

TRANSACTION CONFIRMATION

**RNG Attribute Sales Agreement
between Puget Sound Energy, Inc. and Puget LNG, LLC**

THIS TRANSACTION CONFIRMATION (this “RNG Attribute Sales Agreement”) is made and entered into as of this 20th day of December, 2021 by and between Puget Sound Energy, Inc., a Washington corporation having a business address at 335 110th Ave. NE, Bellevue, WA 98004-9734 (“PSE”) and Puget LNG, LLC, a Washington limited liability company having a business address at 335 110th Ave. NE, Bellevue, WA 98004-9734 (“PLNG”), PSE and PLNG shall be referred to herein individually as a “Party” and collectively as the “Parties”.

Recitals

WHEREAS, PSE and PLNG are parties to that NAESB Base Contract for Sale and Purchase of Natural Gas dated February 1, 2021 (“NAESB Base Contract”) and that Transaction Confirmation entitled the Gas Supply Services Agreement dated February 1, 2021 (“GSSA”);

WHEREAS, PLNG and PSE are joint owners of the Tacoma LNG facility located at the Port of Tacoma, Washington;

WHEREAS, PSE is a regulated natural gas utility, subject to the jurisdiction of the Washington Utilities and Transportation Commission (“WUTC”);

WHEREAS, PSE is the exclusive gas supplier to PLNG’s share of the Tacoma LNG facility pursuant to the GSSA;

WHEREAS, PLNG has determined that it has one or more customers that prefer to obtain RNG in order to reduce emissions from their use of LNG;

WHEREAS, PSE has determined that to maintain compliance with the Puget Sound Clean Air Agency (“PSCAA”) air permit, PSE must supply natural gas originating in British Columbia to PLNG at the Tacoma LNG facility, however, PSE is allowed to attach RNG Attributes to such British Columbia-originated gas supply;

WHEREAS, PSE has determined that it has sufficient supplies of RNG to facilitate the sale of RNG Attributes to PLNG and that said sale would be beneficial to PSE’s gas customers and contribute to emissions reductions in the region; and

WHEREAS, PSE and PLNG will work together in good faith to capture the value of the RNG Attributes sold to PLNG pursuant to this RNG Attribute Sales Agreement under the EPA RFS Program currently in effect and the LCFS.

NOW THEREFORE, PSE agrees to sell and PLNG agrees to purchase RNG Attributes as further described herein.

**ARTICLE I
FORM OF AGREEMENT**

Section 1.1. This RNG Attribute Sales Agreement is a companion agreement to the NAESB Base Agreement and the GSSA. Terms not otherwise defined in this RNG Attribute Sales Agreement will have the same definitions as are provided in the NAESB Base Agreement and the GSSA.

Section 1.2. This RNG Attribute Sales Agreement is the second transaction confirmation emanating from the NAESB Base Agreement between the Parties. To the extent that provisions of this RNG Attribute Sales Agreement differ from provisions of the NAESB Base Agreement, the provisions in this RNG Attribute Sales Agreement will control.

Section 1.3. A verified copy of this RNG Attribute Sales Agreement is required to be filed with the WUTC under the Affiliated Interest Contracts or arrangements rules found at WAC 480-90-245, prior to its Effective Date.

**ARTICLE II
TRANSACTION CONFIRMATION DETAILS**

Section 2.1. This RNG Attribute Sales Agreement is a transaction confirmation for the RNG Attributes sold by PSE to PLNG and supplemental to the physical natural gas sold by PSE to PLNG under the GSSA.

Section 2.2. The pathway description, reporting protocol, volume, price and term for sales of RNG Attributes by PSE to PLNG under this RNG Attribute Sales Agreement shall be documented on a numbered RNG Attribute Pathway Exhibit, in the form included in Attachment A hereto. An RNG Attribute Pathway Exhibit shall not be treated as an amendment to this RNG Attributes Sales Agreement, nor shall such exhibit be filed with the WUTC.

Section 2.3. PLNG shall not assign this RNG Attribute Sales Agreement to a non-affiliated entity without: (a) the prior written consent of PSE; and (b) the prior written commitment of the non-affiliated buyer to retain PSE as its sole RNG Attribute supplier, and any assignment attempted without such prior written consent and commitment will be void and of no legal effect.

**ARTICLE III
TERM**

Section 3.1. Subject to Section 1.3, the "Effective Date" of this RNG Attribute Sales Agreement shall be the later of (a) January 1, 2022 or (b) the first day of the month during which actual LNG production commences at the Tacoma LNG facility; provided however that commissioning and start-up testing does not constitute actual LNG production.

Section 3.2. The Term of this RNG Attribute Sales Agreement shall begin on the Effective Date and will end on the fifth (5th) anniversary of the Effective Date (the "Term"), unless it is extended by a written amendment to this RNG Attribute Sales Agreement that is executed by both Parties.

Section 3.3. The Term of this RNG Attribute Sales Agreement may be extended for an additional five (5) years by written mutual agreement of both Parties. The Parties may mutually extend the Term of this RNG Attribute Sales Agreement up to four (4) times. An extension of the Term of this RNG Attribute Sales Agreement pursuant to this Section 3.3 need not be filed with the WUTC.

ARTICLE IV DEFINITIONS

Section 4.1. The following terms when used herein will have the meaning set forth below:

“Advanced Biofuel” has the meaning as set forth in the EPA RFS Program.

“Attribute Security Deposit” means a fee per Dth billed by PSE to ensure that PLNG and its customers fulfill their applicable responsibilities for documenting the dates, volumes and uses of RNG to allow the applicable Resolved Attributes to accrue to PSE’s account. The Attribute Security Deposit will be refunded at the time that PSE pays the Resolved Attribute Credit.

“Biogas” means a mixture of gases, primarily methane and carbon dioxide, produced from raw materials such as agricultural waste, municipal waste, plant material, green waste or food waste.

“Cellulosic Biofuel” has the meaning as set forth in the EPA RFS Program.

“EPA RFS Program” means the renewable fuel standard program and policies established by the Environmental Protection Agency (40 C.F.R (§§ 80.1400 - 80.1474), as may be amended from time to time.

“Governmental Authority” means any federal, state, local or foreign government or any provincial, departmental or other political subdivision thereof, or any entity, body or authority exercising executive, legislative, judicial, regulatory, administrative or other governmental functions or any court, department, commission, board, bureau, agency, instrumentality or administrative body of any of the foregoing.

“LCFS” means the enactment, by a Governmental Authority, of applicable laws or regulations in respect of a low carbon fuel standard applicable to transportation fuels (including without limitation, RNG in compressed form or in the form of LNG) produced within, or imported into, the State of Washington that would permit legal eligibility for such fuels to monetize their environmental attributes based upon applicable factors, including without limitation, their carbon intensity.

“Resolved Attribute” means an RNG Attribute that has been successfully converted to a measurable, commercially recognized product, as a result of the completion of appropriate documentation, including date, volume and use.

“Resolved Attribute Credit” means the credit per Dth provided by PSE to PLNG that provides PLNG with a share of the value of RNG Attributes realized by PSE and allocable to LNG used by PLNG customers as a transportation fuel.

“RIN” means a Renewable Identification Number as defined in 40 C.F.R. § 80.1401 or any successor regulation promulgated under the EPA RFS Program.

“RNG” means pipeline-quality biomethane produced from biomass.

“RNG Attributes” means any and all environmental attributes associated with the use of RNG, including as an Advanced Biofuel, Cellulosic Biofuel, low carbon fuel or Alternative Fuel for purposes of qualifying for use: (a) in the EPA RFS Program, including without limitation, RINs; or (b) in respect of the LCFS. RNG Attributes include RNG Certificates, Thermal RECs, Green Gas Certificates, RNG Credits, Renewable Thermal Credits or any other attribute established to capture the value of emissions reduction achieved by use of RNG.

ARTICLE V RNG ATTRIBUTE SALES

Section 5.1. PSE shall sell and deliver to PLNG’s account and PLNG shall purchase and accept the volume of RNG Attributes identified in each applicable numbered RNG Attribute Pathway Exhibit, subject to the reporting protocols, procedures, pricing terms and charges outlined herein or in the applicable RNG Attribute Pathway Exhibit.

Section 5.2. In order to comply with the air permit issued by PSCAA for the Tacoma LNG facility, PSE shall continue to purchase all physical natural gas supplied to PLNG under the NAESB Base Contract and the GSSA at the Station 2 or Huntingdon trading hubs located in British Columbia. RNG Attributes sold under this RNG Attribute Sales Agreement are supplemental to such physical natural gas supplies.

Section 5.3. PSE reserves the right to structure the RNG Attribute sales transaction to retain the value of any portion of the RNG Attributes derived from the LCFS, and PSE and PLNG agree to cooperate and use commercially reasonable efforts to negotiate an amendment to this RNG Attribute Sales Agreement in connection with the sharing of revenues to be generated from any such RNG Attributes applicable to the LCFS.

Section 5.4. PLNG shall be liable for all applicable Washington State or local taxes applicable to the RNG Attributes sold under this RNG Attribute Sales Agreement. To the extent that any RNG Attributes sold under this Agreement are allocable to LNG produced by PLNG that is not subsequently sold for utilization as transportation fuel, PLNG shall report the appropriate volumes to PSE, if necessary, for calculation of any applicable taxes.

Section 5.5. The price of the RNG Attributes sold under this RNG Attribute Sales Agreement shall be considered to include any and all payment to PSE for allocated labor and overheads associated with RNG Attribute acquisition, management, and accounting.

**ARTICLE VI
RNG ATTRIBUTE REPORTING PROTOCOL**

Section 6.1. Unless otherwise modified in the applicable RNG Attribute Pathway Exhibit, at the end of each month for each RNG Attribute Pathway Exhibit, separately:

(a) PLNG shall report the volumes of qualified LNG deliveries in weight which are intended to include RNG Attributes.

(b) Using the periodically updated LNG weight to LNG gallon to natural gas inlet volume in Dth conversion factors from the Tacoma LNG facility, PSE shall calculate and record the qualified natural gas volume subject to RNG Attributes.

(c) PSE will bill PLNG for the agreed Security Deposit from the RNG Pathway Exhibit each month, supplemental to charges due under the GSSA.

(d) PSE will document and report RNG for transportation fuel-use volumes to (i) the EPA RFS Program and record RINs within its applicable EPA account and (ii) in the case of the LCFS, an applicable Governmental Authority in respect thereof.

(e) In its sole determination, PSE may sell RNG Attributes recorded pursuant to Section 6.1(d) to one or more third parties.

(f) Within 45 days after the anniversary of the commencement date of each RNG Attribute Pathway Exhibit and each year thereafter, PSE will credit to PLNG's account, on the next monthly invoice issued, the agreed Resolved Attribute Credit and the Security Deposit from each RNG Attribute Pathway Exhibit for the volume of RNG Attributes that have become Resolved Attributes.

(g) For any RNG Attributes allocated to LNG sales by PLNG but that remain unresolved by the anniversary of the date on which the LNG to which such RNG Attributes are allocable was sold by PLNG, PSE will retain the Security Deposit and PLNG will forfeit the opportunity to receive the applicable Resolved Attribute Credit therefor.

**ARTICLE VII
PATHWAY DOCUMENTATION**

Section 7.1. PLNG shall cooperate in preparing and reporting the necessary documentation and data to establish and maintain appropriate certification and qualification for all applicable vehicle use or other pathways necessary for the RNG Attributes to become Resolved Attributes.

**ARTICLE VIII
MONTHLY INVOICE**

Section 8.1. PSE shall send a monthly invoice to PLNG, supplemental to the invoice pursuant to the GSSA, which shall include each of the following:

(a) A charge equal to the volume of RNG Attributes in Dth multiplied by the Attribute Security Deposit per Dth, for each RNG Attribute Pathway Exhibit in effect during the month;

plus, if applicable, in accordance with Section 6.1(f)

(b) A credit equal to the volume of Resolved Attributes times the Resolved Attribute Credit per Dth, as applicable for each RNG Attribute Pathway Exhibit; *plus*

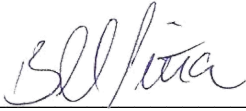
(c) A credit equal to the volume of Resolved Attributes times the Attribute Security Deposit per Dth, as applicable for each RNG Attribute Pathway Exhibit; *plus*

(d) Any other amounts due under this RNG Attribute Sales Agreement.

[Signature Page Follows]

Please confirm the foregoing correctly sets forth the terms of the Parties' agreement with respect to this Transaction by signing in the space below and returning a copy of the executed Confirmation.

Puget LNG, LLC

By:  _____

Name: Blake Littauer

Title: President

Puget Sound Energy, Inc.

By:  _____

Name: Ron Roberts

Title: Vice President, Energy Supply

ATTACHMENT A

RNG Attribute Pathway Exhibit # _____, dated _____ to that RNG Attribute Sales Agreement, dated December 20, 2021 between PSE and PLNG

RNG Attribute Pathway

PLNG elects to purchase RNG Attributes as a supplement to the GSSA on the defined volume of natural gas, as defined herein.

Maximum RNG Attribute Pathway Volume: *(insert volume)* _____ Dth

(circle one): per day, per month, per year

RNG Attribute Pathway Term:

Effective from *(insert beginning date)* _____

through *(insert ending date)* _____

RNG Attribute Pathway Description:

Customer *(insert PLNG customer name)* _____

Pathway reporting protocol *(insert description of protocol for determining volume each period of term):* _____

Attribute Price:¹

Security Deposit: _____ \$US per Dth

Resolved Attribute Credit: Formula Price: *(insert formula)*

_____ \$US per Dth

Agreed By: _____ for PSE

Agreed By: _____ for PLNG

(Send copy to Energy Risk Control)

¹ The Attribute Price does NOT include the value of LCFS credits, if any.

**RNG Attribute Pathway Exhibit # 1, dated December 1, 2021
to that RNG Attribute Sales Agreement,
dated December 20, 2021 between PSE and PLNG**

RNG Attribute Pathway

PLNG elects to purchase RNG Attributes, solely consisting of RINs, as a supplement to the GSSA on the defined volume of natural gas, as defined herein.

Maximum RNG Attribute Pathway Volume: *(insert volume)* [REDACTED] Dth
(circle one): [REDACTED] per year

RNG Attribute Pathway Term:

Effective from *(insert beginning date)*: the Effective Date of the RNG Attribute Sales Agreement through *(insert ending date)*: [REDACTED] [REDACTED]

RNG Attribute Pathway Description:

Customer *(insert PLNG customer name)* [REDACTED]

Pathway reporting protocol *(insert description of protocol for determining volume)* RINs based on LNG weight reported as delivered to [REDACTED] by the Tacoma LNG facility during month, converted to gallons and then Dth using currently effective conversions by the Tacoma LNG facility. PLNG shall use commercially reasonable efforts to ensure that [REDACTED], pursuant to applicable agreements between PLNG and [REDACTED], delivers all documentation and performs all applicable reporting required for the generation of RINs and LCFS credits (if applicable), including without limitation, attestations that relevant volumes of LNG received thereunder were used exclusively for transportation fuel. For the avoidance of doubt, PSE shall (a) retain all RINs and reflect the value thereof within the Attribute Price (as set forth below) and (b) retain all other remaining RNG Attributes.

Attribute Price:

Security Deposit: [REDACTED] \$US per Dth

Resolved Attribute Credit: Formula Price: *(insert formula)*

[REDACTED] of D3 RIN average market price by month, as reported in the *Argus Americas Biofuels* daily report, weighted by monthly Attribute volumes converted to Dth using 11.727 RIN per Dth

Agreed By: Rea Roberts for PSE

Agreed By: Bill [REDACTED] for PLNG

(Send copy to Energy Risk Control)