

ELECTRIC RULE NO. 24/32
DIRECT PARTICIPATION DEMAND RESPONSE

STATE OF CALIFORNIA

Edmund G. Brown Jr., Governor

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



Demand Response Provider Performance Bond Letter Sample

**FOR NON-UTILITY DEMAND RESPONSE PROVIDERS SERVING
RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS**

This language is provided to assist Demand Response Providers and bond issuers. Other forms may be acceptable provided they include the substantive language from this sample, subject to Energy Division staff approval.

All bonds must meet the following three criteria at a minimum:

1. The bond must be issued in a sufficiently high dollar amount to reimburse ratepayers for any amount of losses ratepayers may incur due to the Demand Response Provider's (DRP) negligence or misconduct.
2. The bond must guarantee the DRP's performance and provide that if there is a failure to perform the California Public Utilities Commission may receive reimbursement for the dollar value of that failure.
3. The bond must require payment to the State of California and the California Public Utilities Commission any amounts payable in the bond upon any default by the DRP.

Sample Language:

KNOW ALL BY THESE PRESENTS that we [INSERT NAME OF DRP], as Principal, and [INSERT NAME OF SURETY], a corporation organized and existing under the laws of the State of _____ and authorized to transact business in the State of California, as surety, are held and firmly bound unto the California Public Utilities Commission, as Obligee, in the penal sum of \$ _____ [INSERT AMOUNT AS SET IN RULE 24/32, SECTION E.1.D], good and lawful money of the United States of America, for the payment of which well and truly to be made we bind ourselves, our heirs, administrators, executors, successors and assigns, jointly and severally, firmly by these presents.

Updated 9.19.16

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WHEREAS the Principal has made application to the Obligee for Registration as a Demand Response Provider under the provisions of the California Public Utilities Code, applicable California Public Utilities Commission decisions and the Pacific Gas and Electric Company's (PG&E's) and Southern California Edison Company's (SCE's) Electric Rule No. 24, and San Diego Gas and Electric Company's Electric Rule No. 32, Direct Participation Demand Response Rules ; and

WHEREAS the principal is required to post a performance bond in accordance with the provisions of the California Public Utilities Code and applicable California Public Utilities Commission decisions, including without limitation Decisions 13-05-012 and 12-11-025, for claims/damages resulting from the principal's nonperformance, fraud, or other violations of the laws, decisions and orders applicable to Demand Response Providers.

NOW, THEREFORE, if the Principal shall faithfully conform to, abide by, and/or perform all obligations under any applicable laws, decisions, and orders administered or issued by said Obligee, or any other applicable laws, decisions, and orders, including, without limitation, paying to the Obligee, or to any other person(s) or entity(s) as required by law, all monies due, or which shall become due, pursuant to such laws, decisions, and orders referenced herein, and receiving only funds to which Principal is legally due under Obligee's Direct Participation Demand Response Rules (Electric Rules 24/32), then the above obligation shall be void, otherwise to be and remain in full force and effect. If Principal shall fail in any of the foregoing ways, the above obligation shall be due and payable to Obligee up to the full amount of the bond.

The bond issuer reserves the right to cancel this bond by giving ninety (90) days written notice to the Obligee, and on the effective date of such ninety-day cancellation notice, the bond issuer is discharged and relieved of any liability, except the bond issuer shall remain liable for amounts not paid to customers by the DRP where the DRP's obligation to pay arises out of an involuntary cancellation of the DRP's customers from the DRP's contracts and where the involuntary cancellation occurs, or was noticed to the utility, before the termination of the bond. It is understood and agreed that the bond issuer will in no event be liable for an amount in excess of the stated coverage amount of this bond. Any termination notice must be sent to California Public Utilities Commission - 505 Van Ness Avenue, San Francisco, CA 94102, Attention: Energy Division - - Demand Response Provider Registration, by certified/return receipt mail.