

SCHEDULE A
to the PG&E EEI Master Agreement

The following sections are deleted in their entirety and are replaced with a statement that they are "Intentionally deleted": 1.13, 1.34-1.44 inclusive, 1.48, 1.50, and 1.57.

Section 1.19 is amended by replacing the words "on the Cover Sheet" with "in Section 10.1".

Section 1.23 is deleted and the following substituted in its place: "Force Majeure' means any occurrence beyond the reasonable control of a party which causes the party to be unable to perform an obligation under this Agreement in whole or in part, which was not anticipated as of the date the particular transaction was agreed to, and which could not have been avoided by the exercise of due diligence. Force Majeure includes an act of God; actual or threatened civil disturbance, terrorism, war, or riot; strike or other labor dispute; emergencies declared by the California Independent System Operator or any other authorized successor or regional transmission organization or any state or federal regulator or legislature; explosion; tsunami, fire, ice, flood, earthquake, earth movement (including mud slides or rock slides), storm, effect of storm, drought, lightning and other natural catastrophes. Force Majeure shall not be based on (i) Buyer's inability economically to use or resell the Product purchased hereunder, (ii) Seller's ability to sell the Product at a price greater than the Contract Price, or (iii) Seller's inability to obtain regulatory approvals for the construction, operation, or maintenance of its generating plant(s). Neither Party may raise a claim of Force Majeure based in whole or in part on curtailment by a transmission provider (gas or electric transmission). Buyer shall not be required to make any payments for Products not delivered or provided as a result of such Force Majeure during the term of a Force Majeure claimed by Seller; however, a Force Majeure claimed by Seller shall not result in a breach or default hereunder."

Section 1.45 is modified by adding "surety bond" immediately before the words "or other security ...".

The phrase "at Buyer's option" in the fifth line of the definition of "Replacement Price" in section 1.51 is deleted and replaced by the following: "absent a purchase (Buyer shall have no obligation to enter into actual replacement transactions)...."

The opening phrase of Section 2.4 is modified as follows: "The Parties agree that, whether or not an express election is made on the Cover Sheet, this Section 2.4 shall be applicable to this Master Agreement so that, when...."

The last two sentences of Section 2.5 are deleted and are replaced by the following: "The Recording, if admissible, shall be evidence of the Parties' agreement with respect to the matters discussed therein, including, without limitation, scheduling and dispatch."

The proviso at the end of the first sentence in Section 3.1 is deleted.

The following words are deleted from the first sentence of both Section 4.1 and Section 4.2: "...or, if "Accelerated Payment of Damages" is specified on the Cover Sheet, within five (5) Business Days of invoice receipt...."

Section 5.1(d) shall not apply to PG&E if PG&E is still in bankruptcy when PG&E assumes the role of Buyer; provided that, any subsequent bankruptcy filing by PG&E will be subject to section 5.1(d). [also need to modify the reps and warranties re bankruptcy. See section 10.2 (v)]

Section 5.1(g) is modified by deleting the phrase "...or becoming capable at such time of being declared...."

The following words are deleted from the end of the next-to-last sentence of Section 5.3: "...payable by one Party to the other...."

The last sentence of Section 5.4 is deleted.

Section 5.6, Option C, shall apply and is revised as follows: "The non-Defaulting Party, only, shall be entitled to receive a Termination Payment. If the calculation of a Termination Payment results in an amount that otherwise would be owed to the Defaulting Party, no payment shall be required by the non-Defaulting Party to the Defaulting Party. The remedy provided in this section shall be without prejudice and in addition to any right of setoff or other right to which the non-Defaulting Party is otherwise entitled, whether by operation of law, contract, or otherwise)."

A new section 5.8 is added, which states: "5.8 Determination of Market Price. For any provision of this agreement that permits or requires the determination of market price, including without limitation sections 1.51 and 5.2, such price may, at the option of the Party whose right it is to use the market price, be determined by reference to exchange prices, by the average of market quotations provided by at least five bona fide unaffiliated market participants (the high and low quotations shall be excluded and a simple average of the other three quotations shall be used for this purpose) for (a) a like amount (b) of the same Product (c) at the same Delivery Point (d) on the same day and (e) for the remaining term of the Transaction(s), or in any other commercially reasonable manner. The Gains and Losses for each affected Transaction shall be calculated as the difference, plus or minus, between the contract value of the remaining term of that Transaction and the equivalent quantities and relevant market prices for the same term that either are quoted by a bona fide market participant or which are reasonably expected to be available in the market for a replacement contract for the Transaction. It is expressly agreed that neither Party shall be required to enter into a replacement transaction in order to determine the market price."

Option A of Section 8.2(a) shall apply, and (1) the words "and Party A's Guarantor" are added to modify each use of Party A therein, and (2) the final two lines are modified to read: "...so long as Party A and Party A's Guarantor deliver the statements as soon as they are publicly available." Options B and C are deleted. Section 8.2(c) is deleted.

Section 10.1 is deleted in its entirety and is replaced by the following: "The term of this Master Agreement shall commence immediately on the date it is fully executed."

Section 10.2(v) shall not apply to Buyer.

Section 10.6 is modified by deleting the words "NEW YORK" and replacing them with "CALIFORNIA...."

Section 10.8 is amended by deleting the words "Each Party agrees if it seeks" through the words "is inconsistent with this agreement."

Section 10.9 is amended by adding the following words to the end of the first sentence: "..., and Buyer may, under the same conditions, enter Seller's facilities to audit and/or examine those facilities to confirm and/or verify Seller's performance".


A new Section 10.12 is added, which states: "Buyer retains all of its rights under section 206 of the Federal Power Act."

The EEI Master Agreement is hereby incorporated into and made part of this Schedule A, which modifies that Master Agreement as indicated herein.

PACIFIC GAS AND ELECTRIC COMPANY

WHEELABRATOR SHASTA ENERGY COMPANY INC.

By: 
Name: GORDON R. SMITH

By: 
Name: George D. Woodward

Title: President + CEO

Title: General Manager

Date: 11/14, 2002

Date: November 9, 2002