

**FIRST AMENDMENT TO CONFIRMATION LETTER FOR UNIT(S)-FIRM RENEWABLE  
PRODUCT**

This First Amendment to Confirmation ("Amendment"), dated December 22, 2003, is by and between MADERA POWER, LLC., ("Seller"), and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E" or "Buyer"). Either Seller or Buyer may be referred to as "Party" or, collectively, as "Parties."

**RECITALS**

- A. The Parties executed a Confirmation Letter for Unit(s)-Firm Renewable Product on September 18, 2003 ("Confirmation").
- B. Seller began energy deliveries under the Confirmation on October 18, 2003, and has since produced energy and capacity for sale to PG&E under the Confirmation.
- C. Since October 18, 2003, Buyer and Seller have been negotiating to develop an approach for Seller to provide the security required by Section 29.1 of the Confirmation in a manner that is acceptable to both Parties.
- D. The Parties have agreed to this Amendment to implement their negotiated agreement regarding the manner in which Seller will provide the cash security required by Section 29.1 of the Confirmation, and to address certain other issues.

**AGREEMENT**

The Parties therefore agree to amend the Confirmation as follows:

1. Delete Section 1.o. in its entirety and replace it with the following:

"Received Energy" means energy delivered from the Unit(s) to Buyer, or substitute power not to exceed three (3) hours pursuant to Section 16.c. of the Confirmation, measured in MWh at the ISO revenue meter for the Unit(s), net of the following: (a) any line or transformation losses between the ISO revenue meter and the Delivery Point and (b) the applicable GMM or any successor method to account for losses between the Unit(s) generator's bus-bar and the Delivery Point.
2. Add a new Section 1.r.:

"Interest Rate" means the average discount interest rate on the three-month non-financial commercial paper rate as published in the Federal Reserve Statistical Release, H-15.
3. Delete Section 8. of the Confirmation in its entirety and replace it with the following:

Delivery Point. NP15 as presently defined in the ISO tariff. If NP15 is redefined by the ISO or a successor agency, Delivery Point shall be the average of all the PG&E load

points included in what is currently defined as NP15, weighted by load volumes measured in MWh.

4. Delete Section 16.f.(1), in its entirety and replace it with the following:

- (1) Los Banos Control Center-- ALWAYS notify Control Center of shutdowns and startups as follows:
- (a) Call for permission to parallel before any start-up at (209) 827-7500. Call Los Banos Control Center again after your start-up with your parallel time. Call Los Banos Control Center after any separation to report your separation time.
  - (b) Send the completed Outage Notification Form (the current form is attached; PG&E reserves the right to change the form upon written notice to Seller) to Los Banos Control Center by facsimile to: (209) 826-3061.

5. Delete Section 29.I, in its entirety and replace it with the following:

Section 8.2(e) of the Master Agreement is deleted in its entirety and replaced with the following provision:

Security Provided By Seller

- i. Seller agrees to provide PG&E with cash security in the amount of \$883,680.00, and the security interest in such cash, to secure Seller's performance of its obligations under the Confirmation.
- ii. Seller agrees Buyer shall deduct the \$883,680.00 of cash security from the monthly payments Buyer would make to Seller under the Confirmation over a 12-month period, according to the following schedule:

Amount to be deducted by Buyer

From Seller's January, 2004 revenue accrual	\$25,000
From Seller's February, 2004 revenue accrual	\$25,000
From Seller's March, 2004 revenue accrual	\$25,000
From Seller's April, 2004 revenue accrual	\$50,000
From Seller's May, 2004 revenue accrual	\$50,000
From Seller's June, 2004 revenue accrual	\$50,000
From Seller's July, 2004 revenue accrual	\$125,000
From Seller's August, 2004 revenue accrual	\$125,000
From Seller's September, 2004 revenue accrual	\$125,000
From Seller's October, 2004 revenue accrual	\$125,000
From Seller's November, 2004 revenue accrual	\$125,000
From Seller's December, 2004 revenue accrual	\$33,680

TOTAL

\$883,680

- iii. If the revenue accrued in any month is less than the amount of cash security due in that month, then upon written notice from Buyer, Seller shall post the amount of such deficiency in cash security through wire-transfer in accordance with PG&E instructions within 7 business days of receiving such written notice. Failure to do so shall constitute an event of default.
- iv. PG&E shall credit to the account of Madera Power, LLC interest on the cash held as security pursuant to Section 29.I. Such interest shall accrue only from the date on which PG&E has credited all of the \$883,680 cash security to Seller's account and shall be computed at the Interest Rate. No interest shall accrue if there is an Event of Default under Section 29.I.iii.
- v. Any interest credited pursuant to Section 29.I.iv. shall be paid to Seller annually and at the termination of the Confirmation provided there is no Event of Default, in which case such interest may be applied to satisfy Seller's obligation to Buyer under Section 24. of the Confirmation. Buyer may use any such interest to offset any past due and owing obligations of Seller under the Confirmation.

6. All of the terms and conditions contained in the Confirmation remain in full force and effect except as expressly modified by this Amendment.

PACIFIC GAS AND ELECTRIC COMPANY

MADERA POWER, LLC

By Frank De Rosa

By LeRoy B. Pope

Name Frank De Rosa  
Title Director, Power Contracts

Name LeRoy B. Pope  
Title G.M. OF THE SOLE MEMBER

Date of Signature 12/22/03

Date of Signature 12/22/03