risk Assessment Attestation Forms for each individual. Contractor shall respond to any auditing requests and activities, including but not limited to data requests, within one business day. PG&E and/or WECC will set the frequency of auditing the Contractor’s PRA process and supporting records.
- E. In addition to its other indemnity obligations hereunder, Contractor shall indemnify and hold harmless PG&E for any fines, penalties or other sanctions assessed against PG&E (including but not limited to fines, penalties or sanctions assessed against PG&E by the WECC, NERC, or the Federal Energy Regulatory Commission (FERC) for a violation of any NERC reliability standard) caused by Contractor’s failure to perform its obligations under this Contract.