

SECOND AMENDMENT  
TO  
30 MW SOLANO PORTION OF THE 70 MW  
LONG-TERM ENERGY AND CAPACITY  
POWER PURCHASE AGREEMENT  
BETWEEN  
U.S. WINDPOWER, INC.  
AND  
PACIFIC GAS AND ELECTRIC COMPANY

THIS SECOND AMENDMENT TO 30 MW SOLANO PORTION is by and between PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"), a California corporation, and U.S. WINDPOWER, INC. ("USW"), a Delaware corporation.

WHEREAS, there is a Long-Term Energy and Capacity Power Purchase Agreement signed by PG&E on March 2, 1984 and by USW on March 5, 1984, for a 70,000 kW facility and identifying a scheduled operation date of January 1, 1988 (the "Agreement"); and

WHEREAS, the Agreement has been amended by an Amendment No. 1 dated May 18, 1984 (the "First Amendment"); and

WHEREAS, in the Altamont Renegotiation Agreement dated May 27, 1988 (the "Altamont Agreement"), USW and PG&E agreed that a 20 MW portion of the Agreement could be developed in the Altamont Pass area of California (the "20 MW Altamont Portion"); and

WHEREAS, pursuant to the Altamont Agreement, USW and PG&E signed an amendment dated July 29, 1988 and titled Second Amendment to 20 MW Portion of the 70 MW Long-Term Energy and Capacity Power Purchase Agreement; and

WHEREAS, in the Solano Deferral Agreement dated May 27, 1988, as amended by the First Amendment dated October 27, 1988 (the "Solano Agreement"), USW and PG&E divided the remaining 50 MW portion of the Agreement into a 30 MW portion (the "30 MW Solano Portion") and a 20 MW portion (the "20 MW Solano Portion"); and

WHEREAS, the Solano Agreement has been approved by the California Public Utilities Commission (the "CPUC"); and

WHEREAS, this Second Amendment to 30 MW Solano Portion amends the Agreement to the extent of the 30 MW Solano Portion; and

WHEREAS, USW and PG&E are signing a Second Amendment to the 20 MW Solano Portion of the Agreement on the date hereof; and

WHEREAS, pursuant to paragraphs 1, 3(B), 4A(iii) and 10 of the Solano Agreement, USW and PG&E agreed to amend the 30 MW Solano Portion in the manner set forth herein.

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, USW and PG&E agree that the Agreement, to the extent of the 30 MW Solano Portion only, is amended as follows:

1. Location. Article 3(b) is hereby amended by inserting the following language in the space provided: "any location in Solano County, California."

2. Capacity. Appendix D, Section D-1 is hereby amended by adding the following paragraph immediately after the heading "AS-DELIVERED CAPACITY PAYMENT OPTION 2":

Prior to the fixed price period, Seller shall be paid for as-delivered capacity at prices authorized from time to time by the CPUC.

3. Energy. Article 4, "Energy Price" is hereby amended as follows:

A. The following paragraph is inserted immediately after the heading "Energy Payment Option 1 - Forecasted Energy Prices":

Prior to the fixed price period, Seller shall be paid for energy delivered to PG&E at prices equal to PG&E's full short-run avoided operating costs.

B. The following paragraph is inserted immediately after the heading "Energy Payment Option 2 - Levelized Energy Prices":

Prior to the fixed price period, Seller shall be paid for energy delivered to PG&E at prices equal to PG&E's full short-run avoided operating costs.

4. Fixed Price Period. The definition of "fixed price period" set forth in section A-1 of Appendix A is hereby deleted and replaced by the following:

Fixed price period - The nine (9) year period of the term of agreement during which forecasted or levelized energy prices, and/or forecasted as-delivered capacity prices, are in effect; subject to the following:

(a) The fixed price period for each Windplant (as defined in Section A-1 of Appendix A) will commence at the date of



initial energy deliveries to PG&E from the applicable Windplant and continue for nine (9) years, provided, however, that in no event shall the fixed price period begin before January 1, 1991 nor after December 31, 1992.

(b) The fixed price period for each Windplant will be adjusted as follows so that the end of the first eight (8) years of the fixed price period will coincide with the end of a monthly billing period:

(1) If the anniversary of the date of commencement of the fixed price period is exactly the middle of the monthly billing period, the first year of the fixed price period will be extended by one half (1/2) of a monthly billing period.

(2) If the anniversary of the date of commencement of the fixed price period is between the middle and the end of the monthly billing period, the first year of the fixed price period will be extended by the appropriate amount (up to one-half (1/2) of a monthly billing period).

(3) If the anniversary of the date of commencement of the fixed price period is between the beginning and the middle of the monthly billing period, the first year of the fixed price period will be decreased by the appropriate amount (up to one-half (1/2) of a monthly billing period).

(i) For example, if the Windplant began initial energy deliveries on either April 15 or April 17, 1990, and the monthly billing period coinciding with April,

1991, ran from April 1 through April 30, 1991, the first year prices of the fixed price period would extend until April 30, 1991. However, if the Windplant began initial energy deliveries on April 13, 1990, the first year prices of the fixed price period would end on March 31, 1991.

(4) The final year of the fixed price period will be adjusted in the opposite direction from the first year so that the term of the fixed price period will equal exactly nine (9) years. All other years of the fixed price period will each last 12 monthly billing periods.

(c) Energy and capacity prices paid during the fixed price period will be the prices provided by Appendices B and D herein for the fixed price period 1988 through 1996.

5. Term of Agreement. Article 12, Term of Agreement, is hereby deleted and replaced with the following:

#### ARTICLE 12 TERM OF AGREEMENT

This Agreement shall be binding upon execution and remain in effect thereafter for twenty-eight (28) years from the date of initial energy deliveries from the applicable Windplant; provided, however, that if less than 30,000 kW are installed and operational under this 30 MW Solano Portion by December 31, 1992, this 30 MW Solano Portion shall terminate as to those kilowatts not so installed and operational by December 31, 1992.

6. Assignment. Section A-13, Assignment, of Appendix A is hereby amended as follows:

A. The phrase, "consisting of up to four (4) Windplants," is deleted from the first sentence in Section A-13 and the following phrase is inserted in its place:  
"consisting of one or more Windplants."

B. The period (".") at the end of paragraph (b) of Section A-13 is deleted and replaced by a semicolon and the word "and" ("; and").

C. The following paragraph (c) is inserted into Section A-13 following paragraph (b):

(c) Total Windplants under this 30 MW Solano Portion and under the 20 MW Solano Portion shall together not exceed three (3) in number.

7. Except as expressly amended herein, the Agreement is unchanged.

IN WITNESS WHEREOF, PG&E and USW have caused this Second Amendment to 30 MW Solano Portion to be signed by

their duly authorized representatives and it is effective as of the last signature date set forth below:

U.S. WINDPOWER, INC.

PACIFIC GAS AND ELECTRIC COMPANY

By: \_\_\_\_\_  
Name:  
Title:

By: *Ronald Maynard*  
Name:  
Title:

Date Signed:  
January , 1989

Date Signed:  
January , 1989

Approved as to Form  
*CBN*  
APR 1989