

Exhibit B
Budget Detail and Payment Provisions

1. Advance Payments

- a. The Sponsor shall provide sufficient funds in advance to reimburse DOE, through its Facility Operator, for costs to be incurred in performance of the work described in this Agreement, and the Facility Operator shall not perform in the absence of advance funds. For and in consideration for performance of this Agreement, Sponsor agrees to pay DOE, through its Facility Operator, an amount equal to the Facility Operator's cost of performance in accordance with the conditions listed in this Agreement. Nothing contained in this Agreement shall preclude advance payment to the Government pursuant to Title 2, Government Code Section 12425. The total amount of costs to the Sponsor shall not exceed the amount stated in Block 3 of the attached Standard Agreement.
- b. If the estimated period of performance exceeds ninety (90) days and the estimated cost exceeds \$25,000.00, the Sponsor may, with the DOE's approval, advance funds incrementally. In such a case, the Facility Operator will initially invoice the Sponsor in an amount sufficient to permit the work to proceed for one hundred and eighty (180) days and thereafter invoice the Sponsor to maintain approximately a ninety (90)-day period that is funded in advance.
- c. The Facility Operator shall submit ninety (90)-day invoices requesting payment. Each invoice is subject to Sponsor approval and payment by the State Controller's Office. The Sponsor will accept computer-generated or electronically transmitted invoices without backup documentation, provided the Facility Operator sends a hard copy the same day, correctly addressed with postage prepaid to the Sponsor address listed in this article.
- d. The Sponsor's Agreement Manager will approve ninety (90)-day advance payments provided that the Sponsor's Agreement Manager has received and approved the written progress reports, and any other products required in the reporting period. If such information has not been provided to the Sponsor's Agreement Manager, a written dispute notice specifying the reasons for dispute will be sent by the Sponsor's Agreement Manager to DOE through the Facility Operator's Agreement Administrator. Such notice shall be made within fifteen (15) days of receipt of the disputed invoice for payment on a State of California Standard Form 209. If the invoice for payment is not disputed within fifteen (15) days, the invoice is presumed to be valid, but is subject to audit and verification in accordance with the audit provisions of this Agreement.
- e. The Facility Operator shall submit all invoices for payment to:

Accounting Office, MS-2
California Energy Commission
1516 9th Street, 1st Floor
Sacramento, California, 95814

- f. Payment shall be made directly to the Facility Operator within 30 days of receipt of a correct invoice. The State shall make payment to the Facility Operator as promptly as fiscal procedures permit.
- g. Sponsor shall enter this Agreement number on the check and mail payment to the following address:
- Lawrence Berkeley National Laboratory
Dept. # 34240
P.O. Box 39000
San Francisco, CA 94139
Attn: Cashier's Office Accounts Receivable
- h. A 90-day reconciliation report for actual costs shall be submitted no later than the 30th day following the end of the previous ninety (90)-day performance period. The reconciliation report shall include but is not limited to:
1. Facility Operator's name, Federal ID number, this Agreement number, and the CEC grant number,
 2. Direct labor costs,
 3. Fringe benefit costs
 4. Subcontractor, consultants & other services costs,
 5. Travel costs,
 6. Equipment costs
 7. Material and Miscellaneous costs,
 8. Overhead costs.
- The Facility Operator will provide details of how the costs for items 2-8 were determined for the actual amount shown on the 90-day reconciliation budgets. For instance, for direct labor, details of the staffing and classification, actual billed rate and hours will be provided for both the Facility Operator and any subcontractors. For travel, equipment, material and miscellaneous costs, provide an itemized list of the description of the expense and the actual costs. See Energy Commission invoice template:
<http://www.energy.ca.gov/research/contractors.html>.
- i. Upon termination or completion of this Agreement, the DOE shall direct the Facility Operator to refund any excess funds to the Sponsor. The Facility Operator will reconcile total Agreement costs to total payments received in advance and any remaining advance will be refunded to the Sponsor's Accounting Office. In the event the Agreement is terminated, total project costs incurred prior to the effective date of termination (including close-out costs) will be reconciled to total project payments received in advance and any remaining advance will be refunded to the Sponsor. In either event, DOE, through its Facility Operator, shall return any balance due to the California Energy Commission within sixty (60) days.
- j. Evidence of progress, products, and written progress reports as detailed in the Work Statement shall be prepared and provided by DOE through its Facility Operator's Project Manager (Principal Investigator).

2. Budget Contingency Clause

- a. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement or the California Public Utilities Commission does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the Sponsor shall have no liability to pay any funds whatsoever to Facility Operator or to furnish any other considerations under this Agreement and Facility Operator shall not be obligated to perform any provisions of this Agreement.
- b. If funding for any fiscal year is reduced or deleted by the Budget Act or the California Public Utilities Commission for purposes of this program, the Sponsor shall have the option to either cancel this Agreement with no liability occurring to the Sponsor, or offer an agreement amendment to Facility Operator to reflect the reduced amount.

3. Other Terms

- a. The DOE's estimated cost for the work to be performed by the Facility Operator under this Agreement is stated on the signature page for this Agreement. If the Sponsor requires matching funds, the assessed value of the Federal Administrative Charge that is not charged to this project and the assessed value of any identified synergistic project(s) are stated in this Exhibit B. Specific details are found in Exhibit A, Work Statement.
- b. The DOE has no obligation to direct the Facility Operator to continue or complete performance of the work at a cost in excess of its estimated cost, including any modification to this Agreement.
- c. The DOE, through its Facility Operator, agrees to provide at least sixty (60) days written notice to the Sponsor's Agreement Manager if the actual cost to complete performance will exceed the estimated cost.
- d. Budget reallocations shall be made in accordance with Exhibit C, Section 11 "Amendments."
- e. The Sponsor hereby warrants and represents that the funding it brings to this Agreement has been secured through the State of California and the funding is not restricted by other terms and conditions (including intellectual property) that conflict with the terms of this Agreement.
- f. Upon termination or completion of this Agreement, the DOE shall direct the Facility Operator to refund any excess funds, to the Sponsor. The Facility Operator will reconcile total Agreement costs to total payments received in advance and any remaining advance will be refunded to the Sponsor's Accounting Office. In the event the Agreement is terminated, total project costs incurred prior to the effective date of termination (including close-out costs) will be reconciled to total project payments received in advance and any remaining advance will be refunded to the Sponsor. In either event, DOE, through its Facility Operator, shall return any balance due to the Sponsor within sixty (60) days.

4. Rates

The rates in Exhibit B Attachment are described below:

a. **Category Budget**

The category budget contains total dollar figures by budget categories. The Facility Operator shall only spend funds up to the amounts listed in each budget category. The Facility Operator can request to amend the Agreement to reallocate funds between budget categories via the Amendment term (Exhibit C, Section 11). If the Sponsor agrees to the budget reallocation, the Sponsor will start the process to amend the Agreement.

b. **Direct Labor, Fringe Benefits, Indirect Costs and any other rates in Exhibit B Budgets.**

These amounts are calculated using DOE Approved Forward Pricing Rates at the time of proposal. The Maximum Rates that are provided are estimated and based on DOE Approved Forward Pricing Rates at time of proposal, with an increased amount added to anticipate possible rate changes in the future. The Maximum Rates shown are thus higher than Forward Pricing Rates. Facility Operator's rates are subject to change to ensure compliance with DOE's full-cost recovery policy. By providing Maximum Rates in the Attachment to this Exhibit, the Facility Operator anticipates the possibility that DOE Forward Pricing Rates might not be high enough to achieve full-cost recovery. The Facility Operator will only charge the Sponsor and the Sponsor will only reimburse for actual expenses or benefits incurred, up to the Maximum Rates.

If the actual rates ever exceed the Maximum Rates specified in the Exhibit B Attachment, Facility Operator will bill only for actual rates up to the Maximum Rates. The Facility Operator shall only use Sponsor's funds, which are advanced to it, for actual rates up to the Maximum Rates amount and for total amounts listed by budget category in the original Agreement budget or as amended in writing by both the Facility Operator and the Sponsor.

5. Budget Detail (TBD)

Budget Detail is contained in the Attachment to this Exhibit.

Exhibit C

General Terms and Conditions

1. Definitions

The following definitions apply to all Exhibits attached herein.

- a. "Government" or "DOE" or "Department" means the Federal Government or U.S. Department of Energy.
- b. "Sponsor" means the California Energy Commission, also referred to herein as "CEC".
- c. "Facility Operator" means The Regents of the University of California directed by the DOE to perform the work set forth in Exhibit A, Scope of Work under this Agreement
- d. "Background Intellectual Property" means the separately developed intellectual property items identified by the Facility Operator in Exhibit E paragraph 9, which were conceived or in existence prior to or first produced outside of this Agreement.
- e. "Contract Service Provider" or "CSP" means a service provider that is not a Licensee performing services under written contract for an LSE to make the Subject Invention solely for use by the LSE at LSE facilities, including its transmission and distribution systems, in California.
- f. "Copyrighted Project Work" means any copyrightable work as defined under U.S. copyright law that is first created by the Facility Operator, Subcontractors or Match Fund Contributors in the performance of this Agreement, is not a scholarly work, and to which permission to assert copyright has been granted. In the case of Facility Operator, such permission is granted to assert copyright in accordance with its M&O Contract with the DOE.
- g. "Deliverable" data is that which, under the terms of this Agreement, is required to be delivered to the Sponsor.
- h. "Equipment" means any products, objects, machinery, apparatus, implements or tools, in excess of \$5,000.00, purchased or constructed under this Agreement, including those products, objects, machinery, apparatus, implements or tools, in excess of \$15,000.00, from which over thirty percent (30%) of the equipment is composed of materials purchased for the project. For the purposes of determining residual value, the Sponsor will use straight line depreciation over the equipment's useful life as determined by the Sponsor's standard accounting practices. The residual value will be calculated as of the date of the completion or termination of this Agreement.
- i. "Generated Information" means information first produced in the performance of this Agreement.

- j. “Independently Funded Intellectual Property” means inventions, technologies, designs, drawings, data, software, formulas, compositions, processes, techniques, works of authorship, trademarks, service marks, and logos that are created, conceived, discovered, made, developed, altered, or reduced to practice by the Facility Operator, a Subcontractor, a Match Funds Contributor or a third party prior to, during or after the Agreement term without Energy Commission funds or Match Funds; and (b) associated proprietary rights to these items that are obtained without Energy Commission funds or Match Funds, such as patent and copyright.
- k. “Intellectual Property” means: (a) inventions, technologies, designs, drawings, data, software, formulas, compositions, processes, techniques, works of authorship, trademarks, service marks, and logos that are created, conceived, discovered, made, developed, altered, or reduced to practice with Agreement or match funds during or after the Agreement term; (b) any associated proprietary rights to these items, such as patent and copyright; and (c) any upgrades or revisions to these items.

“Works of authorship” does not include written products created for Agreement reporting and management purposes, such as reports, summaries, lists, letters, agendas, schedules, and invoices.

- l. A “Load-Serving Entity(ies)” or “LSE” means a company or other organization that provides electricity to EPIC ratepayers in California.
- m. “Licensee” means any company which has entered into a license for any financial consideration with Facility Operator to purchase, make, sell and offer for sale a Licensed Product arising under this Agreement.
- n. “Licensed Product” means any product commercialized by a Licensee that embodies or utilizes Generated Information, a Subject Invention, or Copyrightable Work, or Other Intellectual Property.
- o. “Match Funds” means cash or in-kind (non-cash) contributions shown in the approved budget in Exhibit B and provided by Facility Operator or other parties that will be used in performance of this Agreement.
- p. “Match Fund Contributor” or “MFC” means the third party identified as providing Match Funds under this Agreement (e.g., identified by the Facility Operator in its proposal that led to this Agreement, in the products of the Scope of Work Subtask 1.7 “Match Funds” in Exhibit A, and/or in the budget documents in Exhibit A) and such third party executes a Match Fund Collaborative Agreement with Facility Operator.
- q. “Match Funded Intellectual Property” means Background Intellectual Property, Generated Information, Technical Data, Copyrighted Project Work, Subject Inventions, Other Intellectual Property, or data generated by a Match Funds Contributor under this Agreement.
- r. “Match Fund Collaborative Agreement” or “MFC Collaborative Agreement” means any agreement between Facility Operator and a party or parties providing Match Funds, *i.e.*, a Match Fund Contributor, for the work under this Agreement.

- s. "Materials" means the substances used in constructing a finished object, commodity, device, article or product.
- t. "Net Revenues" means the total of the gross invoice prices of Licensed Product sold, less the sum of the following actual and customary deductions where applicable: cash; quantity discounts; sales, use, tariff, import/export duties or other excise taxes imposed upon particular sales; transportation charges; and allowance or credits to customers because of rejections or returns.
- u. "Net Royalties" means gross royalties and fees received by the Facility Operator from a Licensee as consideration for commercially licensing any Subject Invention, Copyrighted Project Work or Other Intellectual Property, less the following:
 - i. legal and other direct expenses (that are not otherwise reimbursed under an option or license agreement from a third party) of patenting, protection and preserving patent, copyrighted and related intellectual property rights, maintaining patents and such other costs, taxes, or reimbursements as may be necessary or required by law, except patent infringement expenses, and
 - ii. inventor or author shares in accordance with the Facility Operator's patent or copyright policy.

Direct expenses include operation expenses of the Facility Operator. Net Royalties does not include any payments to joint holders nor research funding accepted in association with an option or licensing agreement. Net Royalties shall be determined annually by the Facility Operator for each licensed Subject Invention, Copyrighted Work, and/or Other Intellectual Property.

- v. "Other Intellectual Property" means Intellectual Property generated under this Agreement, other than a Subject Invention or Copyrighted Project Work, over which legal protection is established by the performing Facility Operator under Federal law in conformance with the Facility Operator's M&O contract or is established by a Subcontractor or Match Fund Contributor, and the foreign counterparts of the intellectual property, such as a trademark/servicemark as provided by Chapter 22 of USC Title 15. Such Other Intellectual Property is subject to certain march-in rights, US Preference, and to a retained United States governmental purpose license.
- w. (Reserved.)
- x. "Patent Counsel" means the DOE Patent Counsel assisting the procuring activity who has the administrative responsibility for the facility where the work under this Agreement is to be performed.
- y. "Project" means the entire effort undertaken and planned by the Facility Operator under Exhibit A, Scope of Work and includes the work funded by the Sponsor.
- z. "Project Task" means the statement of work or description of effort that defines the activities to be performed for a specific task in Exhibit A, Scope of Work.

- aa. "Proprietary Information" means information which is developed outside of this Agreement or solely by a Match Fund Contributor, is marked as Proprietary Information, and embodies (1) trade secrets, or (2) commercial or financial information which is privileged or confidential under the Freedom of Information Act (5 U.S.C. 552 (b)(4)), or (3) is protected under the California Public Records Act (California Government Code section 6250 et seq.)
- i. A trade secret is any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented and which is generally known only to certain individuals with a commercial concern and are using it to fabricate, produce or compound an article of trade or a service having commercial value and which gives its user an opportunity to obtain a business advantage over competitors who do not know or use it.
 - ii. Commercial or financial information is information about the operation of a specific business. It includes information concerning the cost and pricing of goods, supply sources, cost analyses, characteristics of customers, books and records of the business, sales information including mailing lists, business opportunities, information regarding the effectiveness and performance of personnel, and information incidental to Agreement administration.
- bb. "Sale" means the sale, license, lease, gift or other transfer of a project-related product or right.
- cc. "Subcontractor" means an entity that is performing research and has received Agreement funds via a subaward arrangement appropriate for that entity from Facility Operator. A Subcontractor may include, but is not limited to, not-for-profit and for-profit organizations, Federal laboratories, or any part of the University of California, such as a campus. This definition does not include Vendors providing goods and services.
- dd. "Subject Invention" means any invention or discovery of Facility Operator that is conceived in the course of or under this Agreement, or, of the Sponsor, Subcontractors, or Match Fund Contributors that is conceived or first actually reduced to practice in the course of or under this Agreement. "Subject Invention" includes any art, method, process, machine, manufacture, design or composition of matter, or any new and useful improvement thereof, or any variety of plant, whether patented under the Patent Laws of the United States of America or any foreign country, or unpatented.

- ee. "Technical Data" as used throughout this Agreement means recorded information regardless of form or characteristic, of a scientific or technical nature. It may, for example, document research; document experimental, developmental, demonstrations, or engineering work; or be usable or used to define a design or process; or to procure, produce, support, maintain, or operate material. The data may be graphic or pictorial delineations in media such as drawings or photographs, test specifications or related performance or design type documents or computer software (including computer programs, computer software data bases, and computer software documentations).
- ff. "Trademark" means a distinctive mark, symbol or emblem used in commerce by a producer or manufacturer to identify and distinguish its goods or services from those of others.
- gg. "Vendor" means dealer, distributor, merchant or other seller providing goods or services that are required for the performance of the Scope of Work. Vendors are not considered Subcontractors and are subject to the normal terms and conditions of the Facility Operator's procurement process.
- hh. "Unlimited Rights" means the right to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose, and to have or permit others to do so.

2. Performance

- a. The DOE has directed The Regents of the University of California, hereinafter referred to as the "Facility Operator" to perform the work set forth in Exhibit A, Scope of Work under this agreement with the California Energy Commission, and hereinafter referred to as "Sponsor."
- b. It is understood by the Parties that the Facility Operator is obligated to comply with the terms and conditions of its Management and Operating (M&O) contract no. DE-AC02-05CH11231 with the United States Government (Government) represented by the DOE when performing this Agreement. The obligations of the Facility Operator shall apply to any successor to the Facility Operator continuing the operation of the DOE facility involved in this Agreement.
- c. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the Parties, and no oral understanding or agreement not incorporated in this Agreement shall be binding on any of the Parties and the Facility Operator. Other than as specified in this Agreement, no document or communication passing between the Parties and the Facility Operator shall be deemed part of this Agreement. See Section 11 of this Exhibit C, Amendments.
- d. In no event shall any course of dealing, custom or trade usage modify, alter, or supplement any of the terms or provisions contained herein.

- e. Governing Law. This Agreement and the legal relations among the Parties and the Facility Operator shall be governed and construed in accordance with California and Federal law. In the event of any conflict between Federal law applicable to this Agreement and California State law, Federal law shall take precedence.
- f. The DOE and Facility Operator agree to comply with all applicable Federal and State laws.
- g. Changes in the scope of work must be approved in writing by the Sponsor, See Section 11 of this Exhibit, Amendments. .
- h. Facility Operator, its subcontractors and their employees in the performance of work under this Agreement shall be responsible for using their best efforts to exercise the degree of skill and care required by customarily accepted good professional practices and procedures used in scientific and engineering research fields.

3. **Term of the Agreement**

The term of this Agreement is shown on the signature page and shall continue for the performance period stated. This Agreement shall be effective as of the later of the start date or the approval date by the California Energy Commission. The Facility Operator will not start work under this Agreement until the date on which the Facility Operator receives advance funding from the Sponsor, if advance funding is provided for in Exhibit B. Time is of the essence in this Agreement.

4. **Property**

- a. No Federal funds will be used to purchase property or equipment under this Agreement.
- b. Equipment identified in Exhibit A, Scope of Work, and outlined in Exhibit B, Budget, is approved for purchase.
- c. In the event Sponsor's funds are used to purchase equipment not identified in Exhibit A, Scope of Work, and outlined in Exhibit B, Budget, the purchase of equipment with a purchase price in excess of \$5,000.00 shall be subject to prior written approval from the Sponsor's Agreement Manager.
- d. As between the Sponsor and Facility Operator, title to all equipment, including Equipment as defined above in paragraph 1.H, purchased with Sponsor's funds shall remain with Facility Operator.

e. As between the Facility Operator and MFC, unless specifically stated otherwise in Exhibit A, Statement of Work or in the MFC Collaborative Agreement, any personal property or equipment with a value greater than [5000] produced or acquired with Match Funds under this Agreement, will be owned by the MFC and will be disposed of as directed by the MFC at the MFC's expense or as required by the MFC Collaborative Agreement. Any personal property or equipment, produced or acquired as part of this Agreement will be accounted for and maintained during the term of the Agreement in the same manner as Department property or equipment and unless specifically stated otherwise in Exhibit A Statement of Work or in the MFC Collaborative Agreement, title to such property or equipment not removed by the end of the Agreement and/or which is integrated into the Facility, shall pass to Facility Operator.

5. **Publication Matters** The DOE, Facility Operator, and the Sponsor shall provide each other not less than a thirty (30) day period in which to review and comment on a proposed publication that either discloses technical developments and/or research findings generated in the course of this Agreement, or identifies Proprietary Information (as defined in Exhibit D). The DOE, Facility Operator, or the Sponsor shall not publish or otherwise disclose Proprietary Information identified by the other, except as provided by law.

6. **Legal Notice** The Parties agree that the following legal notice shall be affixed to each report furnished to the Sponsor under this Agreement and to any report or reprint resulting from this Agreement which may be distributed by the Sponsor, DOE, or the Facility Operator.

"The Lawrence Berkeley National Laboratory is a national laboratory of the DOE managed by The Regents of the University of California for the U.S. Department of Energy under Contract Number DE-AC02-05CH11231. This report was prepared as an account of work sponsored by the Sponsor and pursuant to an M&O Contract with the United States Department of Energy (DOE). The Regents of the University of California, nor the DOE, nor the Sponsor, nor any of their employees, contractors, or subcontractors, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe on privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise, does not necessarily constitute or imply its endorsement, recommendation, or favoring by The Regents of the University of California, or the DOE, or the Sponsor. The views and opinions of authors expressed herein do not necessarily state or reflect those of The Regents of the University of California, the DOE, or the Sponsor, or any of their employees, or the Government, or any agency thereof, or the State of California. This report has not been approved or disapproved by The Regents of the University of California, the DOE, or the Sponsor, nor has The Regents of the University of California, the DOE, or the Sponsor passed upon the accuracy or adequacy of the information in this report."

7. Disclaimer

THE GOVERNMENT AND THE FACILITY OPERATOR MAKE NO EXPRESS OR IMPLIED WARRANTY AS TO THE CONDITIONS OF THE RESEARCH OR ANY INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DEVELOPED UNDER THIS AGREEMENT, OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE RESEARCH OR RESULTING PRODUCT: THAT THE GOODS, SERVICES, MATERIALS, PRODUCTS, PROCESSES, INFORMATION, OR DATA TO BE FURNISHED HEREUNDER WILL ACCOMPLISH INTENDED RESULTS OR ARE SAFE FOR ANY PURPOSE INCLUDING THE INTENDED PURPOSE; OR THAT ANY OF THE ABOVE WILL NOT INTERFERE WITH PRIVATELY OWNED RIGHTS OF OTHERS. NEITHER THE GOVERNMENT NOR THE FACILITY OPERATOR SHALL BE LIABLE FOR SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES ATTRIBUTED TO SUCH RESEARCH OR RESULTING PRODUCT, INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DELIVERED UNDER THIS AGREEMENT.

8. Insurance

The performing Facility Operator shall be obligated hereunder to obtain and maintain general liability insurance during the life of this Agreement in an amount deemed sufficient by the Sponsor and approved by the Government to indemnify and hold harmless the Government, the Sponsor, and the Facility operator, their officers, agents, employees and persons acting on their behalf from all liability, including costs and expenses incurred, to any person, including the Parties and Facility Operator personnel, for injury to or death of persons or other living things or injury to or destruction of property arising out of the performance of the Agreement by the Government, the Sponsor, or the Facility Operator, or persons acting on their behalf, or arising out of the use of the services performed, materials supplied, or information given hereunder by any person. The Facility Operator's cost associated with obtaining and maintaining such liability insurance policy shall be an expense that is considered by the Parties and the Facility Operator to be allocable to this Agreement. Should the Facility Operator be unwilling or unable to obtain such general liability insurance, the Sponsor may obtain such coverage and, at its discretion, deduct the cost associated with maintaining such policy from the amount of the- successful proposal award. Should neither the performing Facility Operator nor the Sponsor choose to provide adequate insurance protection, this Agreement shall be considered null and void. Nothing herein shall preclude the Facility operator from entering into agreements to indemnify the Sponsor and the Government from the liability, costs, and expenses addressed in this clause provided that any such agreement shall not result in costs allocable or liabilities chargeable to the Government.

9. Notice and Assistance Regarding Patent and Copyright Infringement

The Sponsor shall report to the DOE and the Facility Operator, promptly and in reasonable written detail, each claim of patent or copyright infringement based on the performance of this Agreement of which the Sponsor has knowledge. The Sponsor shall furnish to the DOE and the Facility Operator, when requested by the DOE or the Facility Operator, all evidence and information in the possession of the Sponsor pertaining to such claim.

10. Assignment

Except as noted, neither this Agreement nor any interest therein or claim there under shall be assigned or transferred by either Party, except as authorized in writing by the other Party to this Agreement. Such authorization shall not be unreasonably withheld. The Parties recognize that the DOE may transfer the original Facility Operator's obligations under this Agreement to a successor Facility Operator, with notice of such transfer to the Sponsor, and the original Facility Operator shall have no further responsibilities except for the confidentiality, use, and/or nondisclosure obligations of this Agreement. The obligations of the original Facility Operator shall apply to any successor to the original Facility Operator continuing the operation of the DOE facility involved in this Agreement.

11. Amendment

No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the Parties, and approved as required. No oral understanding or agreement not incorporated into this Agreement is binding on any of the Parties.

a. Procedure for Requesting Changes

The Facility Operator must submit a written request to the Commission Agreement Manager for any change to the Agreement. The request must include:

- A brief summary of the proposed change;
- A brief summary of the reason(s) for the change; and
- The revised section(s) of the Agreement, with changes made in underline/strikeout format.

b. Approval of Changes

Certain changes to the Agreement (e.g., changes that increase the Agreement amount or substitute one Facility Operator for another) must be approved at a Commission business meeting or by the Executive Director (or his/her designee). Generally, changes that are not significant to the Agreement may be documented in a Letter of Agreement signed by both parties (electronic signatures are acceptable).

The Contract Agreement Manager or Contract Agreement Officer will provide the Facility Operator with guidance regarding the level of Commission approval required for a proposed change.

12. Similar or Identical Services

The DOE, its Facility Operator, and the Sponsor shall have the right to perform similar or identical services described in the Exhibit A, Scope of Work for other sponsors as long as the Parties' and Facility Operator's Proprietary Information is not utilized.

13. Export Control

Each Party is responsible for its own compliance with laws and regulations governing export control.

14. Termination

- a. Performance of work under this Agreement may be terminated at any time by the Sponsor or the DOE, without liability, upon giving a forty-five (45) day written notice to the other. Such notice shall specify the termination date of the Agreement or the Parties shall negotiate a mutually satisfactory termination date.
- b. The Sponsor shall be responsible for the allowable costs under this Agreement (including closeout costs) to the extent they could not reasonably be avoided through the termination date of the Agreement, but in no event shall the Sponsor's cost responsibility exceed the total cost to the Sponsor, as described in Exhibit B. DOE agrees to use all reasonable efforts to mitigate its expenses and obligations. It is agreed that any obligations of the Parties and the Facility Operator regarding Proprietary Information or other intellectual property and payment of royalties will remain in effect, despite early termination of the Agreement.

15. Dispute Resolution

- a. The Parties are encouraged to use Alternative Dispute Resolution (ADR) processes to settle any differences that may arise during the performance of this Agreement, although it is not mandatory that they do so.
- b. Negotiation.
 - i. The Parties and the Facility Operator shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement by negotiating between officials who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. The Sponsor may contact the DOE representative listed below to request immediate attention to the issue raised by the Sponsor.

Jacolyn Byrd
Contracting Officer
Berkeley Site Office
U.S. Department of Energy
One Cyclotron Road Berkeley, CA 94720

- ii. Either Party may give the other Party written notice of any dispute not resolved in the normal course of business. Within fifteen (15) days after receipt of the notice, the Party receiving notice of the dispute shall submit to the other a written response. The notice and the response shall include (a) the issues in the dispute, (b) the legal authority or other basis for the Party's position, (c) the remedy sought, and (d) the name and title of the executive or official who will represent the Party and of any other person(s) who will accompany the executive or official.

Within thirty (30) days after receipt of the disputing Party's notice, the representatives of the Parties and the Facility Operator shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one Party to the other will be honored. If the matter has not been resolved within sixty (60) days of the disputing Party's notice, or if the Parties fail to meet within thirty (30) days, either Party may initiate mediation of the controversy or claim provided hereafter.

- iii. All negotiations pursuant to this Agreement are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State of California rules of evidence.

c. Mediation.

- i. In the event the dispute has not been resolved by negotiation as provided herein, the Parties' may agree to participate in non-binding mediation, using a mutually agreed upon mediator. The mediator will not render a decision, but will assist the Parties and the Facility Operator in reaching a mutually satisfactory agreement. The Parties agree to equally split the costs of the mediation.
- ii. The first mediation session shall commence within thirty (30) days from the agreement to mediate. The Parties may contact the DOE Office of Dispute Resolution with questions or for assistance with selection of neutrals or samples of "Agreements to Mediate." All mediations are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State of California rules of evidence.

- d. The Parties' performing work under this Agreement shall continue with the responsibilities under this Agreement during any dispute.

- e. In the event that the Sponsor believes the Facility Operator/subcontractor has failed or is failing to perform in accordance with the stated standard of performance in paragraph 2(h), the Sponsor and the Facility Operator shall negotiate in good faith an equitable resolution satisfactory to both parties. If such resolution cannot be reached, the Parties may work through the Alternate Dispute Resolution process described above. In the event negotiation and the Alternate Dispute Resolution process do not provide a satisfactory resolution, Sponsor's sole remedy in the event of the Facility Operator's failure to perform in accordance with the standard of performance in paragraph 2(h) is termination of the Agreement. Nothing herein shall preclude the Facility Operator from entering into agreements of other or additional remediation with the Sponsor provided that any such agreement shall not result in costs allocable or liabilities chargeable to the Department of Energy.
- f. Nothing contained in this section 15 is intended to limit any of the rights or remedies that the Parties may have under law, or to limit exercise of any other provision of this agreement.

16. Subcontractors and Vendors Agreements

- a. DOE oversight of Facility Operator's agreements with Subcontractors and Vendors. The Facility Operator shall be responsible to the DOE for establishing and maintaining contractual agreements with and reimbursement of each of the Subcontractors and Vendors for work performed in accordance with the terms of this Agreement. Upon request, the Facility Operator shall provide the Sponsor with copies of all Subcontractor and Vendor agreements resulting from this Agreement promptly upon final execution thereof.
- b. Replacement of key Subcontractors. The key Subcontractors can be replaced or substituted with prior written concurrence of the Sponsor's Agreement Manager. Such concurrence shall be timely and not unreasonably withheld.
- c. Replacement or substitution of all other subcontractors. The Facility Operator shall notify the Sponsor in writing of any replacement or substitution of subcontractors not listed as key Subcontractors in the Exhibit A, Scope of Work.
- d. Termination of subcontracts. Upon the termination of any subcontract, the Sponsor's Agreement Manager shall be immediately notified in writing.
- e. DOE oversight of Facility Operator's procurement processes. The Facility Operator shall use DOE approved and regulated procurement policies, processes, and procedures to achieve the subcontract and vendor obligations under this Agreement. Federally-approved policies, processes, and procedures regarding competitive selection, sole-source justification, intellectual property rights, assignment, and flow-down shall be maintained for all subcontracts under this Agreement.

17. Match Funds Contributors Collaborative Agreements

- a. Before any Match Fund contribution, e.g., funds, personnel and/or equipment, Facility Operator shall require each MFC to enter into a MFC Collaborative Agreement, which is a sub-agreement under this Agreement with Facility Contractor in which MFCs agree to be comply with applicable terms, conditions, and obligations of this Agreement pursuant to the Project Task in which the MFC will participate and provide Match Funds.
- b. Any MFC Collaborative Agreement must ensure that the MFC agrees to grant a license to the Sponsor and the Government to fulfill the obligations provided in this Agreement.

18. Public Hearings

If public hearings on the subject matter dealt with in this Agreement are held during the period of the Agreement, the DOE shall ensure that the Facility Operator makes available to testify the Facility Operator personnel assigned to this Agreement if requested by the Sponsor. The Sponsor will reimburse, by advance payment, the labor and travel costs of testifying personnel assigned to this Agreement at the Facility Operator's rates for such work. Any terms and conditions will be contained in the Scope of Work. If the need for witness(es) arises during the grant performance, the parties shall negotiate the details of any necessary appearances.

19. Site Access for Project Review

The Parties acknowledge that the DOE enforces strict requirements regarding security, safety, and access to the DOE National Laboratories' sites and facilities. To the extent permitted by DOE and Facility Operator security, safety, and access requirements, the Sponsor and the California Public Utilities Commission and their respective staff and representatives shall have reasonable access to the construction site or Research & Development laboratory and receive presentations and information related to performance under this Agreement.

20. Notice to Parties and Facility Operator

Notice to the Parties to this Agreement may be given by certified mail properly addressed, postage fully prepaid, to this address:

Sponsor:

Rachel Grant Kiley, Manager
CA Energy Commission Contracts, Grants and Loans Office
1516 Ninth Street MS-18
Sacramento, CA 95814

DOE:

Contracting Officer
Berkeley Site Office
U.S. Department of Energy
One Cyclotron Road Berkeley, CA 94720

Facility Operator:

Contracts Officer
Innovation & Partnerships Office
Lawrence Berkeley National Laboratory
One Cyclotron Road, M/S 56A-120
Berkeley, CA 94720

Notice may be given to such other address as either Party or the Facility Operator shall provide to the other in accordance with this section. Such notice shall be effective when received, as indicated by post office records, or if deemed undeliverable by post office, such notice shall be effective nevertheless fifteen (15) days after mailing.

Alternatively, notice may be given by personal delivery at the address designated or to such other address as either Party or the Facility Operator shall notify the other in accordance with this section. Such notice shall be deemed effective when delivered unless a legal holiday for State or Federal offices commences during the 24-hour period, in which case the effective time of the notice shall be postponed 24 hours for each such intervening day.

21. Business Activity Reporting

- a. The DOE shall give Sponsor prior written notice of any change of address or name change.
- b. Facility Operator shall not change or reorganize the type of business entity under which it does business except upon prior written notification to the Sponsor, except that the Department of Energy can change the successor to the Facility Operator to continue the operation of the DOE facility without prior written notification to the Sponsor. Once notified of this change and in the event the Sponsor is not satisfied that the new entity can perform as the original Facility Operator would have, the Sponsor may terminate this Agreement as provided in the Termination paragraph.
- c. Facility Operator shall promptly notify Sponsor of the occurrence of each of the following:
 - i. The existence of any litigation or other legal proceeding affecting the Project;
 - ii. The occurrence of any casualty or other loss to project personnel, equipment, with a purchase price in excess of \$5,000.00, or third parties of a type commonly covered by insurance; and

- iii. Facility Operator's receipt of notice of any claim or potential claim against Facility Operator for patent, copyright, trademark service mark and/or trade secret infringement that could affect the Sponsor's rights. The Facility Operator shall report to the Sponsor in reasonable written detail, each claim of patent or copyright infringement based on the performance of this Agreement of which the Facility Operator has knowledge. The Facility Operator shall furnish to the Sponsor, when requested by the Sponsor, all evidence and information in the possession of the Sponsor pertaining to such claim.

22. Travel and Per Diem

- a. Travel will be in accordance with the Federal Travel Regulations as modified by the Facility operator's DOE-approved rates.
- b. Travel identified as pre-approved in the budget documents does not require prior authorization.
- c. Travel that is not included in Facility Operator's Scope of Work shall require prior written authorization from the Sponsor Grant Manager.
- d. Origination and destination points for calculating travel expenses shall be the Facility Operator's office location where the employees performing on the Agreement are permanently assigned. The Facility Operator shall be reimbursed for travel and per diem on the same basis as the Facility Operator's DOE-approved rates in effect during this Agreement.
- e. The Facility Operator will document travel expenses as follows:
 - i. expenses must be detailed using the Facility Operator's DOE-approved rates.
 - ii. expenses must be documented by trip including dates and times of departure and return. Employee's travel expense report may be used instead.
 - iii. The Facility Operator will retain travel expense documentation and receipts for audit and verification to the extent audits are permitted by DOE policy.

23. Accounting, Cost Allowability, and Audit Provisions

- a. Accounting Procedures. The Facility Operator's costs shall be determined on the basis of the Facility Operator's accounting system procedures and practices employed as of the effective date of this Agreement, and as may be revised from time to time, provided that generally accepted accounting principles and cost reimbursement practices are used. The Facility Operator's cost accounting practices used in accumulating and reporting costs during the performance of this Agreement shall be consistent with the practices used in estimating costs for any proposal to which this Agreement relates; provided that such practices are consistent with the other terms of this Agreement and provided, further, that such costs may be accumulated and reported in greater detail during performance of this Agreement. The Facility Operator's accounting system shall distinguish between direct costs and indirect costs. All costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs only with respect to costs incurred under this Agreement.
- b. Allowability and Unallowability of Costs. To the extent permitted by California law and any applicable funding mechanism limitations, the costs that shall be reimbursed by Sponsor include all costs, direct and indirect, incurred in the performance of work under this Agreement, as specified in Exhibit B. Allowability or unallowability of costs shall be determined in accordance with the Allowable Costs provision of the Department of Energy Acquisition Regulation (DEAR) incorporated in the Facility Operator's M&O Contract with the DOE as of the effective date of this Agreement and shall be determinative of the costs allowed under this Agreement. A copy of this provision shall be provided to Sponsor upon request.
- c. Audit. Sponsor or any other California state agency shall not audit the records of DOE. Upon the Sponsor's or the California State Auditor's (State Auditor) request and at the Sponsor's or State Auditor's expense, any cognizant federal audit agency, including the Defense Contract Audit Agency, the Government Accountability Office, the DOE Office of Inspector General, and the National Nuclear Security Administration Office of Inspector General, shall audit the Facility Operator's records related to this Agreement. The Facility Operator shall furnish detailed itemization of, and retain all records relating to, direct expenses reimbursed to Facility Operator, and to hours of employment on this Agreement by any employee of Facility Operator for which Sponsor is billed. Such records shall be maintained for a period of three years after final payment under this Agreement, or until audited by the DOE or its designee pursuant to the Sponsor's or the State Auditor's request, whichever occurs first. Once notified of a request for audit, the Facility Operator shall maintain such records until the audit is completed. Said shall be conducted in accordance with Government Auditing Standards, and shall be performed in a time frame and shall contain a scope of work mutually agreed to by the DOE and the State Auditor. The State Auditor shall be provided a copy of the audit report.

24. Stop Work

Sponsor's Grants Officer may, at any time, by five days written notice to the DOE, require the Facility Operator to stop all or any part of the Agreement's work tasks.

- a. Compliance. Upon receipt of such stop work order, the DOE shall ensure that the Facility Operator immediately take all necessary steps to comply and to minimize the incurrence of costs allocable to work stopped.
- b. Equitable Adjustment. An equitable adjustment shall be made by the Sponsor based upon a written request for an equitable adjustment by the DOE. Such adjustment request must be made within thirty (30) days from the date of receipt of the stop work notice.
- c. Revoking a Stop Work Order. The DOE shall order the Facility Operator to resume the stopped work only upon receipt of written instructions from the Sponsor's Grants Officer canceling the stop work order.

25. Captions

The headings that appear in this Agreement have been inserted for the purpose of convenience and ready reference. They do not purport, and shall not be deemed, to define, limit, or extend the scope or intent of the clauses to which they relate.

26. Independent Contractors

Under the terms of this Agreement, the DOE and its Facility Operator and their agents and employees and the Sponsor and its agents and employees shall act in an independent capacity and not as officers or employees or agents of the other. The Parties and the Facility Operator specifically acknowledge that they do not have authority to incur any obligations or responsibilities on behalf of the others.

27. Severability

If any provision of this Agreement or the application thereof is held invalid, that invalidity shall not affect other provisions of the Agreement.

28. Entire Agreement

It is expressly understood and agreed that this Agreement with its appendices contains the entire agreement between the Parties with respect to the work to be performed under this Agreement.

ATTACHMENT 1

PART I: CONFIDENTIAL PRODUCTS

Pursuant to 20 California Code of Regulations section 2505(c)(2)(B), the Energy Commission designates the following as confidential.

No Confidential Products

PART II: PRE-EXISTING INTELLECTUAL PROPERTY

Recipient has identified the following intellectual property as pre-existing the effective date of this Agreement and is required for performance of this Agreement but is not a product.

Pre-existing Intellectual Property (Please insert "none" in the types that do not apply):

Patents Issued

Title	Patent Number	Inventors/ Assignee (Owner)	File Date	Issue/ Grant Date	Country	Description
none						
none						

Patent Applications

Title	File Date	Public Description (2-3 sentences)

Trade Secrets

Title	<i>Public Description (2-3 sentences)</i>
none	

Copyrights

Title	Copyright Number	Owner	File Date	Issue/ Grant Date	Country	Description
none						

Trademarks

Title	Trademark Number	Owner	File Date	Issue/Grant Date	Country	Description
none						

Disclosure Memos

Title	Disclosure Date	Memo Number, if applicable	Public Description (2-3 sentences)

Invention Berkley (DOE National Labs Only)

Title	Number	Date
none		

EXHIBIT C – Attachment 2

California Taxpayer Access to Publicly Funded Research Act

Facility Operator shall comply with California Government Code section 13989 et seq. (“the Research Act”). The Research Act also requires the Sponsor to include the following terms into this Agreement:

- A. Facility Operator is responsible for ensuring that any publishing or copyright agreements concerning submitted peer-reviewed manuscripts fully comply with the Research Act.
- B. Facility Operator shall report to the Sponsor the final disposition of the peer-reviewed manuscript, including, but not limited to, if it was published, when it was published, where it was published, and, when the 12-month time period expires, where the peer-reviewed manuscript will be available for open access.
- C. The Sponsor shall retain information regarding all issued research grants that resulted in published works.

The Research Act states that “Grantees are authorized to use grant money for publication costs, including fees charged by a publisher for color and page charges, or fees for digital distribution.” **Facility Operator agrees that for purposes of this Agreement, it is only authorized to use funds under this Agreement, including Matching funds, for these purposes if the expenses are included in the Agreement’s Budget and meet the other Agreement requirements for payment, including that the Sponsor will only reimburse the Facility Operator for expenditures incurred during the Agreement term. If these expenses are not included in the Budget, both parties must agree and amend the Budget to include such expenditures before the Facility Operator is authorized to use Agreement funds, either reimbursable expenses or match, for these purposes.**

The definitions in the Research Act apply to this Exhibit C – Attachment 2.

**EXHIBIT C –
ATTACHMENT 3**

**STREAMLINING TERMS AND CONDITIONS FOR
EPIC LAWRENCE BERKELEY NATIONAL LABORATORY AGREEMENTS**

Existing agreements between CEC and Facility Operator can be amended to include this Attachment 3.

The terms in this document alter some of the terms and other requirements in the “EPIC Grant – Cal Fed Labs Terms (LBNL)” and existing agreements with Facility Operator. Accordingly, where there is a conflict, the CEC and Facility Operator agree that this Attachment 3 controls unless These Terms expressly indicate that Existing Terms take precedence. Outside of the changes made by this document, all other terms and requirements remain unchanged.

Acronyms and Terms Used in this Document and Their Meaning

Agreement	The grant agreement executed between the CEC and the Facility Operator.
Budget Categories	Means the following categories in Exhibit B, Budget: Direct Labor, Fringe Benefits, Travel, Equipment, Materials and Miscellaneous, Subrecipients and Vendors (formerly Subcontractors), and Indirect Costs and Profit.
CAM	Commission Agreement Manager or Sponsor’s Agreement Manager
CEC	California Energy Commission or Sponsor
Existing Terms	The terms that might be found in the CEC Grant – Cal Fed Labs Terms (LBNL) , including the terms for this Agreement.
Incurred Costs	An expense for which the Facility Operator has become liable (legally obligated) to pay.
MTDC	Modified Total Direct Costs, which means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, rental costs, tuition remission, scholarships and fellowships, and the portion of each subaward in excess of \$25,000.
Paid Costs	An expense for which the Recipient has already made payment.
Facility Operator or Recipient or Lawrence Berkeley National Laboratory or LBNL	The Regents of the University of California directed by the DOE to perform the work set forth in Exhibit A, Scope of Work under this Agreement
Subaward	For the Recipient, a Subaward means all agreements it has with Subcontractors and Vendors. For a Subcontractor, a Subaward means all agreements it has with Sub-Subcontractors and Vendors. For any lower-tiered level of Sub-Subcontractor, a Subaward means all agreements it has with its own Sub-Subcontractors and Vendors.

**EXHIBIT C –
ATTACHMENT 3**

Subrecipient or Subcontractor	“Subrecipient” or “Subcontractor” is as defined in the “EPIC Grant – Cal Fed Labs Terms (LBNL)” and means an entity that is performing research and has received Agreement funds via a subaward arrangement appropriate for that entity from Facility Operator. A Subcontractor may include, but is not limited to, not-for-profit and for-profit organizations, Federal laboratories, or any part of the University of California, such as a campus. This definition does not include Vendors providing goods and services. A Subcontractor is also a Subrecipient for the purposes of these ECAMS terms to clarify that the CEC policies and factors for classifying Subrecipients would apply to Subcontractors (see section 7 of These Terms).
Vendor	Vendor is as defined in the “EPIC Grant – Cal Fed Labs Terms (LBNL)” and means dealer, distributor, merchant or other seller providing goods or services that are required for the performance of the Scope of Work. Vendors are not considered Subcontractors and are subject to the normal terms and conditions of the Facility Operator’s procurement process. CEC policies and factors for classifying Vendors are set out in section 7 of These Terms.).
Attachment 3 or These Terms	The terms in this document titled “ Streamlining Terms and Conditions For EPIC Lawrence Berkeley National Laboratory Agreements. ”

1. Decoupling Products from Invoices

Existing Terms typically require grant recipients to submit products with invoices. This is no longer required. Recipients can separately submit products and invoices.

2. Quarterly Instead of Monthly Reports

CEC-LBNL agreements include within their scopes of work an administrative task requiring grant recipients to submit quarterly progress reports, often concurrent with submission of an invoice. Unless a different arrangement is discussed with and approved by the Commission Agreement Manager (CAM) in writing, which can be done without amending these terms (e.g., as simple as an email from the CAM), quarterly means by the tenth day of each January, April, July, and October.

3. New Requirement for Monthly Calls with the CAM

Recipients shall participate in brief phone calls that will occur at least monthly and which will be initiated by the CAM to briefly discuss project progress and identify any emerging issues. Monthly calls might not be held on those months when a quarterly progress report is submitted or the CAM determines that a monthly call is unnecessary.

4. Amendments and Other Changes

Existing Terms require a written amendment signed by both the CEC and Recipient for any change to the grant agreement (Exhibit C, Section 11). In contrast, These Terms

EXHIBIT C – ATTACHMENT 3

allow certain changes, as described in this document, to be made to this Agreement without a formal amendment.

A. Budget Reallocations

No CEC approval is needed for a Recipient, Subcontractor, or any lower-tiered level of Sub-Subcontractor to move funds **within** each of the following Budget Categories listed in the Exhibit B: Direct Labor, Fringe Benefits, Travel, Equipment, Materials and Miscellaneous, Subcontractors, and Indirect Costs. (However, please note that per section 4.B. below, any new M&M, Equipment, Subcontractor or Vendor not listed in the budget does need to be approved prior to reimbursement.) If the Recipient wants to move funds between Budget Categories or submits an invoice that if paid would exceed a Budget Category, the Recipient has at least the following choices:

1. Request an amendment from the CEC. The CEC will not pay the invoice if and until an amendment is approved, except possibly for the final invoice per section 4.A.3 below. In its sole discretion, the CEC might pay the portion of the invoice that does not involve the amount that goes beyond the Budget Category.
2. Retract the invoice and resubmit a corrected one that keeps within Budget Categories. The Recipient can treat the amount paid beyond the Budget Category as match funds if the expenditure meets all of the applicable Agreement requirements for match funds.
3. If there is a Budget Category overage on the final invoice, the Recipient can discuss with the CAM if the invoice can be approved without needing the amendment in section 4.A.1 above. The CAM will require a written justification for the budget category overage to determine if the invoice can be approved.

This new flexibility does NOT mean the Recipient can exceed the overall Agreement amount.

Because Existing Terms may require the movement of funds between tasks and between Budget Categories be executed through an amendment (Exhibit B, section 3.d.), such terms are considered deleted and superseded by These Terms.

B. New Items under Materials and Miscellaneous, and Equipment

The CAM must approve in writing of any new materials and miscellaneous expenses of \$5,000 or more or new equipment the Recipient plans to purchase and be reimbursed under this Agreement that is not already listed in Exhibit B, Budget. To accomplish this, the Recipient can submit either prior to invoicing or with its invoice a completed form titled "[NEW EQUIPMENT/M&M FORM](#)" which includes a description of the item and a brief explanation of the need for the item. The CAM will approve items that the CAM determines to be necessary to the Agreement and do not exceed budgeted amounts for each Budget Category unless Recipient follows the processes in section 4.A. "Budget Reallocation" directly above.

EXHIBIT C – ATTACHMENT 3

Any restrictions in the solicitation or elsewhere in the Agreement still apply to the specific items under Materials and Miscellaneous, and Equipment that can be purchased using CEC Funds or Match Share Funds. The restrictions still apply even though the CAM does not have to approve new materials and miscellaneous expenses under \$5,000.

C. An Amendment is No Longer Needed to Replace “Key Personnel.”

Existing Terms typically require Recipients and their Subrecipients to obtain advance written approval, sometimes through a formal written amendment, before the Recipient added or replaced key or other personnel, or added or removed job classifications. Now, except when replacing “key personnel” the Recipient and its Subcontractors and any lower-tiered level of Sub-Subcontractor, can make changes related to their respective personnel without written approval. Although changes to “key personnel” do require written approval, that approval can be requested and granted simply through an e-mail communication or other form of written communication.

These Terms clarify that Recipients may be reimbursed for actual expenses incurred by new “key personnel” during the term of the Agreement, even if written approval comes after an individual begins work on the project. However, if the replacement is not approved, then the Energy Commission will not reimburse for any expenses charged for the individual. Accordingly, Recipients are strongly encouraged to obtain **advance** written approval for “key personnel” or risk not being reimbursed for their work.

Recipient must keep the CAM informed of personnel changes through monthly calls and quarterly progress reports. In addition to any other rights and remedies available to the CEC, the Energy Commission retains its authority to issue a Stop Work Order if it becomes clear that a Recipient or Subcontractor’s personnel, key or otherwise, are unable to fulfill their responsibilities under the Agreement.

Please note that the process in the Existing Terms for replacing Subcontractors and Vendors, and each tier lower of Sub-Subcontractors, may have changed. See section 7 below titled “Subrecipients and Vendors.”

D. Assignment of New Personnel to an Existing Job Classification

Existing Terms might require Recipients to submit a resume and other information to the CAM to approve before assigning new personnel to existing job classifications. The Existing Terms might also require an amendment, and that an amendment must be fully executed before new personnel can begin work on the agreement. This pre-approval is no longer required. Instead, Recipient will keep the CAM informed of personnel changes and provide any information requested by the CAM during monthly calls and/or quarterly progress reports. Please see section 5.A. below in the “Budgets and Payment of Funds” term for how direct labor rates will now be handled.

EXHIBIT C – ATTACHMENT 3

E. Promotion of Existing Personnel to an Existing Job Classification

Existing Terms might require grant recipients to execute an amendment or otherwise provide information to, and obtain approval from, the CAM before promoting existing personnel to existing job classifications. None of this is required any longer. Please see section 5.A. below in the “Budgets and Payment of Funds” term for how direct labor rates will now be handled.

5. Budgets and Payment of Funds

A. No More Capped Maximum Rates for Direct Labor and Fringe Benefits

Existing Terms (Exhibit B Budget Detail and Payment Provisions, section 4.b) typically state that rates in Exhibit B, Budget, for Direct Labor, Fringe Benefits, Indirect Costs, and Profit (for Subcontractors) are Maximum Rates and Recipients can invoice for actual expenses up to these capped, Maximum Rates.

Under These Terms, the rates in Exhibit B, Budget, for Direct Labor and Fringe Benefits are now treated as estimates and not capped rates. The Recipient can invoice at higher rates as long as it is only invoicing for actual expenditures it has made and which are based on DOE Approved Forward Pricing Rate. However, the Recipient cannot invoice and be paid for more than the total amount in each Budget Category without an amendment (please see section 4.A. above in these terms), or for more than the total Agreement amount.

Please note this new flexibility only applies to rates for Direct Labor and Fringe Benefits. Except as otherwise provided in These Terms, restrictions on Indirect Costs and Profit in the Existing Terms still apply.

Please also note that rates listed in the budget are NOT “negotiated rates” that can be charged by a Recipient or Subrecipient – documentation must be made available upon request to show that the rates charged reflect actual costs incurred.

B. Options for Indirect Costs

Existing Terms typically allow Facility Operator to invoice and receive payment for actual Indirect Costs up to the Maximum Rates listed in Exhibit B, Budget. These Terms provide two additional options.

If this Attachment 3 is being added to a new or an existing CEC-LBNL agreement, the following options may be available to any Recipient or Subcontractor who has not yet invoiced for indirect costs. These options are not available to any Recipient or Subcontractor that has opted not to claim indirect costs. A Recipient or Subcontractor may not use these options to increase a current indirect rate on which the Recipient or Subcontractor was scored in the application process. Once a Recipient or Subcontractor has been reimbursed for indirect costs, they may not switch among options.

EXHIBIT C – ATTACHMENT 3

1. De Minimis Option

Under These Terms, the Recipient or Subcontractor can elect to invoice and receive a de minimis amount at the set rate of 10% of the Modified Total of Direct Costs (MTDC) for Indirect Costs. This cannot be combined with any other Indirect Rate option.

MTDC is defined for purposes of These Terms as all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, rental costs, tuition remission, scholarships and fellowships, and the portion of each subaward in excess of \$25,000. This is the same definition used in federal grants. Keeping this the same as the federal definition should make this easy for recipients with both federal and CEC grants that elect this option.

If the Recipient or Subcontractor chooses this de minimis option for Indirect Costs, the Recipient or Subcontractor will not have to provide backup documentation for the de minimis amount and will not be audited on it. However, the Existing Term requirements, including for backup documentation and audits, still apply to any Indirect Costs invoiced by the Recipient and reimbursed by the CEC not utilizing the de minimis amount.

2. Defense Contract Audit Agency (DCAA) or other Federally Approved Indirect Rate

An entity that has a federally approved indirect rate from DCAA or another Federal agency may use the approved indirect rate for Energy Commission grants. A copy of the Federal agency's letter must be provided.

This rate will typically shift annually, and this shift is generally acceptable. This is the only Indirect Cost option that is not strictly subject to the max rate cap that typically applies to Indirect Costs. If the federal rate decreases from year to year, that will be a cost savings under this budget category. If the federal rate increases from year to year, this will require a budget reallocation. If the Energy Commission, in its sole discretion, determines that a budget reallocation to accommodate an increased Indirect Rate would risk the ultimate success of the project, or is otherwise not in its best interest, the Energy Commission reserves the right to either propose a smaller increase that would not risk the ultimate success of the project, or refuse to increase the Indirect Rate. For any increase the Energy Commission will not reimburse from CEC Funds, the Recipient or Subrecipient may choose to charge the increase as Match Funds.

If the Recipient chooses this option for Indirect Costs, the Recipient will not be audited on this budget category. However, the Existing Term requirements,

EXHIBIT C – ATTACHMENT 3

including for backup documentation and audits, still apply to any Indirect Costs invoiced by the Recipient and reimbursed by the CEC not utilizing this option.

C. Travel and Per Diem

1. Travel not listed in Exhibit B, Budget, can be added without an amendment via CAM approval. CAM approval can come in one of two forms: written authorization from the CAM prior to the Recipient taking the trip, or through the invoice review. Outside of a budget reallocation, additional travel requests are submitted using the CEC's [Travel Form](#). Recipient understands, however, that any travel taken that is not listed in Exhibit B, the Budget, or not pre-approved by the CAM in writing, is at the Recipient's own financial risk. The CAM might not approve the trip. Please note that the Recipient cannot be paid for more than the total amount in the Travel Budget Category without an amendment (please see section 4.A. above in These Terms), or for more than the total Agreement amount.
2. Existing Terms explain what Facility Operator can invoice for and be reimbursed for travel and per diem expenses (i.e., see Exhibit C.22 which requires travel to be in accordance with the Federal Travel Regulations as modified by the Facility Operator's DOE-approved rates). If there is a conflict between the following sections C.3 to C.7 in These Terms and Facility Operator's federal travel regulations, then the Existing Terms take precedence over These Terms. .

3. Lodging

The Recipient can invoice at standard room rates. The CEC will not reimburse for luxury accommodations.

4. Airfare

The Recipient can invoice at coach rates on commercial carriers. The CEC will not pay for upgrades on flights.

5. Rental Car

The Recipient can invoice for vehicles appropriate for the purpose of the travel. The CEC will not reimburse expenses for luxury vehicles.

6. Bus/Train

The Recipient can invoice for standard coach rates. The CEC will not reimburse for upgrades.

7. Per Diem

EXHIBIT C – ATTACHMENT 3

Per diem is allowable for actual costs incurred up to the total daily maximum for the following combined expenses:

- Meals
- Incidentals (i.e. tips for hotel staff and taxi/ride share drivers)
- Parking
- Tolls
- Taxi/ride share

The CEC will not reimburse any expenses under this Agreement for alcoholic beverages. In addition, the daily per diem is for the individual expenses of those traveling and working on the Agreement only. It cannot be used to pay for expenses of others (e.g., it cannot be used to buy a meal for someone else).

D. Payment Request Format

The CAM will provide an invoice template, and any further modifications to it, that the Recipient may use.

E. Rounding

Under These Terms, the only exception to the CEC paying actual expenses is rounding to the nearest cent. Recipient, Subrecipients, and each lower-tiered level of Sub-Subrecipients shall round invoiced amounts to the nearest cent (\$0.01) using standard rounding, which is rounding down for \$0.000 through \$0.004, and rounding up for \$0.005 through \$0.009. Rounding cannot be used to exceed the amount in any Budget Category (see section 4.A. above in These Terms) or exceed the total Agreement amount.

F. New Certification for Payment Requests

Existing Terms may require recipients to include and sign a certain certification or statement in its payment requests. These Terms instead permit the Recipient to include and sign the certification provided by the CAM in the Invoice Template.

G. The CEC No Longer Must Use a Specific Dispute Notification Form to Dispute Invoices

Existing Terms require the CEC to use a Dispute Notification Form, Std. 209 Form when disputing invoices. The requirement to use this form no longer applies. Under These Terms, the CEC can now dispute an invoice by providing a dispute notice in writing to the Recipient.

6. Incurred Costs (RESERVED)

This Section 6 is reserved and does not alter the Existing Terms (Exhibit B Budget Detail and Payment Provisions, section 1 Advance Payments).

7. Subrecipients and Vendors

EXHIBIT C – ATTACHMENT 3

These Terms allow the Recipient with CAM written approval to divide subcontractors into Subcontractors and Vendors. If this distinction is not made between Subcontractors and Vendors, all entities currently deemed subcontractors will be treated as Subcontractors.

Characteristics which support the classification of the entity as a subcontractor include when the entity:

- (1) Has its performance measured in relation to whether objectives of a CEC program were met;
- (2) Has responsibility for programmatic decision-making;
- (3) Is responsible for adherence to applicable CEC program requirements specified in the CEC award agreement;
- (4) In accordance with its agreement, uses the CEC funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the recipient or subrecipient; or,
- (5) Provides match share funding contributions to the CEC-funded project.

A Sub-Subcontractor has the same meaning as a Subcontractor except that it receives funds from a Subcontractor. There can also be further levels below of Sub-Subcontractors.

A vendor is selected through a competitive process or is otherwise providing a product or service at a fair and reasonable price. Characteristics indicative of a procurement relationship between the Recipient, Subcontractor, and any lower-tiered level of Sub-Subcontractor and a Vendor are when the Vendor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the CEC program; and
- (5) may not be subject to compliance with all of the requirements of the CEC program as a result of the agreement, though similar requirements may apply for other reasons.

A. Subcontractor and Sub-Subcontractor Flow-Down Terms

For Recipient's agreements with other Subcontractors, the Recipient shall follow any flow-down requirements in the Existing Terms for subcontractors (see Exhibit C.16)

B. Vendor Requirements

The Recipient does not have to include in its Vendor agreements CEC-created terms, such as Equipment, Confidentiality, Travel and Per Diem, Retention of Records, and Audits, if the Recipient does not need them to fulfill its obligations to the CEC. An example where the Recipient might need to include a CEC-created term in a Vendor agreement is intellectual property. The Recipient must ensure the CEC has the

EXHIBIT C – ATTACHMENT 3

intellectual property rights required under this Agreement. If a Vendor creates intellectual property that the Recipient provides to the CEC as part of the Agreement, the Recipient shall ensure its Vendor agreement secures the appropriate rights.

Vendors are subject to the normal terms and conditions of the Facility Operator's procurement process.

C. Replacing Subcontractors or Vendors

Under These Terms, all changes to Subcontractors and Vendors require advance written approval by at least the Commission Agreement Manager. A higher level of approval may be required based upon Energy Commission policy. Required approvals are included in the "Changes to Grants - Level of Approval and Notification Chart" commonly referred to as the "Changes Chart."

These Terms clarify that Recipients may be reimbursed for actual expenses incurred by a new **Vendor** during the term of the Agreement, even if written approval comes after the entity has completed work on the project. However, if the new Vendor is not approved, then the Energy Commission will not reimburse for any expenses charged for the entity. Accordingly, Recipients are strongly encouraged to obtain **advance** written approval for new Vendors or risk not being reimbursed for their work.

However, any work completed by an entity that may replace an existing Subcontractor **WILL NOT BE REIMBURSED** for any work completed prior to advance written approval. If a Subcontractor expends funds prior to approval, they may only be claimed as Match Funds.

8. Match Fund Timing

These Terms allow a CAM, in writing and with Supervisor approval, to authorize a Recipient to spend CEC funds in advance of Match Funds pursuant to [Match Fund Spending Plan](#). The Plan must estimate how Match Funds and CEC funds will be spent over each quarter and briefly explain why it is not practical to spend Match Funds concurrent with CEC Funds. While These Terms allow additional flexibility, the Recipient agrees to spend the agreed match funds as soon as practicable during the Agreement in order to resume proportionality between CEC funds and Match funds spent.

EXHIBIT C – Attachment 4 Russia Sanctions

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State (Sponsor) determine Facility Operator is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State (Sponsor) shall provide Facility Operator advance written notice of such termination, allowing Facility Operator at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State (Sponsor).

Exhibit D
Rights in Technical Data-Use of Facility

1. The Sponsor and MFCs agree to furnish to the DOE and Facility Operator or leave at the facility that information, if any, which is (1) essential to the performance of work by the Facility Operator personnel or (2) necessary for the health and safety of such personnel in the performance of the work. Any information furnished to the DOE and Facility Operator shall be deemed to have been delivered with Unlimited Rights unless marked as Proprietary Information. The Sponsor and MFCs agree that it has the sole responsibility for appropriately identifying and marking all documents containing its Proprietary Information, whether such documents are furnished by the Sponsor or MFC or are incorporated within report(s) generated under this Agreement and made available to the Sponsor and each MFC for review. If Proprietary Information is disclosed orally, electronically, visually, or in any other intangible form, it shall be identified as such, at the time of disclosure and confirmed in writing within ten (10) days as being Proprietary Information.
2. The Sponsor, Facility Operator, the Government, and the California Public Utilities Commission shall have Unlimited Rights in all Generated Information, except for information which is disclosed in a Subject Invention disclosure being considered for patent protection or information which is marked as either Proprietary Information or copyrighted in accordance with the provisions set forth herein below. Subject Invention information which may be disclosed to the Sponsor prior to issuance of a patent shall be treated as confidential in accordance with 35 U.S.C. 205 and shall not be further disclosed by the Sponsor during pendency of the patent application.
3. Each MFC may designate as Proprietary Information (as defined in Exhibit C(1)) any of its Generated Information. However, MFC shall grant a license to such designated Proprietary Data to Sponsor and the California Public Utilities Commission, and further designate to LSE's and CSPs, and the Government similar to the copyright license below in section (7) for MFC's Generated Information. Also, each MFC shall consider granting licenses to other MFCs as requested.
4. The Government and Facility Operator agree not to disclose properly marked Proprietary Information of the Sponsor without written approval, except to Government employees who are subject to the statutory provisions against disclosure of confidential information set forth in the Trade Secrets Act (18 U.S.C. 1905).
5. The Sponsor and each MFC is solely responsible for the removal of all of its Proprietary Information from the facility by or before termination of this Agreement. The Government and Facility Operator shall agree to cooperate in the return of any of the Sponsor's or MFC's Proprietary Information. The Government and Facility Operator shall have Unlimited Rights in any Proprietary Information which is incorporated into the facility or equipment under this Agreement to such an extent that the facility or equipment is not restored to the condition existing prior to such incorporation. The Government and Facility Operator shall have Unlimited Rights in any information which is not removed from the facility by termination of this Agreement.

6. The Sponsor and the California Public Utilities Commission have the right to obtain from the DOE through its Facility Operator as a product, a copy of all Technical Data, including properly marked Proprietary Information first produced in performance of this Agreement which the Sponsor has not excluded as being unusable. The Sponsor agrees that the Facility Operator will also provide the DOE with a nonproprietary description of the work performed under this Agreement.
7. Copyrights. The Sponsor may assert copyright in any of its Generated Information. Each MFC may assert copyright in any of its Generated Information. The Facility Operator is given permission to assert copyright in accordance with its M&O Contract with the DOE. Subcontractors are given permission to assert copyright in accordance with the subcontract agreement with the Facility Operator.
 - a. Except for software, the Facility Operator, Subcontractors, and/or MFCs hereby grant to the Sponsor and the California Public Utilities Commission a royalty-free, non-exclusive, irrevocable, non-transferable, worldwide license to produce, translate, publish, distribute, duplicate, exhibit, prepare derivative works, perform, use and dispose of, and to authorize others to produce, translate, publish, use, distribute, duplicate, exhibit, prepare derivative works, perform and dispose of all Generated Information copyrighted by the Facility Operator, Subcontractors, or MFCs for State governmental purposes subject to the other provisions of this article and Paragraphs 7c and 7d of this Exhibit,
 - b. To the extent that copyright is asserted, the Government reserves for itself a royalty-free, world-wide, irrevocable, non-exclusive license for Governmental purposes to publish, distribute, translate, duplicate, exhibit, prepare derivative works, and perform any such Generated Information copyrighted by the Facility Operator, Subcontractors, MFCs or the Sponsor.
 - c. In the event software is first produced in performance of this Agreement, Facility Operator shall have the right to copyright and/or patent such software in accordance with its M&O Contract with the DOE. The Facility Operator is given permission to assert copyright in accordance with its M&O Contract with the DOE and hereby grants the Sponsor and the California Public Utilities Commission a royalty-free, no-cost, non-exclusive, irrevocable, non-transferable except for sublicenses to a Load-Serving Entity or CSP granted according to Paragraph 7c and 7d of this Exhibit D, worldwide, license to produce and use the software, and to prepare derivative works for State governmental purposes.

In the event software is first produced in performance of this Agreement by a Subcontractor of Facility Operator, Subcontractor may be granted the right to copyright and/or patent such software by Facility Operator in its subcontract. Subcontractors may assert copyright in the software as provided in its subcontract with Facility Operator and each Subcontractor hereby grants the Sponsor and the California Public Utilities Commission a royalty-free, no-cost, non-exclusive, irrevocable, non-transferable except for sublicenses to a Load-Serving Entity or CSP granted according to Paragraph 7c and 7d of this Exhibit D, worldwide, license to produce and use the software, and to prepare derivative works for State governmental purpose.

In the event software is first produced in performance of this Agreement, MFC shall have the right to copyright and/or patent such software. The MFC may assert copyright in the software and hereby grants the Sponsor and the California Public Utilities Commission a royalty-free, no-cost, non-exclusive, irrevocable, non-transferable except for sublicenses to a Load-Serving Entity or CSP granted according to Paragraph 7c and 7d of this Exhibit D, worldwide, license to produce and use the software, and to prepare derivative works for State governmental purposes.

The license in this Paragraph 7 to the Sponsor and the California Public Utilities Commission extends and applies only to Copyrighted Project Work, including software, or copyrighted Generated Information first produced by the Facility Operator, Subcontractors or with Match Funds under this Agreement.

This license does not extend to such copyrighted work developed outside of this Agreement that is Independently Funded Intellectual Property as defined in Exhibit C, section (1). For all Facility Operator Generated Information which becomes a Copyrighted Project Work, the Facility Operator will apply a notice in accordance with 17 U.S.C. 401 et seq.

- d. Both the Energy Commission and the California Public Utilities Commission may grant, or direct Facility Operator or MFC to grant, to LSEs and/or CSPs a no-cost, non-exclusive, non-commercial, non-transferable, irrevocable, royalty-free, perpetual, limited for non-commercial purposes for use in California, license, subject to Paragraph (d) below of this section, to use, publish, translate, modify, and reproduce copyrighted Generated Information, including Copyrighted Project Work and software, to enhance the entities' service to EPIC ratepayers in California for use by the LSE at LSE facilities, including its transmission and distribution systems, in California.
- e. Any such license to a Load-Serving Entity or CSP must contain the following required terms: (i) Load-Serving Entity shall indemnify, defend and hold harmless the Sponsor, California Public Utilities Commission, the creators of the Copyrighted Project Work and their employers, Facility Operator, the DOE and U.S. Government, their officers, employees and agents, against all claims, suits, losses, damages, costs, fees, and expenses, including attorney's fees; (ii) a disclaimer of all warranties of merchantability or fitness for a particular purpose which is substantively equivalent to the disclaimer in Exhibit C paragraph 7 Disclaimer; and (iii) Notice that any license to a Load-Serving Entity or CSP under this Agreement is subject to the right of the United States federal government to a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the Copyrighted Project Work throughout the world, and certain U.S. Government march-in rights in accordance with 48 CFR 27.304-1(g).

- f. The licenses to LSEs are sublicenseable to CSPs only for non-commercial purposes of copying, using and implementing the copyrighted Generated Information or the Copyrighted Project Work including software at the LSE's facilities, including its transmission and distribution systems, in California for the purpose of facilitating the LSE's enhancement of service to EPIC ratepayers in California. LSEs may request the Sponsor to direct Facility Operator, Subcontractor or MFC to grant such license to a CSP. In the event that an LSE must issue such a sublicense to a CSP, the LSE must obtain prior written approval from the Energy Commission or California Public Utilities Commission (whichever agency granted the LSE the sublicense) in order to sublicense to such Contract Service Provider. LSEs shall strictly prohibit such CSP from transferring the Generated Information and Copyrighted Project Work to others and shall contractually bind such CSP in a manner no less strict than as set forth in this Agreement and such prohibition shall survive termination of any agreement between the LSE and CSP. Upon termination, LSEs shall direct the CSP to return or delete any Generated Information or Copyrighted Project Work to LSEs.
 - g. Sponsor shall provide Facility Operator notification of any license granted to a Load-Serving Entity or CSP under Paragraph 7c or 7d of this Exhibit. Facility Operator, Subcontractor and MFCs shall provide Sponsor notification of any license to Copyrighted Project Work granted to a LSE or CSP.
7. The terms and conditions of this Exhibit shall survive the Agreement, in the event that the Agreement is terminated in whole or in part before completion of the Exhibit A, Scope of Work.

Exhibit E

Patent Rights-Use of Facilities

- 1. Rights of the Sponsor -Election to Retain Rights**
 - a. Subject to the provisions of paragraph 6, with respect to any Subject Invention reported and elected in accordance with paragraph 7(a) of this Exhibit, the Sponsor may elect to obtain the entire right, title and interest throughout the world to each Subject Invention made by the Sponsor's employees and any patent application filed in any country on that Subject Invention and in any resulting patent secured by the Sponsor. Where appropriate, the filing of patent applications by the Sponsor is subject to DOE and other United States Government (Government) security regulations and requirements.
 - b. With respect to any Subject Invention in which the Facility Operator or the Government obtains title, the Facility Operator or the Government grants to the Sponsor and the California Public Utilities Commission a nonexclusive, non-transferable, non-sublicenseable, irrevocable, paid-up, license to practice or have practiced by or on behalf of the State of California, for State governmental purposes, the Subject Invention throughout the world. The Facility Operator and/or Government will obtain agreements to effectuate this clause with all Subcontractors, Match Fund Contributors, persons or entities obtaining ownership interest in patented Subject Inventions.
 - c. The license to Sponsor under this Section 1 applies and extends to a Subject Invention under this Agreement. This license does not extend to any Independently Funded Intellectual Property, as defined in Exhibit C, section (1). Both the Sponsor and the California Public Utilities Commission may direct Facility Operator or Subcontractor or MFCs to grant LSEs or CSPs a no-cost, non-exclusive, non-transferable, irrevocable, royalty-free, perpetual limited to California license for non-commercial purposes, subject to Paragraph (d) of this section to use, make, and have made by a CSP without the right to further sublicense Subject Inventions to enhance the LSE's service to EPIC ratepayers in California for use by the LSE at LSE facilities in California, including LSE transmission and distribution systems.

- d. Any such license to a Load-Serving Entity or CSP must contain the following required terms: (i) the Load-Serving Entity or CSP shall indemnify, defend and hold harmless the Sponsor, California Public Utilities Commission, the inventors of the Subject Inventions and their employers, Facility Operator, the DOE and U.S. Government, their officers, employees and agents, against all claims, suits, losses, damages, costs, fees, and expenses, including attorneys fees; (ii) a disclaimer of all warranties of merchantability or fitness for a particular purpose which is substantively equivalent to the disclaimer in Exhibit C paragraph 7 Disclaimer; and (iii) Notice that any license to a Load-Serving Entity or CSP under this Agreement is subject to the right of the United States federal government to a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the Subject Invention throughout the world, and certain U.S. Government march-in rights in accordance with 48 CFR 27.304-1(g).
- e. The licenses to LSEs are sublicenseable to CSPs only for non-commercial purposes for the purpose of making, using and implementing the Subject Invention at the LSE's facilities for the purpose of facilitating the LSE's enhancement of service to EPIC ratepayers in California. LSEs may direct the Facility Operator or Subcontractor or MFC to grant such license to a CSP. In the event that an LSE must issue a sublicense to a CSP, LSEs must obtain prior written approval from the Energy Commission or California Public Utilities Commission (whichever agency granted the LSE the sublicense) in order to sublicense to such CSP. LSEs shall strictly prohibit a CSP from making, using, offering for sale, selling, or otherwise transferring the Subject Invention to others and shall contractually bind such CSP in a manner no less strict than as set forth in this Agreement and such prohibition survives the termination of any agreement between the LSE and CSP.
- f. Sponsor shall provide Facility Operator notification of any license granted to a Load-Serving Entity or CSP under Paragraph 2c or 2d of this Exhibit. Facility Operator, Subcontractors and MFCs shall provide Sponsor notification of any license granted to a LSE or CSP.

2. Rights of the Matching Fund Contributors -Election to Retain Rights

- a. As stated in Exhibit C Paragraph 17, before any Match Fund contribution of funds, personnel and/or equipment, Facility Operator shall require each MFC to enter into a MFC Collaborative Agreement with Facility Contractor in which MFCs agree to comply with the applicable terms, conditions, and obligations of this Agreement pursuant to the Project Task in which the MFC will participate and provide Match Funds.

- b. Subject to the provisions of paragraph 6 of this Exhibit and the MFC Collaboration Agreement, with respect to any Subject Invention reported and elected in accordance with paragraph 7(a) of this Exhibit, an MFC may elect to obtain the entire right, title and interest throughout the world to each Subject Invention made by the MFC's employees and any patent application filed in any country on that Subject Invention and in any resulting patent secured by the MFC. Where appropriate, the filing of patent applications by the MFC is subject to DOE and other United States Government (Government) security regulations and requirements.
- c. Any MFC Collaborative Agreement must ensure that the MFC agrees to grant a license to the Sponsor and the Government to fulfill the obligations in section (1) above.
- d. For paragraphs 4 through 8 below, the term "MFC" replaces the term "Sponsor" when determining the rights, obligations and responsibilities of an MFC.

3. Rights of the Facility Operator or its Subcontractors-Election to Retain Rights

- a. With respect to any Subject Invention reported in accordance with paragraph 7(b) of this Exhibit, the Facility Operator may elect to obtain title to each Subject Invention made by the Facility Operator's employees subject to the terms of its M&O Contract with the DOE. Once title has been elected by the Facility Operator, a Facility Operator's Subject Invention may subsequently be assigned to the Sponsor, the California Public Utilities Commission, or Load-Serving Entities, subject to the provisions of paragraphs 1, 2, 4 and 6 hereunder, for continuation of patent prosecution, the payment of maintenance fees, or other good cause as mutually agreed to by the DOE, Facility Operator and the Sponsor. In the case of a nonprofit management and operations Facility Operator, the above arrangement has been approved by the DOE under 35 USC 202 (c) (7).
- b. The Subcontractor shall report Subject Inventions it makes in accordance with the terms and conditions set forth in its subcontract with the Facility Operator. In addition, the Subcontractor shall disclose to the Facility Operator and Sponsor at the same time as disclosure to the DOE any Subject Inventions made by the Subcontractor under this Agreement. With respect to any Subject Invention reported in accordance with paragraph, the Subcontractor may elect to obtain title to each Subject Invention made by the Subcontractor's employees subject to the terms of its subcontract with Facility Operator. Any such subcontract must ensure that the Subcontractor agrees to grant, or Facility Operator obtains from Subcontractor, a license to the Sponsor and the Government to fulfill the obligations in section (1) above.
- c. Subcontractor Assignment to the Facility Operator or the Government.
The Subcontractor agrees to assign to either the Facility Operator or the Government, as requested by the DOE, the entire right, title, and interest in any country to each Subject Invention of the Subcontractor, where the Subcontractor:
 - i. does not elect pursuant to this Exhibit to retain such rights;

- ii. elects or is assigned title to a Subject Invention pursuant to this paragraph but fails to have a patent application filed in that country on the Subject Invention or decides not to continue prosecution or decides not to pay any maintenance fees covering such Subject Invention; or
- iii. elects to retain title but, at any time, no longer desires to retain title.

4. Rights of Facility Operator and Government

Assignment to the Facility Operator or the Government.

The Sponsor agrees to assign to either the Facility Operator or the Government, as requested by the DOE, the entire right, title, and interest in any country to each Subject Invention of the Sponsor, where the Sponsor:

- i. does not elect pursuant to this Exhibit to retain such rights;
- ii. elects or is assigned title to a Subject Invention pursuant to paragraph 2, 3, or 4, but fails to have a patent application filed in that country on the Subject Invention or decides not to continue prosecution or decides not to pay any maintenance fees covering such Subject Invention; or
- iii. elects to retain title but, at any time, no longer desires to retain title.

5. Unelected Interests

Placement in the Public Domain

The Parties and the Facility Operator each agree that either may place any Subject Invention in the public domain (by inclusion in the final report of this project):

- i. that is not elected by either Party pursuant to this Exhibit;
- ii. for which each Party fails to have a patent application filed in that country on a Subject Invention or decides not to pay any maintenance fees covering such Subject Invention; and
- iii. for which neither Party nor the Government desires to retain title at any time.

6. Terms and Conditions of Waived Rights

- a. To preserve the Facility Operator's and the Government's residual rights to Sponsor's Subject Inventions, and in patent applications and patents on Sponsor's Subject Inventions, the Sponsor will take all actions in reporting, electing, filing on, prosecuting, and maintaining invention rights promptly, but in any event, in sufficient time to satisfy domestic and foreign statutory and regulatory time requirements; or, if the Sponsor decides not to take appropriate steps to protect the invention rights, it will notify the Facility Operator or DOE Patent Counsel in sufficient time to permit either the Facility Operator or the Government to file, prosecute, and maintain patent applications and any resulting patents prior to the end of such domestic or foreign statutory or regulatory time requirements.

- b. The Sponsor will convey or ensure the conveyance of any executed instruments necessary to vest in either the Facility Operator or the Government the rights set forth in this Exhibit.
- c. With respect to any Subject Invention in which the Sponsor obtains title, the Sponsor hereby grants to the Government a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced by or on behalf of the Government the Subject Invention throughout the world.
- d. The Sponsor will provide the Government a copy of any patent application which it files on a Subject Invention within six (6) months after such application is filed, including its serial number and filing date.
- e. The Sponsor agrees to include, within the specification of any U.S. patent application and any patent issuing thereon covering a Subject Invention in which the Sponsor obtains title, the following statement: "The Government has rights in this invention pursuant to [specify this underlying Agreement]."
- f. Preference for U.S. Industry. Notwithstanding any other provision of this Exhibit, the Sponsor agrees that neither it nor any assignee, will grant to any person the exclusive right to use or sell any Subject Invention in the U.S. unless such person agrees that any products embodying the Subject Invention or produced through the use of the Subject Invention will be manufactured substantially in the U.S. However, in individual cases, the requirement for such an agreement may be waived by DOE upon a showing by the Sponsor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the U.S. or that under the circumstances domestic manufacture is not commercially feasible.
- g. March-In-Rights. The Sponsor agrees that with respect to any Subject Invention in which it has acquired title, the DOE will retain the right to require the Sponsor to grant a responsible applicant a non-exclusive, partially exclusive, or exclusive license to use the Subject Invention in any field of use, on terms that are reasonable under the circumstances, or if the Sponsor fails to grant such a license, to grant the license itself. DOE may exercise this right only in exceptional circumstances and only if DOE determines that:
 - i. the action is necessary to meet health or safety needs that are not reasonably satisfied by the Sponsor; or
 - ii. the action is necessary to meet the requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Sponsor; or
 - iii. such action is necessary because a licensee of the exclusive right to use or sell any Subject Invention in the United States is in breach of the agreement required by paragraph 6(f).
- h. The Sponsor agrees to refund any amounts received as royalty charges on any Subject Invention to which the Sponsor obtains title in procurement by or on behalf of the Government and to provide for that refund in any instrument transferring rights to any party in the Subject Invention.

7. Invention Identification. Disclosures. and Reports

- a. The Sponsor will furnish the DOE Patent Counsel a written report containing full and complete technical information concerning each Subject Invention it makes within six (6) months after conception or first actual reduction to practice, whichever occurs first, in the course of or under this Agreement, but in any event prior to any on sale, public use, or public disclosure of such invention known to the Sponsor. The report will identify the grant and inventor(s) and will be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding to the extent known at the time of disclosure, of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention. The report should also include any election of invention rights under this Exhibit. When a Subject Invention is reported under this paragraph 7(a), it will be presumed to have been made in the manner specified in Section (a)(1) and (2) of 42 U.S.C. 5908.
- b. The Facility Operator shall report Subject Inventions it makes in accordance with the terms and conditions set forth in its M&O Contract with the DOE. In addition, the Facility Operator shall disclose to the Sponsor at the same time as disclosure to the Department any Subject Inventions made by the Facility Operator under this Agreement.
- c. The Facility Operator agrees to include, within the specification of any U.S. patent application and any patent issuing thereon covering a Subject Invention in which the Facility Operator obtains title, the following statement: "This invention was made with support from the US Dept of Energy under Contract No. [contract number] and the State of California under Grant No. [grant number.] Both the Government and the California Energy Commission have certain rights in this invention."
- d. Requests for extension of time for election under paragraphs (a) and (b) above may be granted by DOE Patent Counsel for good cause shown in writing.

8. Facilities License

In addition to the rights of the Parties and the Facility Operator with respect to Subject Inventions, the Sponsor hereby grants to the Government an irrevocable, non-exclusive, paid-up license to (1) practice or to have practiced by or for the Government at the facility, and (2) transfer such license with the transfer of the facility any inventions or discoveries regardless of when conceived or first actually reduced to practice or acquired by the Sponsor, which at any time, through completion of this Agreement, are owned or controlled by the Sponsor and are incorporated in the facility as a result of this Agreement to such an extent that the facility is not restored to the condition existing prior to the Agreement. The acceptance or exercise by the Government of the aforesaid rights and license will not prevent the Government at any time from contesting the enforceability, validity, scope of, or title to, any rights or patents herein licensed.

9. Background Intellectual Property

The Facility Operator will not knowingly use Background Intellectual Property in performing work under this Agreement unless such Background Intellectual Property, if any, is identified herein below. The Sponsor is not granted any license rights, either express or implied, to this Background Intellectual Property under this Agreement. Facility Operator provides this information to comply with its M&O Contract and to notify the Sponsor that licenses to Background Intellectual Property may be necessary to practice Subject Inventions made under this Agreement. Neither the Government nor the Facility Operator shall be liable for failing to bring Background Intellectual Property to the Sponsor's attention or for infringement of others' rights or damages incurred through the use of such intellectual property.

Background Intellectual Property is listed in Exhibit C, Attachment 1.

10. Independently Funded Intellectual Property

Each MFC may identify in the MFC Collaborative Agreement any Independently Funded Intellectual Property, as defined in Exhibit C, section (1), used solely in performance of research under its Project Task. The Sponsor and the Government may request such list of Independently Funded Intellectual Property. If such list meets the definition of Proprietary Information, MFC may provide such list marked as Proprietary Information, Sponsor and the Government will treat such list accordingly. This Agreement does not grant to any other MFC any option, grant, or license to commercialize, or otherwise use the MFC's Independently Funded Intellectual Property. Licensing of Independently Funded Intellectual Property, if agreed to by the Parties, shall be the subject of separate licensing agreements between the Parties.

Each MFC shall use reasonable efforts to list all relevant Independently Funded Intellectual Property.

Independently Funded Intellectual Property is listed in Exhibit C, Attachment 1.

11. Limitation of Rights

Nothing contained in this patent rights Exhibit shall be deemed to give the Government any rights with respect to any invention other than a Subject Invention except as set forth in Facilities License of paragraph 8.

12. Survival after Termination of Agreement

The terms and conditions of this Exhibit will survive the Agreement.

Exhibit G

Rights in Other Intellectual Property

A. Rights of Facility Operator and Match Fund Contributors.

- (1) The Facility Operator and/or Match Fund Contributor may seek to obtain legal protection of Other Intellectual Property generated under this Agreement in the United States or foreign countries. The Party or Parties that originated or created such Other Intellectual Property shall have the full right, title and interest in such Other Intellectual Property. Such Other Intellectual Property is subject to certain march-in rights, US Preference, and to a retained United States governmental purpose license and the license to the Sponsor in the paragraph below.
- (2) With respect to trademarks or service marks, the Parties acknowledge that the Government shall have the right to indicate on any similar goods or services produced by or for the Government that such goods or services were derived from and are a DOE version of the goods or services protected by such trademark/service mark, with the trademark and the owner thereof being specifically identified. Where the Government indicates on goods that such goods were derived from goods protected by a trademark/service mark, the Government will also indicate that the Trademark owner has had no right to perform a quality review/inspection of the DOE version of the goods. In addition, the Government shall have the right to use such Trademark/Service Mark in print and communications media.
- (3) The Facility Operator and/or Government will obtain agreements to effectuate the rights and licenses required by this Exhibit for the Sponsor and the California Public Utilities Commission with all Subcontractors, Match Fund Contributors, persons or entities obtaining ownership interest in Other Intellectual Property generated under this Agreement.

B. Rights of Sponsor.

- (1) A California state governmental purpose license will also be retained in such Other Intellectual Property generated under this Agreement which is not identified as Background Intellectual Property or Independently Funded Intellectual Property.
- (2) The Facility Operator or the Government grants to the Sponsor and the California Public Utilities Commission a nonexclusive, non-transferable except for sublicenses to a Load-Serving Entity granted according to Paragraphs B(2)(a), B(2)(b) and B(2)(c) of this Exhibit G, irrevocable, paid-up, non-commercial purposes license to practice or have practiced by or on behalf of the State of California, for State governmental purposes, the Other Intellectual Property throughout the world. The license to Sponsor under this Section B applies and extends to Other Intellectual Property first developed by the Facility Operator or Subcontractor or by an MFC with Match Funds under this Agreement. This license does not extend to any Independently Funded Intellectual Property.

Any MFC Collaborative Agreement (see Exhibit E.2.) must ensure that the MFC agrees to grant a license to the Sponsor and the Government to fulfill the obligations in this Exhibit.

- (a) Both the Energy Commission and the California Public Utilities Commission may direct Facility Operator or a Subcontractor or an MFC to grant Load-Serving Entities or CSPs a no-cost, non-exclusive, non-transferable, irrevocable, royalty-free, perpetual, limited to California license, subject to Paragraph B(2)(b) and B(2)(c) of this section, to make, have made, use, publish, translate, modify, and reproduce Other Intellectual Property to enhance the entities' service to EPIC ratepayers in California.
- (b) Any such license to a Load-Serving Entity or CSP must contain the following required terms: (i) the Load-Serving Entity or CSP shall indemnify, defend and hold harmless the inventors or creators of Other Intellectual Property and their employers, sponsors or funders of research leading to the Other Intellectual Property, the Sponsor, California Public Utilities Commission, Facility Operator, the DOE and U.S. Government, their officers, employees and agents, against all claims, suits, losses, damages, costs, fees, and expenses, including attorneys fees; (ii) a disclaimer of all warranties of merchantability or fitness for a particular purpose which is substantively equivalent to the disclaimer in Exhibit C paragraph 7 Disclaimer; and (iii) Notice that any license to a Load-Serving Entity or CSP under this Agreement is subject to the right of the United States federal government to a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the Other Intellectual Property throughout the world, and certain U.S. Government march-in rights in accordance with 48 CFR 27.304-1(g).
- (c) The licenses to LSEs are sublicensable to CSPs only for non-commercial purposes for the purpose of using and implementing the Other Intellectual Property at LSE California facilities, including LSE transmission and distribution systems, for the purpose of facilitating the LSE's enhancement of service to EPIC ratepayers in California. LSEs may direct the Facility Operator or Subcontractor or MFC to grant such license to a CSP. In the event that an LSE must issue a sublicense to a CSP, LSEs must obtain prior written approval from the Energy Commission or California Public Utilities Commission (whichever agency granted the load-serving entity the license) in order to sublicense the license to a CSP. LSEs shall strictly prohibit a CSP from making, using, offering for sale, selling, or otherwise transferring the Other Intellectual Property to others and shall contractually bind such CSP in a manner no less strict than as set forth in this Agreement and such prohibition shall survive the termination of any agreement between the LSE and CSP.
- (d) Sponsor shall provide Facility Operator notification of any license to Other Intellectual Property granted to a LSE. Facility Operator and its Subcontractors and MFCs shall provide Sponsor notification of any license to Other Intellectual Property granted to a LSE.

C. Survival After Termination

The terms of this Exhibit shall survive any termination of this Agreement.

Exhibit H

Payments of Royalties to Sponsor

A. In consideration of the Sponsor providing EPIC funding to Facility Operator, Facility Operator agrees to provide to the Sponsor an amount equal to a portion of Net Revenues or Net Royalties as annual royalty payments under the terms and conditions hereinafter set forth (“Annual Royalty Payments”). For avoidance of doubt, these Annual Royalty Payments, as defined below, are collected on behalf of the Sponsor for the benefit of Sponsor and EPIC ratepayers and therefore does not fall under the requirement of Facility Operator’s prime contract with DOE regarding the disposition of income received from license royalties and royalty income.

B. Annual Royalty Payments.

Net Royalties. If the Facility Operator licenses to a Licensee, Facility Operator’s obligation to make Annual Royalty Payments to the Sponsor shall commence from the date that the Net Royalties calculation is positive. Annual Royalty Payments are payable in annual installments and are due the first day of March for Net Royalties calculations made and Annual Royalty Payments collected for the Facility Operator’s prior fiscal year. The Facility Operator is responsible for notifying the Sponsor, on an annual basis, of Net Royalties received as a result of its licensing of intellectual property under this Agreement.

Net Revenues. If the Facility Operator is the licensee, the Facility Operator’s obligation to make payments to the Commission shall commence upon the first sale of the Licensed Product. Payments are payable in annual installments and are due the first day of March for the prior fiscal year of the Facility Operator and extend until ten (10) years from the Agreement’s end date. Facility Operator agrees to pay an amount equivalent to 10% of the Net Revenues by check made payable to the California Energy Commission, EPIC Fund.

Facility Operator agrees to pay Sponsor Annual Royalty Payments in an amount equivalent to 10% of the total annual Net Royalties calculated for the prior fiscal year from each intellectual property in each license that is subject to Net Royalties in this Agreement. Annual Royalty Payments shall be made by check, made payable to the California Energy Commission, EPIC Fund. Annual Royalty Payments from Net Revenues and Net Royalties received resulting from the sale, license, or assignment of each Subject Invention, Copyrighted Project Work or Other Intellectual Property right shall extend for a period of ten (10) years from the Agreement’s end date that funded the licensed intellectual property or until the underlying patent, copyright, or Other Intellectual Property protection expires, whichever occurs first. Unless an early buyout is made, total royalty payments under this Agreement for all licensed intellectual property will be limited to three (3) times the amount of funds paid by the Energy Commission under the Agreement.

If a Licensed Product, Subject Inventions, Copyrightable Works or Generated Information were developed in part with Match Funds or non-Energy Commission funds (e.g., federal funds) during the Agreement term, the Net Revenues or Net Royalties payment will be reduced in accordance with the percentage of development activities that were funded with Match Funds or non-Energy Commission funds. Example 1, Net Revenues: if 10% of the development activities were funded with Match Funds during the Agreement and Net Revenues totaled \$100,000 in one year, the Recipient would owe the Energy Commission \$1350 for the year ($1.5\% \text{ of } \$100,000 = \1500 ; $10\% \text{ of } \$1500 = \150 ; $\$1500 - \$150 = \$1350$). Example 2, Net Royalties: if 80% of the development activities were funded with Match Funds or non-Energy Commission funds during the Agreement and Net Royalties totaled \$100,000 in one year, the Recipient would owe the Energy Commission \$2,000 for the year ($10\% \text{ of } \$100,000 = \$10,000$; $80\% \text{ of } \$10,000 = \$8,000$; $\$10,000 - \$8,000 = \$2,000$).

Notwithstanding, the Facility Operator is not required to report or make an Annual Royalty Payment for any calendar year in which Net Royalties are less than \$1,000 U.S. Dollars.

- C.** Early Buyout. Facility Operator may satisfy the entire royalty obligation to the Energy Commission without a pre-payment penalty, as an alternative to annual Net Royalties and Net Revenues payments under Paragraph B. If an amount equal to one and a half (1.5) times the amount of funds paid by the Energy Commission under the Agreement is paid to the Energy Commission in a single year within five (5) years of the Agreement's end date, then Facility Operator will have no continuing obligations under Paragraph B of this Exhibit.
- D.** The Facility Operator agrees to use its best business judgment, consistent with the Facility Operator's licensing practices, when making any sale, license, assignment, or other transfer to licensees of any intellectual property rights that arise under this Agreement.

Exhibit J

Special Budget Detail and Payment Provisions

1. Reports on Funds Spent in California

Facility Operator shall submit as part of its 90-day reconciliation reports from Exhibit B, Section 1, part h. documenting (1) the Total Energy Commission Reimbursable Funds Spent in California and (2) **if the funding source is PIER Natural Gas** the Total Energy Commission Reimbursable Funds to California Based Entities. These reports can be (a) listed on the 90-day reconciliation report, (b) appended to it as an attachment, or (c) documented using the Total Energy Commission Reimbursable Funds Spent in California and Total Energy Commission Reimbursable Funds to CBEs form at <http://www.energy.ca.gov/research/contractors.html> or the form using the template shown in Attachment J-1.

2. Definitions and Solicitation Documents

If this agreement resulted from a competitive solicitation (the "Solicitation"), then the Facility Operator submitted an application (the "Application") and the Solicitation and Application are incorporated into this Agreement by reference. In the event of a conflict, the documents take precedence in the following order:

- a. The Exhibits documents in this Agreement take precedence over the Solicitation (with the exception noted below) and the Application.
- b. The Solicitation takes precedence over the Application.

The exception to part a. is if the Solicitation contains definitions for "Funds Spent in California" or "California Based Entities" and its related definition of "substantially."

If the Solicitation contains any of these definitions, then the definitions in the Solicitation take precedence over the definitions below, which otherwise apply:

- c. "Funds Spent in California" means that: (1) funds under the "Direct Labor" category and all categories calculated based on direct labor (Prime and Subcontractor Labor Rates) are paid to individuals who pay California state income taxes on wages received for work performed under the agreement; and (2) business transactions (e.g., material and equipment purchases, leases, rentals, and contractual work) are entered into with a business located in California.

Airline ticket purchases for out of state travel and payments made to out-of-state workers are not considered funds "spent in California."

However, funds spent by out-of-state workers in California (e.g., hotel and food) and airline travel originating and ending in California are considered funds “spent in California.”

- d. “California Based Entity” means either of the following:
1. A corporation or other business form organized for the transaction of business that has its headquarters in California and manufactures in California the product that qualifies for the incentive or award; or
 2. A corporation or other business form organized for the transaction of business that has an office for the transaction of business in California and substantially manufactures in California the product that qualifies for the incentive or award, or substantially develops within California the research that qualifies for the incentive or award, as determined by the agency issuing the incentive or award.

During this Agreement, Facility Operator shall meet its promised expenditure of Funds Spent in California and funds spent on California Based Entities. The promised amount of each is determined in this Agreement (usually in the Agreement Budget) or Facility Operator’s Application to the Solicitation, with the amount in the Agreement taking precedence in case of a conflict.

Attachment J-1

**Total Energy Commission Reimbursable Funds Spent in California and
Total Energy Commission Reimbursable Funds to California-Based Entities
Instructions**

General:

Please note this workbook contains multiple sheets. This sheet is intended to serve as guidance for completing the "Certification Form" tab.

This form is required to be completed and submitted with each invoice request.

Recipient/Contractor shall complete all sections shaded in green.

Section II is required for all **EPIC and PIER Natural Gas Agreements** (grants and contracts).

Section III is required for only **PIER Natural Gas Agreements** (grants and contracts).

Responsibilities:

Recipient/Contractor shall complete the following:

1. Section I: Enter all the information requested in the green-shaded rows.

2. Section II: When submitting the Certification Form, enter the Total Energy Commission Reimbursable Funds, and Total Energy Commission Reimbursable Funds Spent in California in the current billing period based on your actual invoices. All these amounts should include the retention amount. Add green-shaded rows as necessary. (Note: refer to your Agreement budget)

Under the Budget Amounts from the Agreement section, indicate the Energy Commission Reimbursable Budget Amount and the Committed Amount of Energy Commission Reimbursable Funds spent in California from your Agreement budget (see Category Budget).

3. Section III: When submitting the Certification Form, enter the Total Energy Commission Reimbursable Funds, and Total Energy Commission Reimbursable Funds to California Based Entities (CBEs) for the current billing period based on your actual invoices. Add green-shaded rows as necessary. (Note: refer to your Agreement budget).

Under the Budget Amounts from the Agreement section, indicate the Energy Commission Reimbursable Budget Amount and the Committed Amount of Energy Commission Reimbursable Funds Spent with California Based Entities from your Agreement budget (see Category Budget).

4. Section IV: Please review the certification statement then sign and date.

Note: When the actual percentage drops below 98% of the committed percentage, the cell will turn red.

Definitions:

Unless the Solicitation or Award provides a different definition, the following apply:

Gross Invoice

This is the California Energy Commission reimbursable invoice amount before retention is withheld (if applicable).

Attachment J-1

Total Energy Commission Reimbursable Funds Spent in California and Total Energy Commission Reimbursable Funds to California-Based Entities

Section I - Agreement Information

Recipient/Contractor Name:	
Agreement Title:	
Agreement Number:	
Work Authorization Number (if applicable)	
Agreement Term:	
Invoice Number:	
Billing Period:	
Amount of Payment Request	

Section II - Funds Spent in California (EPIC and Natural Gas Research Funded Projects)

Invoice Number	TOTAL Energy Commission Reimbursable Funds Gross Invoice (including retention)	TOTAL Energy Commission Reimbursable Funds Spent in CA Gross Invoice (including retention)	TOTAL Energy Commission Reimbursable Funds Spent in CA Gross Invoice Cumulative
01	\$0.00	\$0.00	\$0.00
02	\$0.00	\$0.00	\$0.00
03	\$0.00	\$0.00	\$0.00
04	\$0.00	\$0.00	\$0.00
05	\$0.00	\$0.00	\$0.00
06	\$0.00	\$0.00	\$0.00
07	\$0.00	\$0.00	\$0.00
TOTAL	\$0.00	\$0.00	

Budget Amounts from the Agreement:

Energy Commission Reimbursable Budget Amount (Category Budget)	\$0.00
Committed Amount of Energy Commission Reimbursable Funds Spent in California (Category Budget)	\$0.00
Committed Percentage of Energy Commission Reimbursable Funds Spent in California (Category Budget)	0.00%

Actual Invoice Expenditures:

Total Amount of Actual Energy Commission Reimbursable Funds spent in California to date (including this invoice)	\$0.00
Percentage of Actual Energy Commission Reimbursable Funds spent in California vs Cumulative Total Invoiced to Date	0.00%

Section III - Funds to California Based Entities (CBE) - (Natural Gas Research Funded Projects Only)

Invoice Number	TOTAL Energy Commission Reimbursable Funds Gross Invoice (including retention)	TOTAL Energy Commission Reimbursable Funds Spent with CBEs Gross Invoice (including retention)	TOTAL Energy Commission Reimbursable Funds Spent with CBEs Gross Invoice Cumulative
01	\$0.00	\$0.00	\$0.00
02	\$0.00	\$0.00	\$0.00
03	\$0.00	\$0.00	\$0.00
04	\$0.00	\$0.00	\$0.00
05	\$0.00	\$0.00	\$0.00
06	\$0.00	\$0.00	\$0.00
07	\$0.00	\$0.00	\$0.00
TOTAL	\$0.00	\$0.00	

Budget Amounts from the Agreement:

Energy Commission Reimbursable Budget Amount (Category Budget)	\$0.00
Committed Amount of Energy Commission Reimbursable Funds Spent with California Based Entities(Category Budget)	\$0.00
Committed Percentage of Energy Commission Reimbursable Funds Spent with California Based Entities (Category Budget)	0.00%

Actual Invoice Expenditures:

Cumulative Amount of Actual Energy Commission Reimbursable Funds spent with California Based Entities to date (including this invoice)	\$0.00
Percentage of Actual Energy Commission Reimbursable Funds spent with California Based Entities vs Cumulative Total Invoiced to Date	0.00%

Section IV - Certification

This document follows the request(s) for payment cited above, and certifies by invoice number the California Energy Commission funds spent in California and by California-Based Entities, if applicable. The information is true and correct to the best of my knowledge and based on Recipient's/Contractor's financial records. **I understand that potential consequences for not meeting these committed percentages in the Agreement budget may include agreement termination and may require restitution of funds back to the Energy Commission by my Institution.**

Signature of **Recipient's or Contractor's Project Manager** or designee:

[Signature and Title Here]

[Date]

Signature of Authorized Agent:

[Signature and Title Here]

[Date]