

From: Simon, Sean A.  
Sent: 10/13/2010 10:31:09 AM  
To: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe)  
Cc:  
Bcc:  
Subject: PPA language

3.3 Resource Adequacy Benefits. Seller conveys to PG&E all Resource Adequacy Benefits attributable to the physical generating capacity of Seller's Facility. Seller shall comply with all applicable reporting requirements and take all reasonable actions and execute documents and instructions necessary to enable Buyer to secure Resource Adequacy Benefits, subject to the Compliance Cost Cap.

3.4 Compliance Cost Cap. The Parties agree that the Compliance Costs Seller shall be required to bear during the Delivery Term shall be capped annually at \$10,000.00 per MW of Contract Capacity and in the aggregate throughout the Delivery Term at \$20,000.00 per MW of Contract Capacity (collectively, the "Compliance Cost Cap"). In the event and to the extent that the Compliance Costs

incurred by Seller exceed the Compliance Cost Cap, Buyer shall either reimburse Seller for such

Compliance Costs that exceed the Compliance Cost Cap, or excuse Seller from performing the obligations of this Agreement that would otherwise cause it to incur Compliance Costs in excess of the

Compliance Cost Cap. Within sixty (60) days after the change, amendment, repeal, or enactment of Law

after the Execution Date which Seller anticipates will cause it to incur Compliance Costs in excess of the

Compliance Cost Cap, Seller shall provide to Buyer Notice with an estimate of the expected annual

Compliance Costs caused by such change in Law. Within thirty (30) days of the delivery of such Notice,

Buyer shall provide Seller Notice of (a) Buyer's request for Seller to incur the Compliance Costs in excess

of the Compliance Cost Cap, (b) Buyer's initiation of Dispute Resolution under Appendix I, or (c) Buyer's

waiver of Seller's performance of such obligations. The Parties shall agree on a reasonable allocation, as

between Seller and Buyer, over the remaining Delivery Term of any such Compliance Costs that are

incurred after the fifteenth (15th) Contract Year and that are expected to benefit the Facility beyond the

Delivery Term of this Agreement. Any Compliance Cost reimbursement by Buyer to Seller shall be

subject to CPUC approval, and the amount of such reimbursement shall not be paid by Buyer to Seller

until such time as the CPUC has approved such payment. Seller shall be relieved from performing the

obligations of this Agreement that would otherwise cause it to incur Compliance Costs in excess of the

Compliance Cost Cap and which give rise to the payment that is the subject of the above referenced

CPUC approval until such time as the CPUC issued its approval of the reimbursement payment in final

and non-appealable form

Regards,  
Sean

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<http://www.cpuc.ca.gov/renewables>

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