

Term Sheet:**Sale of Biogas Environmental Attributes from Constellation to City of Norman, OK**

Capitalized terms used herein but not defined will have the meanings ascribed to them in the Transaction Documents.

Buyer: City of Norman, Oklahoma (the “**Buyer**”)

Seller: Constellation NewEnergy-Gas Division, LLC (“**Constellation**”, or the “**Seller**”)

Project(s): Landfill biogas facilities from Constellation’s portfolio of producers to be named in the Transaction Documents (the “**Project(s)**”). “**Project Owner**” is the third-party entity owning each Project to be named in the Transaction Documents.

- Portfolio includes primary Project(s) under consideration with estimated flow-start and completed EPA producer registration in: Q1 2019
- Portfolio also includes secondary Project(s) under consideration with estimated flow-start in Q2-Q4 2019 with EPA producer registration to follow

**Contract
Quantity:**

- Minimum Daily Quantity (“**MinDQ**”): The amount of Environmental Attributes made available to and accepted by Buyer from Biogas produced from the Project(s), up to;
- Maximum Daily Quantity (“**MaxDQ**”): 100 MMBtu/day monthly average (equivalent to approximately 287,985 GGE per year assuming 7.89 GGE per MMBtu)
- Supply of Environmental Attributes is unit contingent based upon available production from the Project(s) throughout the term and Environmental Attributes withdrawn from storage. Terms for the sale of quantities from storage shall be mutually agreed upon by the Parties in the Transaction Documents.
- Buyer will provide Seller with list of its CNG station locations in a timely manner following execution of this Term Sheet in the form of the attached Appendix A.
- Buyer will provide Seller historical usage data from January 2015 through the present, to substantiate the ability to receive and consume up to the MaxDQ of Environmental Attributes of Biogas at Vehicle Fuel Producer(s) Location(s).

Biogas: “**Biogas**” (or “**Renewable Natural Gas**”, “**RNG**”) means, as measured in MMBtus, Gas that (i) meets the applicable pipeline quality standards for the relevant transporters; (ii) is coupled with the equivalent quantity of Environmental Attributes of Gas derived from the decomposition of organic matter; (iii) when converted to Vehicle Fuel, meets EPA’s Renewable Fuel Standard (“**RFS**”) eligibility requirements as a Cellulosic Biofuel; (iv) when converted to Vehicle Fuel, meets CARB’s eligibility requirements as an Alternative Fuel; and (v) transfers the equivalent quantity of Environmental Attributes to Buyer.

Delivery Point(s):

Buyer will apply Environmental Attributes purchased from Seller to its receipt of Gas at the applicable Vehicle Fuel Producer Location(s) end-meter(s) as measured by the applicable local distribution company or pipeline and as allocated by Seller.

Delivery Period:

With respect to any fully executed Transaction Documents, the “**Delivery Period**” shall begin on the later to occur of (a) the specified date that both parties have provided in writing to the other of satisfaction of certain “**Conditions Precedent**” (events to be mutually agreed upon by Buyer and Seller in the Transaction Documents including commercial operation of the Project(s) beginning and completion of EPA registration by the Credit Generator) and their intent to start on said date or (b) the first calendar Day of the Month following the date on which all such Conditions Precedent herein have been satisfied or waived; or such other mutually agreeable date (in either case, the “**Start Date**”) and ends the last calendar day of the month for the sixtieth (60th) month following the Start Date, or an alternative term as mutually agreed upon by Buyer and Seller in the Transaction Documents, following the Start Date (the “**End Date**”).

Seller shall have the right of first refusal to provide Environmental Attributes of Biogas to Buyer up to the MaxDQ for the Buyer’s Vehicle Fuel Producer Location(s) until October 31, 2019 and also during the Delivery Period, this time period being the “**Exclusivity Period**”, as described further below.

Contract**Price:**

Environmental Attributes: Price for Environmental Attributes payable by Buyer to Seller, shall be:

- For Buyer’s Vehicle Fuel Producer Location(s) that Constellation directly supplies gas to: \$0.000/MMBtu
- In the event Constellation does not directly supply gas to a facility of Buyer, an attributes adder of \$0.050/MMBtu shall be paid by Buyer to Seller.

Physical Gas: The transaction for receipt of physical gas for the applicable Vehicle Fuel Producer Location(s) shall be as executed separately by Buyer, which may also be with Seller, for its supply of physical gas to such Vehicle Fuel Producer Location(s).

RIN Proceeds: Currently estimated to be five percent (5%), but is subject to change as mutually agreed upon and defined in the Transaction Documents for the specific biogas production Project(s), of the proceeds received by the Credit Monetization Party payable from Seller to Buyer upon receipt of funds by Seller from the Credit Monetization Party for RINs generated associated with each MMBtu sold by Seller to Buyer utilized as transportation fuel.

LCFS Proceeds: If Environmental Attributes are sold to Buyer in a state eligible for state-level credits such as LCFS Credits, an additional payment with respect to such Environmental Attributes applies in an amount equal to the portion, to be mutually agreed upon and defined in the Transaction Documents, of the proceeds received by the Credit Monetization Party payable from Seller to Buyer upon receipt of funds by Seller from the Credit Monetization Party for LCFS Credits generated associated with

each MMBtu sold by Seller to Buyer utilized as transportation fuel in a state eligible for state-level credits, such as LCFS Credits.

Timing for payment of each component of the Contract Price shall be on mutually agreeable terms as specified in the Transaction Documents.

Incremental volumes of Environmental Attributes for available demand above the MaxDQ, agreed to be provided by Seller and accepted by Buyer, shall be priced the same in accordance with this Contract Price section.

**Environmental
Attributes
Delivery &
Usage:**

This potential transaction is contingent upon (a) Biogas being produced from the Project(s) and (b) Vehicle Fuel sales at the Buyer's Vehicle Fuel Producer Location(s).

Except during a, or limited by, a Material Adverse Event or Force Majeure Event, Constellation will receive the Environmental Attributes from the Project(s) associated with the Contract Quantity and source such Environmental Attributes to the "**Vehicle Fuel Producer Location (s)**" (list comprising Buyer's CNG locations with committed capacity to the Project(s)) that meet EPA requirements for RIN generation, and as applies, LCFS Credit generation. The current expected Vehicle Fuel Producer Location(s) is provided in the accompanying *Appendix A*.

Material Adverse Event means any change, circumstance or effect not in control of Seller, individually or together with other such changes, circumstances or effects, that results or could reasonably be expected to result in a material adverse effect on (i) the business operations or prospects of the Vehicle Fuel Producer Location(s) or the Project(s), or (ii) the ability of Seller, Seller's affiliate to receive and source Environmental Attributes of Biogas to Vehicle Fuel Producer Location(s) due to reasons outside of the control of Seller.

During an event resulting in lower demand from Buyer: (a) Constellation may source Environmental Attributes associated with the Contract Quantity to "**Alternative Vehicle Fuel Producer Location(s)**" (list comprising of Buyer's alternate CNG locations); or (b) in Seller's sole discretion, the Environmental Attributes associated with the Contract Quantity may be stored by Seller or sold to other third parties which will result in no payment obligations of Seller to pay Buyer any share of RIN and, as applies, LCFS Credits proceeds for said quantities sold to a third-party. In the event of continued lower demand from Buyer, Seller may reduce the MaxDQ made available to Buyer from the Project(s), as to be further defined in the Transaction Documents.

During an event resulting in lower Environmental Attributes supply availability from the Project(s) than the quantity of Vehicle Fuel demand available from the Buyer, up to the MaxDQ, Constellation may source Environmental Attributes associated with the Contract Quantity from Alternative Project(s) (list comprising of Constellation's alternative Biogas supply sources). In the event of continued lower production from the Project(s) and supply made available from Seller, Buyer may reduce the MaxDQ made

available to Buyer from the Project(s), as to be further defined in the Transaction Documents.

With appropriate notice, Buyer may add stations to the list of Vehicle Fuel Producer Location(s) or Alternative Vehicle Fuel Producer Location(s) that meet EPA requirements.

Fuel Credits: The “**Credit Generator**” (a third-party selected by the Project Owner or the Project Owner itself) will register with EPA and generate RINs. Constellation and Buyer will provide support and documentation as reasonably required, including ensuring documentation is provided with respect to the Vehicle Fuel Producer Location(s). The “**Credit Monetization Party**” (a third-party selected by the Project Owner or the Project Owner itself) will be responsible for receiving and selling all RINs generated in association with Environmental Attributes from the Project(s).

As applicable, Credit Generator will register for LCFS pathway and LCFS credit generation and manage all LCFS compliance activities for Vehicle Fuel Producer Location(s) using Environmental Attributes from the Project(s). Credit Monetization Party will be responsible for receiving and selling all LCFS credits generated in association with Biogas from the Project(s).

Credit Generator and Project Owner are responsible for maintaining compliance with the EPA and CARB. Constellation and Buyer are responsible for providing documentation, as stated above, and providing reporting as reasonably requested in order for Credit Generator to comply with EPA and CARB requirements.

For avoidance of doubt, Constellation and Buyer acknowledge and agree that neither Constellation nor Buyer is taking title to any RINs or LCFS Credits associated with Environmental Attributes deliveries in this agreement and have no formal regulatory obligations with EPA or CARB as such. Credit Generator and Credit Monetization Party, as stated above, shall maintain and have the firm claim and responsibility for the generation of all RINs, LCFS Credits, and any other environmental credits or such equivalent associated with Environmental Attribute deliveries under the Transaction Documents.

Buyer agrees to HOLD HARMLESS AND PROMISES NOT TO SUE Seller, Seller’s parent, and/or affiliated companies and its respective officers, directors, representatives, agents, and employees from any and all liabilities or claims, losses, expenses (including reasonable attorney’s fees), damages, demands, judgments, causes of action or suits (collectively, “**Claims**”) of any kind, including but not limited to, violation of law/regulation/ordinance, breach with regard to any responsibility of the Credit Generator, Credit Monetization Party, Project Owner, or Buyer, arising as a result of any action or inaction of such Credit Generator, Credit Monetization Party, Project Owner, or Buyer.

Seller agrees to defend, indemnify and hold harmless Buyer and all its affiliates, and all of their respective officers, directors, shareholders, associates, employees, agents,

representatives, successors and assigns from and against Claims based on (i) Seller-provided falsehood, misrepresentations, material inaccuracy or misleading statement in any documentation (including, but not limited to, in claims of title, registrations, attestations and other representations and warranties concerning the Environmental Attributes); (ii) Seller's gross negligence or willful misconduct; (iii) Seller's violation of law/regulation/ordinance; or (iv) Seller's breach of this Transaction Confirmation. Buyer agrees to defend, indemnify and hold harmless Seller and all its affiliates, and all of their respective officers, directors, shareholders, associates, employees, agents, representatives, successors and assigns from all Claims based on (i) Buyer-provided falsehoods, misrepresentations, material inaccuracies or misleading statement in any documentation delivered under this Transaction Confirmation; (ii) Buyer's gross negligence or willful misconduct; (iii) Buyer's violation of law/regulation/ordinance; or (iv) Buyer's breach of this Transaction Confirmation.

Alternative

Supply Sources: Seller can substitute an equal quantity of Environmental Attributes from other facilities ("**Alternate Project(s)**") supplying up to the MaxDQ, upon approval of Buyer.

Termination & Breach:

Either Buyer or Seller may terminate the transaction due to a change of law or regulations that: (a) renders the Environmental Attributes sold hereunder ineligible to generate RINs, (b) causes a party to be unable to perform their obligations included in the transaction, or (c) causes economic damages to occur to one or more of the parties as a result, and the parties cannot restructure the transaction in a mutually agreed upon manner. Damages resulting from such early termination due to changes in law or regulations shall be limited to the amounts owed up to such early termination and exclude any future valuation or lost revenue from Environmental Attributes including RINs and LCFS Credits.

In the event of breach of (i) Seller's obligation to supply Environmental Attributes from the Project(s), (ii) Buyer's obligation to buy Environmental Attributes from the Project(s) for Vehicle Fuel Producer Location(s) as is allowed by and in accordance with EPA Renewable Fuel Standard and, as applies, the Low Carbon Fuel Standard, or (iii) either party's obligations with respect of enabling RIN, or as applies, LCFS Credit generation, then amounts owed for damages shall be based upon the replacement cost to acquire Environmental Attributes including the applicable share of RINs and LCFS credits, as applies, as further detailed in the Transaction Documents.

Timing:

Buyer and Seller shall work towards the execution of Transaction Documents following the execution of this Term Sheet. This term sheet is subject to completion of due diligence satisfactory to Constellation, receipt of required internal and applicable external approvals, the negotiation and execution of the agreements referenced in the term sheet satisfactory to Constellation and Buyer ("**Transaction Documents**"), and the receipt of any required regulatory approvals. This term sheet is non-binding in all respects except for the terms set forth in the Binding Terms section and does not obligate Constellation or any of its affiliates in any way to continue discussion with Buyer regarding a potential transaction or to enter into any agreements in connection with the same. This term sheet does not set forth all of the material terms that

Constellation anticipates would be included in the Transaction Documents, and a binding commitment with respect to a potential transaction will arise only at such time as both parties mutually execute and deliver such Transaction Documents. Neither party should rely on the non-binding contents of this term sheet in any way. To the extent either party does so, it does so at its own risk and expense. It is anticipated that each party will be responsible for their own expenses relating to the potential transaction, whether or not the potential transaction is consummated.

Binding Terms: *Confidentiality:*

To the extent permitted by law, each Party agrees to keep all terms and provisions of this Term Sheet and all communication provided in connection with this Term Sheet, including the pricing offered to Buyer, confidential to the extent not otherwise publicly available and not to disclose them to any third parties without the prior written consent of the other Party, except as otherwise required by law. Each Party may disclose such information to its affiliates and to its affiliates' employees, agents, advisors, and on a need to know basis, to its independent contractors, provided each such recipient agrees to hold such information in the strictest confidence.

Exclusivity:

Seller and its affiliates shall have an exclusive right for initial consideration of and a final of first refusal to source Environmental Attributes of Biogas for 100% of the expected Buyer's Vehicle Fuel Producer Location(s)'s demand for Environmental Attributes of Biogas up to the MaxDQ until the end of the Exclusivity Period as set forth above. Specific requirements are as follows:

- a) Buyer shall utilize Seller and its affiliates as the preferred counterparty to receive Environmental Attributes of Biogas for its Vehicle Fuel Producer Location(s) and allow Seller and its affiliates to provide an offer for those services for consideration exclusively.
- b) Should Buyer choose to not accept Seller's and its affiliates' exclusive offer, Buyer may solicit offers from other third parties. Buyer will provide Seller and its affiliates with any offer(s) received from a third party (a "**Third Party Offer**"). Such Third Party Offer shall include the following information:
 - i. name of third party
 - ii. product/service
 - iii. volume
 - iv. delivery location
 - v. term
 - vi. price
 - vii. RIN sharing provisions
 - viii. LCFS Credit sharing provisions
- c) Seller and its affiliates will have the right to match the offer components, particularly as it relates to price and term within thirty (30) days of receipt by Buyer of a Third Party Offer, and Seller and its affiliates shall also have the right to offer an alternative product or service for consideration by Buyer, for which Seller and its affiliates will detail the advantages versus the standard offer from the third party ("**Seller's Offer**"). Buyer has no obligation to agree to the alternative product. If the Third Party Offer is for a product or service that Seller

does not offer in its ordinary course of business, then Seller may, in its sole discretion, decline to pursue any transaction associated with the Third Party Offer.

- d) If the price and RIN/LCFS Credit sharing provisions in Seller's Offer is equal to or more financially advantageous to Buyer than the RIN/LCFS Credit sharing provisions in the Third Party Offer, Buyer shall purchase the product or service from Seller pursuant to the terms of Seller's Offer.

CONFIRMED AND AGREED

City of Norman, Oklahoma

By: _____
 Name: _____
 Title: _____
 Date: _____

Constellation NewEnergy – Gas Division, LLC

By:  _____
 Name: Kirk Stone
 Title: Principal, Commercial Business Enhancement
 Date: 12/19/2018

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Appendix A:

[Draft Form]

Buyer's Vehicle Fuel Producer Location(s)

Site Name	Street Address	Meter ID	Gas LDC

Buyer's Alternative Vehicle Fuel Producer Location(s)

Site Name	Street Address	Meter ID	Gas LDC