

THIRD AMENDMENT
TO
POWER PURCHASE AGREEMENT
(PG&E Log No. 16P054)

This Third Amendment is by and between Pacific Gas and Electric Company ("PG&E"), a California corporation, and Thermal Energy Development Partnership, L.P. ("Seller"), a California corporation. It amends the Long-Term Energy and Capacity Power Purchase Agreement signed on June 25, 1985 by PG&E and on April 16, 1985 by Power Resource Development Corporation (the "Agreement"), for the 21,000 kW biomass project located at Tracy, California (the "Facility").

WHEREAS, in that Consent to Assignment and Agreement by and among PG&E, Power Resource Development Corporation, and Thermal Energy Development Corporation, signed by PG&E on August 30, 1985, PG&E consented to the assignment of the Agreement from Power Resource Development Corporation to Thermal Energy Development Corporation, and in that Consent to Assignment and Agreement by and among PG&E Thermal Energy Development Corporation, and Thermal Energy Development Partnership, L.P., signed by PG&E on August 16, 1988, PG&E consented to the further assignment of the Agreement from Thermal Energy Development Corporation to Thermal Energy Development Partnership, L.P.

PG&E and Seller wish to amend the Agreement to change certain provisions.

THEREFORE, in consideration of the mutual promises and covenants contained herein, PG&E and Seller agree as follows:

1. All underlined terms used herein shall have the meanings ascribed to them in APPENDIX A, Section A-1 DEFINITIONS, of the Agreement.
2. The reference to PG&E at page 3, lines 10-11 of the Agreement is amended to read as follows:
PACIFIC GAS AND ELECTRIC COMPANY ("PGandE" or "PG&E").
3. Article 3, Section (g) shall read: "The transformer loss adjustment factor is 1."
4. Article 9, Notices shall read as follows:
All written notices shall be directed as follows:

Pacific Gas and Electric Company
Attention: Vice President - Power Generation
245 Market Street, Room 316
San Francisco, California 94106

Thermal Energy Development Partnership, L.P.
c/o Community Energy Alternatives Incorporated
1200 E Ridgewood Ave.
Ridgewood, New Jersey 07450
Att: Vice President - Finance and Administration

5. Appendix F, Section F-2 (POINT OF DELIVERY LOCATION SKETCH), attached hereto as Exhibit F-2 and incorporated herein, is hereby appended to the Agreement.

6. Appendix F, Section F-3 (INTERCONNECTION FACILITIES FOR WHICH SELLER IS RESPONSIBLE), attached hereto as Exhibit F-3 and incorporated herein, is hereby appended to the Agreement.

7. Except as expressly modified by this Third Amendment, the provisions of the Agreement as amended by the First Amendment and the Second Amendment shall remain unchanged.

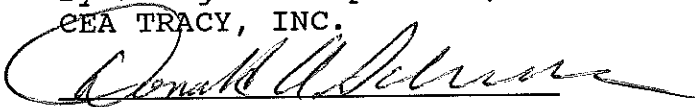
8. This Third Amendment shall be construed and interpreted in accordance with the laws of the State of California, excluding any choice of law rules that may direct the application of the laws of another jurisdiction.

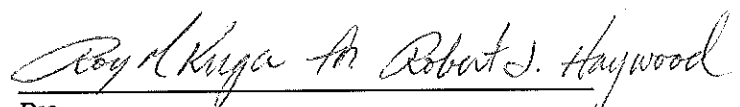
IN WITNESS WHEREOF, the Parties hereto have caused this Third Amendment to be executed by their duly authorized representatives, and it is effective as of the last date set forth below.

THERMAL ENERGY DEVELOPMENT
PARTNERSHIP L.P.

PACIFIC GAS AND ELECTRIC COMPANY

By its general partner,
CEA TRACY, INC.


By


By

Donald A. Schnure
Name


Robert J. Haywood
Name

Vice President
Title

Vice President
Title

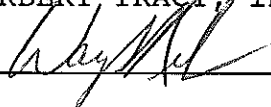
9/17/90
Date of Signature

10/2/90
Date of Signature

Approved as to Form

Attorney

HARBERT TRACY, L.P.

By its general partner,
HARBERT TRACY, INC.



Wayne B. Nelson
Name

Vice President
Title

9/10/90

Date of Signature

EXHIBIT F-2

POINT OF DELIVERY LOCATION SKETCH

EXHIBIT F-3

INTERCONNECTION FACILITIES FOR WHICH SELLER IS RESPONSIBLE

Seller is responsible for installing, maintaining, and, if necessary, replacing the interconnection facilities as generally described below:

1. Dedicated Transformer
2. Disconnect Device
3. Generator Circuit Breaker
4. Overvoltage Protection
5. Undervoltage Protection
6. Over/Underfrequency Protection
7. Ground Fault Protection
8. Voltage Restraint/Voltage Control Overcurrent Relay or Impedance Relay
9. Manual Synchronization With Generator Synchronizing Relay Supervision
10. Voltage and Power Factor Regulation
11. Utility Grade Relays
12. Telemetry
13. Direct Phone Service
14. 30 Fault Interrupting Device

Disconnect devices are required on the line and load side of the metering units for transmission interconnections.

In addition to the interconnection facilities listed above, and at Seller's request, PG&E will install certain interconnection facilities as Special Facilities. Although responsible for operating and maintaining Special Facilities, PG&E will do so at Seller's expense pursuant to the Special Facilities Agreement between Seller and PG&E.