



**PROFESSIONAL SERVICES AGREEMENT**

**Effective Date:** The earlier of the Start Date or the date of last signature by the Parties of this Agreement

**ERCOT:** Electric Reliability Council of Texas, Inc.  
7620 Metro Center Drive, Austin, Texas 78744-1654

**Contractor:** \_\_\_\_\_  
\_\_\_\_\_

**Start Date:** \_\_\_\_\_

**End Date:** \_\_\_\_\_

By this Professional Services Agreement (“**Agreement**”), ERCOT and Contractor (individually, a “**Party**” and collectively, the “**Parties**”) agree that ERCOT engages Contractor to perform professional services according to the following terms and conditions:

**1. TERM**

**1.1** This Agreement will begin on the Start Date and expire on the End Date (“**Term**”). However, if any Statement of Work (“**SOW**”) begun during the term of this Agreement has not been completed at the termination of this Agreement, this Agreement will continue in force only for that SOW.

**1.2** Either Party may terminate this Agreement or any SOW for Cause by providing ten (10) days written notice and opportunity to cure to the other Party. Either Party may terminate this Agreement or any SOW immediately by providing written notice to the other Party if the Cause is not curable.

**1.3** Either Party may terminate this Agreement or any SOW at any time without Cause by providing thirty (30) days written notice to the other Party.

**1.4** As used in this **Section 1**, “**Cause**” means fraud, misconduct, a Party’s failure to perform, or any material breach of this Agreement or any SOW.

**2. SERVICES**

**2.1** Contractor agrees to perform professional services as described in SOWs executed by the Parties pursuant to the terms and conditions of this Agreement (“**Services**”). SOWs will set forth:

- A.** the scope of Services;
- B.** the schedule for performance;
- C.** the fees to be paid for such Services;
- D.** the time period during which such Services will be rendered; and
- E.** any additional terms agreed upon by the Parties.

**2.2** In case of any conflict between this Agreement and an SOW, the terms of the SOW will prevail.

**2.3** Contractor will perform all Services in accordance with reasonable instructions, directions, and requests of the ERCOT Manager named in the applicable SOW.



### 3. RELATIONSHIP OF PARTIES

#### 3.1 Independent Contractor

Contractor is and will remain at all times an independent contractor, and nothing in this Agreement will be deemed to create a joint venture, partnership, employment, franchise, master-servant, or agency relationship between the Parties.

#### 3.2 Individuals

Unless otherwise agreed to in writing by ERCOT, Contractor warrants that all individuals performing Services on behalf of Contractor under this Agreement (“**Individuals**” or, singularly, an “**Individual**”) are employees of Contractor who may legally work in the United States, and for whom Contractor is solely responsible and pays wages, required federal, state, and local tax withholdings (including social security, unemployment, and Medicare), workers’ compensation insurance, and employment benefits (“**Contractor Employees**”). Under no circumstances will any Individuals, whether Contractor Employees or a Subcontractor, as defined below in **Section 3.3**, be considered employees of ERCOT.

#### 3.3 Subcontractors

- A. If Services will be performed on behalf of Contractor by anyone other than Contractor Employees, whether by independent contractors or employees of another entity (a “**Subcontractor**”), Contractor must receive prior written approval from ERCOT for the Subcontractor to perform or assist in performing the Services.
- B. ERCOT’s consent for a Subcontractor to perform Services as an Individual must be set forth in the applicable SOW.
- C. It is Contractor’s responsibility to ensure Subcontractor complies with this Agreement and applicable employment laws. ERCOT’s consent to Contractor’s engagement of a Subcontractor in no way relieves Contractor of any obligation under this Agreement.

#### 3.4 Authority

- A. Except as expressly provided to the contrary elsewhere in this Agreement, neither Party has any right or authority to act on behalf of the other Party or to assume or create any obligation, liability, or responsibility on behalf of the other Party.
- B. Contractor is solely responsible for establishing the working hours, work environment, and specific strategies, actions, and methods by which Individuals will perform the Services to achieve the results contemplated by this Agreement and any associated SOW.

#### 3.5 Nonsolicitation

While this Agreement is in effect and for six (6) months after its termination, neither Party will solicit for hire employees of the other. However, neither Party is prohibited from considering unsolicited applications submitted in response to a general advertisement.

### 4. FEES, EXPENSES & INVOICES

**4.1** In exchange for Services performed for ERCOT by Contractor, ERCOT will pay Contractor the fees set forth in the applicable SOW.

**4.2** Contractor will not increase the rates charged for the Individuals providing Services or change the rate categories used for ERCOT billing purposes under an SOW absent a written amendment between the Parties.

#### 4.3 Time and Material Services

- A. For Services compensated on a time and materials basis, each Individual will submit a signed weekly timesheet, detailing the services performed, for written approval by the ERCOT Manager named in the SOW.
- B. Each timesheet will indicate the ERCOT facility at which the Services were performed and whether any Services were performed at any location other than an ERCOT facility. Badge logging may be audited for verification of time charged.
- C. Any Individual who provides Services for more than one project will separate, on his or her timesheet, the time spent on each project or for general services not related to a specific project.
- D. Contractor will issue separate invoices each month for each SOW.
- E. Contractor will enclose copies of the relevant signed weekly timesheets with each invoice.

#### 4.4 Fixed Fee Services

For Services performed for a fixed or flat fee, Contractor will issue invoices containing a description of the work performed, including a listing of all milestones and deliverables achieved, in accordance with the terms of the SOW.

#### 4.5 Out of Pocket Expenses

ERCOT will reimburse Contractor for Contractor's reasonable actual expenses that Contractor incurs in performing Services benefiting ERCOT under this Agreement, but only to the extent that:

- A. such expenses are authorized by an SOW;
- B. documentation of such expenses is provided to ERCOT within sixty (60) days of the expense being incurred, and
- C. such expenses comply with the ERCOT Business Expense Reimbursement Corporate Standard, a copy of which may be found at [www.ercot.com](http://www.ercot.com).

#### 4.6 Invoices

- A. Contractor will provide ERCOT with a monthly invoice describing:
  - 1. work performed by each Individual during the previous month;
  - 2. time billed by each Individual in accordance with the fee structure set forth in the SOW (unless fixed fee), with time billed for Services separated for each project and for general purposes;
  - 3. any milestones or deliverables completed by Contractor and accepted by ERCOT;
  - 4. fees charged; and
  - 5. authorized expenses with a copy of all receipts for claimed expenses.
- B. Within thirty (30) days after ERCOT receives an invoice from Contractor, ERCOT will pay Contractor any invoiced amount not disputed in good faith, subject to the following conditions:
  - 1. ERCOT accepts all delivery and all performance of the Services described in such invoice;
  - 2. Contractor has satisfied, and continues satisfying, all of its obligations, representations, warranties and covenants under this Agreement; and



3. Contractor has provided adequate documentation of the expenses and other charges set forth in the invoice, as described above.
- C. In the event of a dispute, within thirty (30) days after receipt of an invoice, ERCOT will explain the reason performance and delivery of the Services are not acceptable and pay the undisputed portion of the invoice.
- D. Contractor will send all invoices to [accountspayable@ercot.com](mailto:accountspayable@ercot.com) or:  
*Electric Reliability Council of Texas, Inc.  
Accounts Payable Department  
7620 Metro Center Drive  
Austin Texas 78744  
Fax: (512) 225-7020*

## 5. BACKGROUND INVESTIGATION AND CONDUCT

### 5.1 Background Investigation

- A. Contractor will ensure that all Individuals are legally authorized to perform the Services in the United States and Texas, and that the education and background on resumes submitted to ERCOT for Individuals are accurate.
- B. Prior to any Individual having unescorted access to ERCOT's facilities, or access to ERCOT computers or information systems ("**Access Privileges**"), such Individual must successfully pass a background investigation, including:
  1. a criminal background check for the previous seven (7) years in each county, state, and country in which the Individual has worked, lived, or attended school showing no felonies and no misdemeanors except those misdemeanors that ERCOT accepts in writing, using a reputable vendor of consumer report services;
  2. verification of the Individual's identity and confirming each Individual's social security number by (a) a reputable vendor of consumer report services, (b) receipt of a properly-completed Form I-9, or (c) other reliable process acceptable to ERCOT; and
  3. a clean, supervised drug screen to detect cocaine, amphetamines, opiates, phencyclidine, and marijuana, administered by a reputable medical office or drug testing service.
- C. For each Individual for whom Contractor requests Access Privileges, Contractor must:
  1. arrange and pay for the above background investigation; and
  2. provide written confirmation to ERCOT that the Individual has successfully passed the requisite background investigation. Contractor will maintain and allow ERCOT or its authorized representative access to audit Contractor's records relating to the background investigation of any Individual for a period of three (3) years after the End Date of the applicable SOW.
- D. All information regarding an Individual obtained during the background check and drug screen will be kept confidential by ERCOT to the extent allowed by law.

### 5.2 Conduct

- A. Contractor agrees that it and all Individuals will abide by ERCOT's Code of Conduct and Ethics Corporate Standard ("**Code of Conduct**") and all other policies and procedures applicable to ERCOT independent contractors while performing Services for ERCOT, on ERCOT premises, or using ERCOT equipment or networks.



- B. Further, all Individuals must execute the then-current Consultant Ethics Agreement (the “**Ethics Agreement**”) acknowledging and agreeing to be bound by ERCOT’s Antitrust Compliance, Driving on Company Business, Confidentiality, Fraud Prevention and Whistleblower, and Acceptable Use Corporate Standards prior to being granted access privileges or beginning services for ERCOT. All Individuals will execute such updated agreements as are reasonably requested by ERCOT.
- C. The form of the current required Ethics Agreement and Code of Conduct may be found at [www.ercot.com](http://www.ercot.com).
- D. Contractor agrees that it will abide by ERCOT’s Records and Information Management Corporate Standard.
- E. Contractor acknowledges that the following items are subject to inspection by ERCOT personnel at any time with or without notice:
  - 1. any e-mail, voicemail, or computer usage by any Individual using ERCOT computer, network, or electronic equipment; and
  - 2. any tangible item situated on ERCOT’s premises (including filing cabinets, desks, or other work areas).
- F. On-site Safety
  - 1. Contractor is responsible for complying with all ERCOT safety precautions and programs in connection with the Services provided.
  - 2. Contractor will take all necessary precautions and provide all necessary protection from damage, injury, or loss to persons or property in providing the Services.
  - 3. Contractor is liable for all damage or loss to any person or property to the extent caused by Contractor or an Individual.

## 6. LIMITATION OF LIABILITY

**6.1 ERCOT will not be liable under this Agreement for any special, indirect, incidental, consequential, punitive, or exemplary damages of any kind.**

**6.2 ERCOT’S aggregate liability for claims of any kind, whether based on contract or tort, or otherwise relating to this Agreement, will not exceed the compensation paid or owed to Contractor in the prior twelve (12) months under the SOW giving rise to the claim.**

## 7. CONFIDENTIALITY

### 7.1 Exchange of Confidential Information

For the purposes of this Agreement, the Parties will be exchanging certain Confidential Information, as defined in **Section 7.2.A** below (i.e., the “**Disclosing Party**” provides Confidential Information to the “**Receiving Party**”).

### 7.2 Confidential Information

**A. “Confidential Information”** is information that by its nature or purpose would reasonably be considered by a person to be confidential, proprietary, or trade secret information and specifically includes, but is not limited to, anything designated as Protected Information under the ERCOT Protocols. Confidential Information also includes all information, technical data, and know-how that relates to the business, services, or products of Disclosing Party, or Disclosing Party’s Market Participants (as defined below), customers, or other vendors, including without limitation, any research, products, services,

developments, inventions, processes, techniques, designs, and scientific, technical, engineering, distribution, marketing, financial, merchandising, pricing, and sales information that is disclosed to Receiving Party directly or indirectly in writing, electronically, orally, by drawings, or through inspection. A “**Market Participant**” is an entity other than ERCOT that engages in any activity that is in whole or in part the subject of the ERCOT Nodal Protocols, regardless of whether it has signed an agreement with ERCOT, as further described in the ERCOT Nodal Protocols, which may be found on ERCOT’s website at [www.ercot.com](http://www.ercot.com).

- B. The Parties agree that the existence of this Agreement and its terms are considered Confidential Information, and neither Party will publicly release information about its relationship with the other or this Agreement (via news releases, articles, brochures, advertisements, web pages, prepared speeches, or otherwise) without the other Party’s prior written consent.
- C. Confidential Information does not include information, technical data, or know-how that:
  - 1. is already published or available to the public, or subsequently becomes available, other than by a breach of this Agreement;
  - 2. is received from a third party without Receiving Party’s knowledge of any obligation of confidentiality;
  - 3. is independently developed by personnel or agents of Receiving Party without reliance on the Confidential Information;
  - 4. is proven by written evidence to be known to Receiving Party at the time of disclosure; or
  - 5. is produced by Receiving Party in compliance with an order, rule, or law of any federal, state, local, or municipal body having jurisdiction over a party, provided that Receiving Party gives Disclosing Party notice, to the extent reasonably possible, of such order, rule, or law and gives Disclosing Party an opportunity to defend and/or attempt to limit such production.

### 7.3 Precautions Taken to Protect Confidential Information

- A. Receiving Party agrees not to disclose or use the Confidential Information for any purposes other than those under this Agreement.
- B. Receiving Party will take reasonable actions and precautions to prevent unauthorized disclosure and use of Confidential Information, including maintaining possession and control at all times.
- C. Confidential Information and all copies are and will remain the property of Disclosing Party.
- D. Except as to Confidential Information that also makes up a part of Deliverables or Professional Materials as defined below in Section 9, upon request of Disclosing Party or immediately upon termination of this Agreement Receiving Party will promptly return to Disclosing Party all Confidential Information via bonded courier or some other similarly secure means agreed upon in advance, or destroy all Confidential Information using a destruction method that ensures such data is unrecoverable and providing documentation to Disclosing Party detailing the destruction method and process used, provided that each Party may keep a copy of this Agreement.
- E. Receiving Party agrees to immediately notify Disclosing Party upon discovery of any unauthorized use or disclosure of Confidential Information, and to cooperate in any



reasonable way to help Disclosing Party regain possession of the Confidential Information and prevent further unauthorized use or disclosure.

#### **7.4 Loopholes**

- A.** Contractor recognizes that by performing Services under this Agreement, Contractor may become aware of methods by which Market Participants could manipulate or “game” the ERCOT system (“**Loopholes**”) and thereby take unethical advantage of the ERCOT system.
- B.** Contractor agrees that to the extent Contractor becomes aware of such information, it will promptly notify a member of ERCOT management of the existence of such Loopholes and that it will treat such information as Confidential Information.

**7.5** Notwithstanding anything to the contrary in this Agreement, no Individual or Party will be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (B) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An Individual who files a lawsuit for retaliation by a Party for reporting a suspected violation of law may disclose the trade secret to his or her attorney and use the trade secret information in the court proceeding, if the Individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

### **8. CONFLICT OF INTEREST**

**8.1** ERCOT recognizes that Contractor routinely performs services for other clients, and ERCOT agrees that Contractor is permitted to perform services for other clients; subject however to the condition that Contractor’s work for another client does not create a prohibited conflict of interest with ERCOT and Contractor complies with all the provisions of this Agreement.

**8.2** Contractor represents that any Individuals who provide Services to ERCOT will not concurrently provide any services to Market Participants and will not concurrently provide services to any other client where such services might create a conflict of interest.

### **9. DELIVERABLES**

#### **9.1 Ownership of Deliverables**

- A.** For any goods, information, or other product of work requested by or delivered to ERCOT in connection with Services under any SOW signed pursuant to this Agreement (“**Deliverables**”), Contractor does hereby, without reservation, irrevocably:
  - 1.** sell, assign, grant, transfer, and convey to ERCOT, its successors and assigns, Contractor’s entire right, title, and interest (past, present, future, and throughout the world) in and to:
    - a.** such Deliverables, and
    - b.** any and all claims, of any nature whatsoever, for past, present, or future infringement or violation of the Deliverables;
  - 2.** to the extent that all or any portion of the Deliverables includes a work of authorship created by Contractor, either solely or jointly with another, and to the extent such work is eligible for treatment as a “work for hire,” deem each such work of authorship created as a “work made for hire” (as that term is defined in the United States Copyright Act (17 U.S.C. et seq.)) that is owned solely by ERCOT;

3. represent, warrant, and covenant that Contractor forever waives all moral rights in the Deliverables and will never assert any moral rights in the Deliverables; and
  4. acknowledge and agree that Contractor has no license, sublicense, right, or immunity, either directly, indirectly, or by implication, estoppel, or otherwise, under all or any part of the Deliverables.
- B. Contractor will promptly disclose and fully deliver (electronically and in tangible form), to the ERCOT Manager named in each SOW each and every portion of the Deliverables required by such SOW after that portion of the Deliverables is created or prepared unless otherwise set forth in the applicable SOW.

## 9.2 Professional Materials

- A. “**Professional Materials**” means any software, software designs, raw experience modeling, industry data, and any generic analyses of such data, routines, user-interface conventions, interfaces to third-party products, user-interface design patterns, other development and design tools, and documentation that Contractor developed prior to the execution of the applicable SOW.
- B. ERCOT agrees that Deliverables will not include any Professional Materials delivered to ERCOT under this Agreement so long as such do not contain any of ERCOT’s Confidential Information.
- C. ERCOT acknowledges and agrees that Contractor retains all right, title, and interest in the Professional Materials.

## 9.3 License to Professional Materials

In consideration of and effective upon ERCOT’s payment to Contractor of amounts required under the applicable SOW, and subject to the other terms and conditions of this Agreement, Contractor hereby grants to ERCOT a non-exclusive, non-transferable, and royalty-free license to use, copy, operate, process, and modify the Professional Materials for use in connection with any associated Deliverables.

## 10. CYBER SECURITY

- 10.1 Prior to performing Services, Contractor will provide summary documentation of its secure product development life cycle, including the standards, practices, training programs, and development environment used to create or modify Deliverables. If applicable, Contractor will document how it addresses and prevents introduction of malicious code during development and delivery of software included with Deliverables. If applicable, the Contractor will document how the most critical application security weaknesses are being addressed.
- 10.2 During or after performance of services or transfer of deliverables, and upon Contractor identifying any known vulnerabilities or breaches of system security, Contractor will notify ERCOT (1) within 24 hours of such breaches involving services, deliverables, and/or software provided to ERCOT or (2) within three (3) calendar days of any other breaches of Contractor’s system security. Within seven (7) calendar days of any such breach, Contractor will provide follow-up documentation to ERCOT that will include a description of the breach, potential security impact, root cause, and recommended corrective actions to be taken by ERCOT and Contractor. Contractor will continue to report to ERCOT on a schedule approved by ERCOT until a root cause analysis and forensic investigation to determine the full impact have been completed or exhausted.
- 10.3 Contractor will notify ERCOT immediately upon resignation, termination, or reassignment of any Individuals requiring Access Privileges.



- 10.4** Contractor will transfer Deliverables only through secure channels approved in advance by ERCOT. ERCOT may require Contractor to specify how digital delivery will be validated and monitored to ensure integrity and authenticity of software and patches, and to apply encryption throughout the delivery process.
- 10.5** All Contractor access, including Contractor-initiated remote access and automated system-to-system access, will occur only through ERCOT's security gateways and firewalls, and will adhere to ERCOT security procedures.

## **11. WARRANTY**

- 11.1** Contractor warrants that all Individuals are qualified, and that Contractor will perform all Services with due diligence and in full compliance with the highest professional standards of practice in the industry.
- 11.2** Contractor warrants that it has good title and the right to transfer license to all Deliverables and Professional Materials provided to ERCOT under this Agreement.
- 11.3** Contractor warrants that it will perform Services in compliance with all laws and maintain any licenses or permits required for Contractor to legally perform the Services.

## **12. INDEMNIFICATION**

- 12.1** Contractor will defend, indemnify, and hold ERCOT harmless from and against any and all claims, suits, liabilities, assessments, penalties, losses, demands, damages, settlements, costs (including court costs), attorneys' fees, expenses (including forensic analysis and notifications required under law or regulation), or interest payments that ERCOT may at any time incur by reason of any demand, proceeding, action suit, or claim brought against ERCOT by a nonparty or any Individual arising from or relating to any of the following, whether actual or alleged:
  - A.** a failure by Contractor to satisfy any one or more obligations, representations, warranties, or covenants under this Agreement;
  - B.** a breach of Contractor system security resulting in access or exfiltration of Confidential Information;
  - C.** an act of sole, joint, concurrent, or comparative negligence, or willful misconduct of the Contractor, or any one or more of its employees, officers, directors, affiliates, Subcontractors, licensees, or agents, including any Individual;
  - D.** a claim that any Professional Material or Deliverable provided by Contractor infringes any patent, trademark, or copyright, or is claimed to be a misappropriation of a trade secret;
  - E.** a claim by an Individual, Subcontractor, or supplier under a contractual or statutory lien for nonpayment by Contractor; or
  - F.** a claim of liability for any federal, state, or local taxes, workers' compensation, employment benefits, unemployment compensation or any other employment related or other claims by, for, or on behalf of all Individuals performing Services on behalf of Contractor.
- 12.2** ERCOT will promptly notify Contractor of any such claim.
- 12.3** Contractor has the obligation to undertake the defense of such claim, process, or other legal proceeding by representatives of its choosing, reasonably satisfactory to ERCOT, at Contractor's expense, provided, however, that ERCOT may participate in the defense with counsel of its own choosing and at its own expense.



- 12.4 Contractor will pay any final judgment entered against ERCOT or any settlement agreed to in writing by Contractor on such issue in any such suit or proceeding.
- 12.5 In the event Contractor fails to defend such claim diligently and in good faith, ERCOT has the right to undertake the defense, compromise, or settlement of such claim on behalf of and for the account and risk of Contractor at Contractor's expense.
- 12.6 If all or any part of the Deliverables is the subject of any claim, suit, or proceeding for infringement or misappropriation of any intellectual property right, Contractor may, and in the event of any adjudication that the Deliverables or any part thereof infringes or misappropriates any patent, trademark, copyright, or trade secret, or if the licensing or use of the Deliverables or any part thereof is enjoined, Contractor will, at its expense do one of the following things:
  - A. procure for ERCOT the right under such patent, trademark, copyright, or trade secret to fully use the Deliverables or the affected part thereof;
  - B. replace the Deliverable or affected part thereof with another non-infringing Deliverable; or
  - C. suitably modify the Deliverable or affected part thereof to make it non-infringing.

### 13. INSURANCE

- 13.1 Contractor will, at its sole cost and expense, secure and maintain as a minimum, from the Effective Date and thereafter during the term of this Agreement, for its own protection and the protection of ERCOT, the following insurance coverage with insurance companies with a minimum A.M. Best Rating of A-VI:
  - A. To the extent Access Privileges, as defined in **Section 5.1.B** above, are required in the performance of Services, Fidelity Bond or Crime Policy in the amount of \$1,000,000 with third party coverage with ERCOT as a named beneficiary for Contractor's employees working on ERCOT premises or working with ERCOT intellectual property, proprietary information, or Confidential Information;
  - B. Errors & Omissions (Professional Liability) insurance with a limit of \$1,000,000 per claim made and \$2,000,000 annual aggregate;
  - C. Commercial General Liability ("**CGL**") with a limit of \$1,000,000 per occurrence and \$2,000,000 in the aggregate covering bodily injury and tangible property damage claims;
  - D. If Contractor or its employees drive in the course of providing Services to ERCOT, automobile liability coverage with limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and
  - E. Umbrella Liability insurance in the amount of \$3,000,000 per incident that will be in excess of CGL coverage required herein.
- 13.2 Umbrella Insurance may be used to satisfy the limit requirements set out above for Commercial General Liability and Comprehensive Automobile Liability Insurance. Such umbrella policy must apply without any gaps in the limits of coverage, and be at least as broad as and follow the form of the underlying primary coverage.
- 13.3 Contractor will furnish to ERCOT certificates of insurance, signed by authorized representatives of the surety or insurers, of all such bonds and insurance confirming the amounts of such coverage, and that ERCOT is named as an additional insured under the CGL policy and any Automobile Liability policy.



- 13.4 The CGL and any Automobile policy will also include a waiver of subrogation in favor of ERCOT, its directors, agents, representatives, independent contractors, servants, and employees.
- 13.5 Contractor will provide ERCOT with renewal or replacement certificates at least thirty (30) days prior to the termination or material change in coverage of any required bond or insurance policy.
- 13.6 Failure to consistently maintain required fidelity bond or insurance coverage, or to timely provide ERCOT with insurance certificates, constitutes a material breach of this Agreement.

#### 14. AUDIT

- 14.1 Contractor's physical and electronic records relating to the Agreement and any SOW and the physical and electronic records of any Subcontractor that relate to any SOW ("**Records**") include, but are not limited to:
  - A. accounting, payroll, indirect cost, overhead allocation, and reimbursable cost records;
  - B. records verifying Contractor's and any Subcontractor's conflict of interest compliance;
  - C. personnel records including background investigation results;
  - D. Ethics Agreements;
  - E. related correspondence, schedules, receipts, vouchers, memoranda; and
  - F. any other documentation relating to this Agreement or work performed hereunder.
- 14.2 Records will be open to inspection and subject to audit and/or reproduction at ERCOT's expense during regular business hours and upon prior reasonable notice by ERCOT or ERCOT's duly authorized representative.
- 14.3 Contractor will preserve and maintain (and ensure that any Subcontractors preserve and maintain) all Records for a period of three (3) years after the termination or expiration of the Agreement or for any longer periods required by law.
- 14.4 The information contained in Contractor's financials or obtained by ERCOT during any audit will be kept confidential by ERCOT to the extent allowed by law.
- 14.5 Contractor will include the necessary provisions in its subcontracts to ensure that its Subcontractors comply with these provisions.
- 14.6 ERCOT has the right to recoup from Contractor any overpayments disclosed by ERCOT's audits.
- 14.7 Each party will bear its own costs related to permitted audits; provided, however, that in the event an audit results in a determination that Contractor has overcharged ERCOT two percent (2%) or more of the total charges for the period audited, Contractor will reimburse ERCOT for its costs associated with that audit.

#### 15. ASSIGNMENT

This Agreement is binding upon and inures to the benefit of the permitted successors and assigns of the Parties; provided however that the Parties may not, without the prior written consent of the other Party, assign, subcontract, or transfer this Agreement or any obligation incurred under this Agreement, except that ERCOT may assign this Agreement to a successor organization as required by law.

#### 16. FORCE MAJEURE



- 16.1 Neither Party breaches this Agreement if performance of its obligations under any associated SOW is prevented or delayed by a cause beyond its reasonable control.
- 16.2 ERCOT has the right to engage alternate contractors if an event of force majeure preventing Contractor's performance of Services threatens to adversely affect ERCOT operations.

## 17. TAXES

ERCOT is organized as a membership-based 501(c)(4) Texas Nonprofit Corporation and is exempt from most taxes. Contractor is solely responsible for all taxes (federal, state, local) and other similar statutory obligations arising from, relating to, or in connection with any payment made to Contractor by ERCOT.

## 18. SETOFF

ERCOT has the right to offset against payments owed to Contractor any sums resulting from damage to ERCOT property, indemnity, claim, or lien.

## 19. AMENDMENT

This Agreement and any SOW executed hereunder may only be modified by written agreement signed by the Parties. A project manager is not authorized to sign or otherwise approve any modification to this Agreement or any SOW.

## 20. LEGAL CONSTRUCTION

- 20.1 In the event that any one or more of the provisions contained in this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability does not affect any other provisions and the Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.
- 20.2 Because the Parties have had the opportunity to seek the advice and representation of Counsel, no rule of construction against the drafter of this Agreement applies.
- 20.3 No waiver is binding except through an amendment of this Agreement or the applicable SOW. A waiver of one provision under this agreement does not constitute a waiver of any other, and a failure to require strict performance does not constitute a waiver.

## 21. EXPORT LAWS

- 21.1 Contractor represents, warrants, agrees, and certifies that it will comply with the United States Foreign Corrupt Practices Act (regarding, among other things, payments to government officials) and all export laws, rules, and regulations of the United States Department of Commerce or other United States, or foreign, agency or authority.
- 21.2 Contractor represents, warrants, agrees, and certifies that it will not knowingly permit any non-party to, directly or indirectly, import, export, re-export, disclose, or transship any ERCOT Inventions, or any third party materials accessed by Contractor during the course of this Agreement, in violation of any such laws, rules, or regulations.

## 22. REMEDIES

The Parties acknowledge and agree that because (a) there will be an exchange of Confidential Information and (b) damages for certain breaches would be difficult to ascertain due to the unique and personal nature of the obligations under this Agreement, breach of any promise or covenant contained in this Agreement may result in irreparable and continuing damage to ERCOT, for which there would be no adequate remedy at law. In the event of such breach, ERCOT may be entitled to seek injunctive relief, specific performance, and any other relief available at law, in equity, or otherwise without any requirement for posting a bond or other security.



## 23. SURVIVAL

The obligations under this Agreement related to the protection of Confidential Information and cyber security survive the termination of this Agreement and do not expire. The warranty and indemnification provisions of this Agreement will not expire for four (4) years after the termination of this Agreement.

## 24. GOVERNING LAW, JURISDICTION, AND VENUE

- 24.1** Notwithstanding anything to the contrary in this Agreement, this Agreement is deemed entered into in Texas and is governed by and construed and interpreted in accordance with the laws of the State of Texas that apply to contracts executed in and performed entirely within the State of Texas, without reference to any rules of conflict of laws.
- 24.2** With respect to any suit, action, or other proceeding arising from or relating to this Agreement, the Parties hereby irrevocably agree to non-exclusive personal jurisdiction and venue of the United States District Court for the Western District of Texas and any state court within Travis County or Williamson County, Texas.

## 25. NOTICES

- 25.1** Contractor will notify ERCOT within three (3) days of becoming aware of any investigation, audit, indictment, or legal claim related to this Agreement or the performance of Services. Contractor will immediately, and prior to disclosure, notify ERCOT if it becomes aware of any governmental agency or party with authority and standing seeking records related to this Agreement. If disclosure is required, ERCOT and Contractor will cooperate to ensure the material and information tendered are treated as Confidential Information.
- 25.2** Communications related to a particular SOW may be made to the Contact listed on the SOW via email.
- 25.3** Any notice related to this Agreement requiring physical delivery must be delivered to the persons at the addresses set forth above. Notice to ERCOT must also be delivered to:

*Electric Reliability Council of Texas, Inc.  
Attention: General Counsel  
7620 Metro Center Drive  
Austin Texas 78744  
Fax: (512) 225-7079*

## 26. ENTIRE AGREEMENT

- 26.1** This Agreement constitutes the sole agreement of the Parties and supersedes any prior understandings, written, or oral agreements between the Parties respecting this subject matter.
- 26.2** Any master consulting or professional services agreement previously executed by the Parties ("**Prior Agreement**") is hereby terminated and superseded by this Agreement.
- 26.3** Any Services originally agreed upon by the Parties pursuant to the Prior Agreement, which are still in progress as of the Effective Date, will be deemed subject to the terms of this Agreement.

## 27. ELECTRONIC SIGNATURES

- 27.1** This Agreement may be executed in counterparts by facsimile, electronic signatures, or scanned and electronically transferred signatures.
- 27.2** A copy of this Agreement bearing such a signature or signatures has the same force and effect as an original agreement with inked original signatures.



**27.3** Once signed, any reproduction of this Agreement made by reliable means (e.g., photocopy, scan, facsimile) is considered an original.

This Agreement is made effective as of the Effective Date.

<p><b>CONTRACTOR:</b></p> <p>_____</p> <p>a _____</p> <p>Signature: _____</p> <p>Printed Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p><b>ERCOT:</b></p> <p><b>Electric Reliability Council of Texas, Inc.</b> a Texas nonprofit corporation</p> <p>Signature: _____</p> <p>Printed Name: _____</p> <p>Title: _____</p> <p>Date: _____</p> <div style="border: 1px solid black; padding: 5px; margin: 20px auto; width: fit-content;"><p style="text-align: center;"><b>ERCOT Legal</b></p><p style="text-align: center;">_____ Approved as to form</p></div>
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