

**FOURTH AMENDMENT TO THE QUALIFYING FACILITY  
POWER PURCHASE AGREEMENT BETWEEN**

**KERN HYDRO PARTNERS  
AND  
PACIFIC GAS AND ELECTRIC COMPANY**

**(PG&E LOG NO. 25H073)**

This Amendment No. 4 to Power Purchase Agreement (“Amendment”), by and between Pacific Gas and Electric Company, a California corporation (“Buyer”), and Kern Hydro Partners, a California Limited Partnership (“Seller”), is entered into as of the later of the signature dates found at the signature block, below. Buyer and Seller are sometimes referred to in this Amendment individually as a “Party” and collectively as the “Parties”. Unless the context specifies or requires, any initially capitalized term used but not otherwise defined in this Amendment has the meaning given to such term in the Agreement (as defined in Recital A).

**RECITALS**

- A. Buyer and Seller’s predecessor entered into that certain Power Purchase Agreement June 26, 1985 as amended by First Amendment to Power Purchase Agreement dated July 5, 1988, and Second Amendment to Power Purchase Agreement dated July 14, 2001, and Third Amendment to Power Purchase Agreement dated May 5, 2006 (collectively, the “Agreement”);
- B. The Term of Agreement expires 30 years from the firm capacity availability date (as defined in the Agreement).
- C. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, the California Cogeneration Council, the Cogeneration Association of California, the Energy Producers and Users Coalition, the Independent Energy Producers Association, the Division of Ratepayer Advocates of the California Public Utilities Commission, and The Utility Reform Network (collectively, the “Settling Parties”) entered into the Qualifying Facility and Combined Heat and Power (“QF/CHP”) Settlement dated October 8, 2010, which was approved by the California Public Utilities Commission (“CPUC” or “Commission”) in Decision (“D.”) 10-12-035 (“Settlement Agreement”);
- D. Under the Settlement Agreement, Seller may execute an Amendment to Legacy Power Purchase Agreement (“PPA”) to amend the energy price formula of its Agreement;
- E. The Parties have agreed that Seller shall be paid an escalating Fixed Energy Price based on the Amendment to Legacy PPA for energy delivered during the Amendment Term, as provided below.

NOW, THEREFORE, the Parties, intending to be legally bound, agree as follows:

**ARTICLE 1: AMENDMENT TERM**

The Amendment Term shall be established as follows:

1.1 Effective Date. This Amendment shall become effective the first day of the month after all Conditions Precedent have been met (“Effective Date”).

1.2 **Delivery Term.** This Amendment shall be effective from the Effective Date until terminated in accordance with Article 1.3 (“Delivery Term”).

1.3 **Termination.** This Amendment shall terminate upon the earlier of: (a) the expiration of the Term of Agreement; (b) five years after the Effective Date (“Termination Date”); (c) as provided in Section 7.2; or (d) at Buyer’s option, upon an Event of Default, as defined herein.

**ARTICLE 2: FIXED ENERGY PRICE**

During the Delivery Term, the following Fixed Energy Price shall be paid for energy delivered in accordance with the terms of this Amendment.

2.1 **Fixed Energy Price.** Seller shall be paid a time of delivery-adjusted price for energy delivered in accordance with the terms of this Amendment at the fixed rate of \$53.70 per Megawatt-hour (“MWh”) escalated by two percent (2%) every twelve (12) months from the Effective Date (“Fixed Energy Price”).

2.2 **Time of Delivery Adjustment.** The Fixed Energy Price shall be adjusted by the following Time of Delivery (“TOD”) Factors applicable to each of the TOD Periods, defined below, in which energy is delivered:

(a) TOD Factors are as follows:

| <b>TOD Factors</b> |               |               |
|--------------------|---------------|---------------|
| <b>Time Period</b> | <b>Summer</b> | <b>Winter</b> |
| Peak               | 1.2564        | N/A           |
| Partial-Peak       | 1.1535        | 1.1395        |
| Off-Peak           | 0.9155        | 0.9628        |
| Super Off-Peak     | 0.7439        | 0.8216        |

(b) TOD Periods

| <b>TOD Periods – by Season and Time</b> |                                      |   |                          |
|---|--------------------------------------|---|--------------------------|
| <b>Time Period</b>                      | <b>Summer<br/>May 1 – October 31</b> | <b>Winter<br/>November 1 – April 30</b> | <b>Applicable Days</b>   |
| Peak                                    | Noon – 6:00 p.m.                     | N/A                                     | Weekdays except Holidays |
| Partial-Peak                            | 8:30 a.m. – Noon                     | 8:30 a.m. – 9:30 p.m.                   | Weekdays except Holidays |
|   | 6:00 p.m. – 9:30 p.m.                | 6:00 p.m. – 9:30 p.m.                   | Weekdays except Holidays |
| Off-Peak                                | 9:30 p.m. – 1:00 a.m.                | 9:30 p.m. – 1:00 a.m.                   | Weekdays except Holidays |
|   | 5:00 a.m. – 8:30 a.m.                | 5:00 a.m. – 8:30 a.m.                   | Weekdays except Holidays |
|   | 5:00 a.m. – 1:00 a.m.                | 5:00 a.m. – 1:00 a.m.                   | Weekends & Holidays      |
| Super Off-Peak                          | 1:00 a.m. – 5:00 a.m.                | 1:00 a.m. – 5:00 a.m.                   | All Days                 |

**ARTICLE 3: GENERATION FORECASTING AND OUTAGE NOTIFICATION**

3.1 **General Provisions.** The Parties shall make good faith efforts to abide by the requirements and procedures for Forecasting and Outage Notification described in Article 3 and Appendix A, herein, and shall agree upon reasonable changes to these requirements and procedures from time to time as necessary

to: (a) support Buyer's compliance with the California Independent System Operator's ("CAISO") Scheduling requirements related to the Agreement; (b) accommodate changes to the Parties' respective technology and organizational structure, (c) address changes in the Operating and Scheduling procedures of Seller, Buyer and the CAISO, including automated Forecast and Outage submissions. The Parties agree that the Forecasts and Outages generated by, or otherwise resulting from, the Forecasting and Notification requirements and procedures in this Amendment are non-binding on Seller.

3.2 Seller's Forecasting Requirements. Seller shall provide Buyer with the information described in this article in a form reasonably acceptable to Buyer using the Notification procedures set forth in Appendix A.

(a) Annual Forecast of Generation. Within thirty (30) days of the Effective Date and no later than June 1 of each year during the Delivery Term, Seller shall provide Buyer with a non-binding Forecast of the hourly generation for each day in each month of the following calendar year.

(b) Monthly Forecast of Generation. Ten (10) Business Days before the beginning of each month during the Delivery Term, Seller shall provide to Buyer a non-binding Forecast of the hourly generation for each day of the following month.

(c) Daily Forecast of Generation. During the Delivery Term, Seller shall provide a Day-Ahead Forecast of generation (the "Day-Ahead Generation Notice") to Buyer via Buyer's internet site, as provided in Appendix A, for each day no later than fourteen (14) hours before the beginning of the "Preschedule Day", as defined by the WECC, for such day. The current industry standard Preschedule Day timetable is as follows:

- (1) Monday – Preschedule Day for Tuesday
- (2) Tuesday – Preschedule Day for Wednesday
- (3) Wednesday – Preschedule Day for Thursday
- (4) Thursday – Preschedule Day for Friday and Saturday
- (5) Friday – Preschedule Day for Sunday and Monday

Exceptions to this timetable to accommodate holidays, etc., are posted on the WECC website ([www.wecc.biz](http://www.wecc.biz)) under the document title, "Preschedule Calendar."

Each Day-Ahead Generation Notice shall clearly identify, for each hour, Seller's Forecast of all amounts of generation pursuant to the Agreement and this Amendment. If the generation changes by at least one (1) megawatt ("MW") (AC) as of a time that is less than fourteen (14) hours prior to the Preschedule Day, then Seller will notify Buyer of such change by telephone and will send a revised Notice to Buyer's Internet site set forth in Appendix A. Such Notices shall describe the beginning date and time of the event resulting in the change in generation, the expected end date and time of such event, the revised expected generation in MW AC, and any other necessary information.

Day-Ahead Desk  
Primary Telephone: (415) 973-6222  
Backup Telephone: (415) 973-4500

(d) Hourly Forecast of Generation. Seller shall notify Buyer of any changes in generation of one (1) MW (AC) or more, whether due to Forced Outage, Force Majeure, or any other cause, as soon as reasonably possible, but no later than one (1) hour before Buyer or Third Party SC (as applicable) is required to submit Schedules to the CAISO in accordance with the CAISO's Hour-Ahead Scheduling Process (HASP). If generation changes by at least one (1) MW less than one (1) hour before the HASP deadline, Seller should also notify Buyer. The Notice will state the beginning date and time of the event

resulting in the change in generation, the expected end date and time of such event, the expected generation in MW (AC), and any other information reasonably requested by CAISO or Buyer.

3.3 Outage Notification. Seller shall notify Buyer of Outages in accordance with this article using a form reasonably acceptable to Buyer and the Notification procedures in Appendix A.

(a) CAISO Approval of Outage(s). Buyer is responsible for obtaining CAISO approvals for Project Outages and for revising Outage Schedules if Outages are not approved by CAISO. Buyer will make reasonable efforts to notify Seller of CAISO approval in a timely manner. Buyer is responsible for entering Project Outages in the "Scheduling and Logging for ISO of California" ("SLIC") Web Client.

(b) Planned Outages. Seller will include its proposed Planned Outage Schedule in its Annual Forecast of generation and implement the Notification procedures set forth in Appendix A no later than August 1st of each year. Whenever possible, Seller will notify Buyer of changes to the yearly Planned Outage schedule 60 days prior to the start of the month when this change is expected to occur. Seller will provide updates regarding a Planned Outage at least fourteen (14) days before each Planned Outage. Seller shall not conduct Planned Outages during the months of January, June through September, and December. Seller shall request a change to the Planned Outage Schedule if Seller believes the Project must be shut down to conduct maintenance that cannot be delayed until the next Scheduled Planned Outage consistent with Good Utility Practices. Seller shall not substitute Energy from any other source during a Planned Outage. At any time up to the commencement of work for the Planned Outage, Buyer may direct Seller to change its Outage Schedule as ordered by CAISO. If Buyer requests any other change to a Planned Outage Schedule, Seller may propose an alternative Schedule change or use commercially reasonable efforts to accommodate Buyer's request.

(c) Forced Outages. Seller shall notify Buyer of a Forced Outage in accordance with the procedures in Appendix A. Seller shall inform Buyer of any developments that will affect either the duration of such Outage or the availability of the Project during or after the end of such Outage.

(d) Prolonged Outages. Seller shall notify Buyer of a Prolonged Outage as soon as practicable and notify Buyer when the Project is again capable of meeting its nameplate capacity on a pro rata basis, in accordance with the provisions in Appendix A, section B(2)(f). Seller shall not substitute Energy from any other source for the output of the Project during a Prolonged Outage.

(e) Communications with CAISO. Buyer, in coordination with Seller, will be responsible for communicating all Outage information to the CAISO.

(f) Changes to Operating Procedures. Seller acknowledges that the Outage Notification procedures and operating procedures described in this Amendment are subject to change by Buyer from time to time. Seller agrees to work in good faith to implement any such changes, so long as such change does not increase Seller's cost of performance by more than a *de minimis* amount.

3.4 CAISO Charges. Buyer is responsible for all CAISO charges and is entitled to receive all CAISO revenues related to generation availability.

#### **ARTICLE 4: CONDITIONS PRECEDENT**

This Amendment shall not be effective until and unless each of the following conditions has been fully satisfied or waived in writing by the Parties:

4.1 Settlement in Effect. The Settlement Agreement is in effect.

4.2 PURPA Agreement. At the start of the Amendment Term, Buyer and Seller are parties to an effective Qualifying Facility ("QF") PPA pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA").

4.3 Eligible Renewable Energy Resource. Seller is an Eligible Renewable Energy Resource.

4.4 CPUC Approval. The Amendment has received CPUC Approval. "CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which contains the following terms:

(a) Approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer's administration of the Agreement; and

(b) Finds that any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 *et seq.*), Decision ("D.") 03-06-071, or other applicable law.

CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.

4.5 Executed by Parties. This Amendment has been duly executed by an authorized representative of each Party.

## **ARTICLE 5: ADDITIONAL REPRESENTATIONS, WARRANTIES, AND COVENANTS**

5.1 Waiver. By executing this Amendment, Seller waives the right to execute the "Amendment to Legacy PPAs" referenced in Article 11, section 11.1.2.

5.2 RPS Eligibility; Conveyance of Green Attributes.

(a) Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that:

(i) The Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and

(ii) The Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard.

To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

(b) Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and

warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

(c) Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.

(d) Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project.

#### **ARTICLE 6: ADDITIONAL DEFINED TERMS.**

Agreement: Has the meaning set forth in Recital A. However, for purposes of Sections 4.4, 5.2, and 7.4, the word "Agreement" shall mean this Amendment.

Amendment to Legacy PPA: The contract amendment described by Section 11.1.2 of the Settlement Agreement.

Annual Forecast of Generation: That estimate of generation described in Section 3.2(a).

Business Day: Any day except a Saturday, Sunday, the Friday after the United States Thanksgiving holiday, or a Federal Reserve Bank holiday that begins at 8:00 a.m. and ends at 5:00 p.m. local time for the Party sending a Notice or payment or performing a specified action.

CAISO: The California Independent System Operator Corporation or successor entity.

CAISO-Approved Quantity: The total quantity of electric energy that Buyer Schedules with the CAISO and the CAISO approves in its final Schedule which is published in accordance with the CAISO Tariff.

CAISO Tariff: The CAISO Tariff, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time to time and approved by the FERC, or any successor entity.

California Renewables Portfolio Standard: California Public Utilities Code Section 399.11, *et seq.*, or any successor thereto.

Capacity Attributes: Any current or future defined characteristic, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific as to the location or any other attribute of the Project, intended to value any aspect of the capacity of the Project to produce energy or ancillary services, including, but not limited to, any accounting construct so that the full contract capacity of the Project may be counted toward a resource adequacy requirement or any other measure by the CPUC, the CAISO or the FERC.

CEC: California Energy Commission or any successor entity.

Conditions Precedent: Those conditions listed in Article 4.

CPUC: The California Public Utilities Commission or any successor entity.

Day-Ahead: As defined and may be modified in the CAISO Tariff.

Delivery Term: Has the meaning set forth in Section 1.2.

Effective Date: Has the meaning set forth in Section 1.1.

Eligible Renewable Energy Resources or ERR: Has the same meaning as that term is used in California Public Utilities Code Section 399.12 and California Public Resources Code Section 25741, as either Law is amended or supplemented from time to time.

Event of Default: For the limited purposes of this Amendment, any representation or warranty by Seller in Section 5.2, which becomes false or misleading in any material respect during the Delivery Term; provided that, if a change in law occurs after the Execution Date that causes the representation and warranty made by Seller in Section 5.2 to be materially false or misleading, such breach of the representation or warranty in Section 5.2 shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in Law during the Delivery Term in order to make the representation and warranty no longer false or misleading.

Execution Date: The date which is the later of the signature dates found at the signature block, below.

FERC: The Federal Energy Regulatory Commission or any successor entity.

Forecast: The hourly forecast of (i) the total electric Energy production of the Facility (in MWh) when the Facility is not PIRP-eligible, or (ii) the available total generation capacity of the Facility (in MW) when the Facility is PIRP-eligible, as defined in the CAISO Tariff, in each case net of the site host load and Station Use.

Green Attributes: "Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere;<sup>1</sup> (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Project, (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality

---

<sup>1</sup> Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

permits. If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project.

Green Tag Reporting Rights: Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy.

Hour-Ahead Scheduling Deadline: Thirty (30) minutes before the deadline established by the CAISO for the submission of Schedules for the applicable hour.

Law: Means any statute, law, treaty, rule, regulation, CEC guidance document, tariff or other legal or regulatory determination or limitation by a court or governmental authority of competent jurisdiction, including any of the foregoing that are enacted, amended, or issued after the Execution Date, and which becomes effective after the Execution Date, or any legally binding interpretation of the foregoing.

Notice or Notification: The communication of generation, Operation, Outage, or other conditions related to the Facility pursuant to Article 3 and as described by Appendix A.

Operate: "Operate" and its variants mean to provide all the operation, engineering, purchasing, repair, supervision, training, inspection, testing, protection, use management, improvement, replacement, refurbishment, retirement, and maintenance activities associated with operating the Facility in order to produce the Product in accordance with Prudent Electrical Practices.

Outage: Means all Forced Outages, Planned Outages, and Prolonged Outages, unless specifically limited to a particular type of outage by the context in which the word "Outage" appears.

Participating Transmission Owner: as defined in the CAISO Tariff.

PIRP (Participating Intermittent Resource Program): The CAISO's intermittent resource program initially established pursuant to Amendment 42 of the CAISO Tariff in FERC Docket ER02-922-000, or any successor program that Buyer determines accomplishes a similar purpose.

Planned Outage: Means the removal of equipment from service availability for inspection and/or general overhaul of one or more major equipment groups. To qualify as a Planned Outage, the maintenance (a) must actually be conducted during the Planned Outage, and in Seller's sole discretion must be of the type that is necessary to reliably maintain the Project, (b) cannot be reasonably conducted during Facility operations, and (c) cause the generation level of the Project to be reduced by at least ten percent (10%) of the contract capacity.

Product: The energy, capacity and all ancillary products, services or attributes similar to the foregoing which are or can be produced by or associated with the Project, including without limitation, renewable attributes, Renewable Energy Credits, Capacity Attributes, and Green Attributes.

Project: The Facility.



Prolonged Outage: Any period of more than thirty (30) consecutive days during which the Project is or will be unable, for whatever reason, to provide at least sixty percent (60%) of the Contract Capacity.

Renewable Energy Credits: Has the meaning set forth in California Public Utilities Code Section 299.12(f) and CPUC D.08-08-028, as may be amended from time to time or as further defined or supplemented by law.

RPS Program: The State of California Renewable Portfolio Standard Program, as codified at California Public Utilities Code § 399.11, et seq., or any successor thereto.

Schedule: The action of Buyer, or its designated representatives, of notifying, requesting, and confirming to the CAISO, the CAISO-Approved Quantity of electric energy.

Settlement Agreement: Has the meaning set forth in Recital C.

Settlement Effective Date: The date on which the Settlement Agreement becomes effective pursuant to the terms and conditions set forth therein.

Trading Day: The day in which Day-Ahead trading occurs in accordance with the Western Electricity Coordinating Council's Preschedule Calendar (as found on the Western Electricity Coordinating Council's website).

Web Client: A Buyer provided web based system or an email address designated by Buyer.

Western Renewable Energy Generation Information System or WREGIS: The tracking system established pursuant to California Public Utilities Code section 399.25(c).

## **ARTICLE 7: GENERAL PROVISIONS**

7.1 Agreement Unchanged. Except as expressly set forth in this Amendment, the Agreement remains unchanged and, so modified, the Agreement shall remain in full force and effect.

7.2 No Fault Termination. PG&E shall request CPUC Approval of the Amendment following the Execution Date. If for any reason PG&E has not submitted an application to the CPUC for this purpose within 90 days of the Execution Date, Seller may terminate this Amendment without penalty or liability to PG&E. If the Conditions Precedent are not satisfied or waived in writing by both Parties on or before December 31, 2011, then (a) either Party may terminate this Amendment by providing written notice to the other Party and (b) neither Party shall have any obligation or liability to the other hereunder, including for a termination payment or otherwise, by reason of a termination made pursuant to this provision.

7.3 Severability. If any provision of this Amendment is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Amendment will remain in full force and effect. Any provision of this Amendment held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

7.4 Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AMENDMENT.

7.5 Execution in Counterparts. This Amendment may be executed in one or more counterparts, each of which will be deemed to be an original of this Amendment and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Amendment and of signature pages by facsimile transmission or by other electronic means shall constitute effective execution and delivery of this Amendment as to the Parties and may be used in lieu of the original Amendment for all purposes. Signatures of the Parties transmitted by facsimile or by other electronic means shall be deemed to be their original signatures for all purposes.


7.6 Entire Agreement. This Amendment sets forth the entire agreement of the Parties with respect to the subject matter herein, and supersedes all previous understandings, written or oral, with respect thereto.

7.7 Subsequent Amendment. This Amendment may not be amended, modified, abrogated or superseded by a subsequent agreement unless such subsequent agreement is in the form of a written instrument signed by the Parties.


**SIGNATURES**

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed by their respective authorized representatives.

**KERN HYDRO PARTNERS**  
a California limited partnership

Signature:   
Name: Engel Hermann  
Title: General Partner  
Date: July 12, 2011

**PACIFIC GAS AND ELECTRIC COMPANY,**  
a California corporation

Signature:   
Name: Roy Kuga  
Title: Vice President  
Date: 5/16/11

## APPENDIX A

### NOTIFICATION REQUIREMENTS FOR AVAILABLE CAPACITY

**A. Notification Requirements for Routing Start-Ups and Shutdowns.** Prior to paralleling or after disconnecting from the electric system, notify the applicable Participating Transmission Owner's ("PTO") switching center:

- Call the applicable PTO switching center and advise of the intent to parallel.
- Call the applicable PTO switching center after the unit has been paralleled and report the parallel time and intended unit output.
- Call the applicable PTO switching center after any routine separation.

**B. Submission of Generation and Planned and Prolonged Outages.**

1. Submit information by posting to PG&E's Power Procurement Information Center, which is located at [www.pge.com](http://www.pge.com) under "B2B" at the bottom of the home page. After selecting "B2B" at the bottom of the page, select "Wholesale Power" in the center of the next page. Then select "Electric Procurement" along the left banner of the next page. After selecting the "Power Procurement Information Center" icon in the middle of the page, you will be required to enter a username and password, which will be assigned to you by PG&E's Bilateral Settlements Group.

2. If the website is unavailable, implement the procedures set forth below:

- a. **For all email correspondence, enter the following in the email subject field: Delivery Date Range, Contract Name, Email Purpose (For example: "dd/mm/yyyy through dd/mm/yyyy XYZ Company Project #2 Daily Forecast of Generation")**
- b. For Annual Forecasts of Generation, email to [DAenergy@pge.com](mailto:DAenergy@pge.com) and [BilatSettlements@pge.com](mailto:BilatSettlements@pge.com).
- c. For Monthly and Daily Forecasts of Generation, email to [DAenergy@pge.com](mailto:DAenergy@pge.com).
- d. For Daily Forecasts of Generation after fourteen (14) hours before the WECC Preschedule Day, but before the CAISO deadline for submitting Day-Ahead Schedules, call primary phone (415) 973-6222 or backup phone (415) 973-4500. Also send email to [DAenergy@pge.com](mailto:DAenergy@pge.com).
- e. For Hourly Forecasts of Generation, call PG&E's Real Time Desk at (415) 973-4500 and email to [RealTime@pge.com](mailto:RealTime@pge.com).
- f. For Planned Outages and Prolonged Outages, complete the specifics below and submit by email to [PGOutageCoordination@pge.com](mailto:PGOutageCoordination@pge.com), [DAenergy@pge.com](mailto:DAenergy@pge.com) and [Bilat\\_Settlements@pge.com](mailto:Bilat_Settlements@pge.com).

*i. Email subject Field: dd/mm/yyyy through dd/mm/yyyy XYZ Company Project #2 Outage Notification*

*ii. Email body:*

- 1 *Type of Outage: Planned Outage, Forced Outage, Prolonged Outage*
- 2 *Start Date and Start Time*
- 3 *Estimated or Actual End Date and End Time*
- 4 *Date and time when reported to PG&E and name(s) of PG&E representative(s) contacted*
- 5 *Text description of additional information as needed, including, but not limited to, changes to a Planned Outage, Prolonged Outage or Forced Outage.*

**C. Forced Outage Reporting**

1. Forced Outages – Seller shall notify PG&E Merchant Generation desk verbally within 10 minutes of event or as soon as reasonably possible, after ensuring the safety of all personnel and securing of all facility equipment.
  - a. Verbal notification shall include time of forced Outage, cause, current availability and estimated return date and time.
  - b. After verbally notifying PG&E Merchant Generation desk of the forced Outage, Seller shall also make commercially reasonable efforts to notify PG&E Settlements via PG&E’s electronic website “PPIC”.
  - c. If the “PPIC website is unavailable, submit the following information via email to Bilat\_Settlements@pge.com.

*i. Email subject Field: dd/mm/yyyy through dd/mm/yyyy XYZ Company Project #2  
Outage Notification*

*ii. Email body:*

- 1 *Type of Outage: Planned Outage, Forced Outage, Prolonged Outage*
- 2 *Start Date and Start Time*
- 3 *Estimated or Actual End Date and End Time*
- 4 *Date and time when reported to PG&E and name(s) of PG&E representative(s) contacted*

## Verification

I, Ingolf Hermann, am the CEO of Olcese Hydro Corporation, General Partner of Kern Hydro Partners and I am authorized to execute the attached Amendment to Qualifying facility Power Purchase Agreement between Kern Hydro Partners and Pacific Gas and Electric Company on behalf of the Seller.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 7/7/11 at Paradise Valley, AZ.  
(date) (city) (State)

  
\_\_\_\_\_  
Signature

Ingolf Hermann  
Printed or typewritten name of signatory

\_\_\_\_\_  
Street address

\_\_\_\_\_  
City, State, zip code

\_\_\_\_\_) \_\_\_\_\_ 7  
Telephone number

\_\_\_\_\_) \_\_\_\_\_ 0  
Facsimile number

\_\_\_\_\_  
Email address