

**SECOND AMENDMENT TO THE SEPTEMBER 14, 2005 MASTER POWER  
PURCHASE AND SALE AGREEMENT BETWEEN GLOBAL COMMON LLC AND  
PACIFIC GAS AND ELECTRIC COMPANY WITH RESPECT TO  
THE CHOWCHILLA BIOMASS FACILITY**

THIS SECOND AMENDMENT ("Second Amendment") is entered into by and between PACIFIC GAS AND ELECTRIC COMPANY ("PG&E") and GLOBAL COMMON LLC ("Global"). PG&E and Global are sometimes referred to herein individually as "Party" and collectively as "Parties." All capitalized terms not defined herein shall have the meaning set forth in the PPA, as defined below.

**RECITALS**

Whereas, Global and PG&E are parties to the certain Master Power Purchase and Sale Agreement, dated September 14, 2005, as amended by the First Amendment to the September 14, 2005 Master Power Purchase and Sale Agreement between Global and PG&E with respect to the Chowchilla Biomass Facility, dated July 27, 2006 ("First Amendment") (the amended Master Power Purchase and Sale Agreement being the "PPA") and the Confirmation dated September 14, 2005 captioned "Master Power Purchase and Sale Agreement Confirmation between Global Common LLC and Pacific Gas and Electric Company with Respect to the Chowchilla Biomass Facility," as amendment by the First Amendment (the "Confirmation"), which supplements and forms a part of the PPA.

**NOW THEREFORE**, in consideration of the mutual promises and covenants contained herein, PG&E and Global agree as follows.

**1. Amendment to the PPA**

(a) The following new definition "California Renewables Portfolio Standard" shall be added to Article One, General Definitions, as follows:

"California Renewables Portfolio Standard" means the renewable energy program and policies established by Senate Bill 1038, as codified in California Public Utilities Code Sections 399.11 through 399.15 and Sections 381, 383.5, and 445, respectively.

(b) The definition of "CPUC Approval" in Article One, General Definitions, shall be amended as follows by:

(i) adding the word "the" before the first use of the word "Buyer" in subpart (1);

(ii) deleting the word "and" after the semicolon in subpart (2); and

(iii) adding "; and" to the end of subpart (3) and removing the period at the end of subpart (3).

(c) The definition of "Environmental Attributes" in Article One, General Definitions, shall be amended by deleting the word "directly" from the second line thereof.

- (d) The definition of "Public Goods Charge Funding," in Article One, General Definitions, shall be amended by deleting the word "shall" and replacing it with the word "may."
- (e) Section 3.2, Environmental Attributes, shall be modified as follows:
- (i) deleting the phrase "associated with the Product delivered" from the first sentence;
  - (ii) adding the word "Transaction" before each use of the word "confirmation;"
  - (iii) modifying each use of the word "Confirmation" by making such word lower-case;
  - (iv) deleting the word "such" before the words "Environmental Attributes" in the last sentence; and
  - (v) deleting the word "associated" before the word "Product" in the last sentence.
- (f) Section 10.1, Term of Master Agreement, shall be amended by being renumbered "Section 10.1(c), Term of Master Agreement."
- (g) The following new Section 10.1(a), Seller Termination Right, shall be added as follows:
- "10.1(a) Seller Termination Right. This Section 10.1(a) shall be specified on the Cover Sheet and shall only apply if marked "Applicable" on the Cover Sheet.
- (i) If Seller's Bid Price exceeds the Market Price Referent, Seller may seek a PGC Funding Award from the California Energy Commission, or its successor agency ("CEC"), for an amount (in \$ per MWh) equal to the positive difference derived by subtracting (a) the Market Price Referent (in \$ per MWh) from (b) the Bid Price (in \$ per MWh) ("PGC Fund Amount"). To the extent that Seller seeks such PGC Fund Award, Seller shall use best efforts to comply with all funding criteria and obtain the PGC Fund Amount and Buyer shall reasonably support Seller's efforts. If Seller does not obtain a PGC Funding Confirmation or PGC Funding Award by 11:59 p.m. Pacific Standard Time on the 120th day from the date on which Buyer files this Transaction for CPUC Approval ("Funding Termination Deadline"), then Seller may unilaterally terminate this Transaction prior to the Funding Termination Deadline effective as of the date on which Buyer receives Seller's written notice of termination. If Seller exercises this termination right, neither Buyer nor Seller shall be subject to liability of any kind.
  - (ii) At any time prior to the Funding Termination Deadline, if applicable, Seller shall send to Buyer within ten (10) days of (A) obtaining a PGC Funding Confirmation or PGC Funding Award, written notice of such confirmation or award and a copy of the final funding award agreement entered into by the California Energy Commission, or its successor agency ("CEC") and Seller, if the funding award agreement has been granted at that time, or (B) receiving

written notice from the CEC denying Seller's application for the requested PGC Fund Amount, a copy of such notice and a written statement from Seller, in which Seller shall (x) waive its termination rights under this Section 10.1(a) or (y) notify Buyer that the Transaction is terminated, pursuant to the terms of this Confirmation. If Seller has the right to terminate this Transaction, but fails to send written notice of termination by the Funding Termination Deadline, then Seller's termination right per this Section 10.1(a) shall be deemed waived in its entirety."

(h) The following new Section 10.1 (b), PGC Funding Termination, shall be added as follows:

"10.1(b) PGC Funding Termination.

This Section 10.1(b) shall be specified on the Cover Sheet and shall only apply if marked "Applicable" on the Cover Sheet.

(i) PGC Funding Revocation. If at any time after Seller obtains a PGC Funding Confirmation or PGC Funding Award, (A) the PGC Funding Confirmation or PGC Funding Award is revoked in whole or in part by the CEC for reasons not caused by Seller's action or inaction, (B) such revocation occurs prior to the issuance of a PGC Funding Award or during the term of the PGC Funding Award, and (C) Seller has not received a financial benefit in the form of tax credits or any other source of public funding or credit directly related to the Product sold under this Confirmation, which benefit would offset the loss incurred from the revocation of the PGC Funding Confirmation or PGC Funding Award, then Seller shall have the right to terminate this Transaction, subject to Buyer's Right of First Refusal Option. If Seller exercises this termination right neither Buyer nor Seller shall be subject to liability arising from such termination.

Not more than ten (10) days from the Seller's receipt of written notification regarding revocation of the PGC Funding Confirmation or PGC Funding Award in whole or part, Seller shall notify Buyer in writing of the revocation of the PGC Funding Confirmation or PGC Funding Award, certify it has not received an offsetting financial benefit per clause (C) above, and certify that such revocation is not due to Seller's action or inaction. Seller shall also provide Buyer with a copy of such CEC notification. ("Revocation Notice"). Seller shall specify in its Revocation Notice what percentage of lost PGC funding it is willing to accept to continue to perform under this Transaction (not exceeding 100%).

(ii) Right of First Refusal Option.

(A) Option. Buyer, in its sole discretion, shall have the right, but not the obligation, to pay to Seller the percentage of lost PGC funding specified in its Revocation Notice ("Lost PGC Funds") and Seller shall continue performing under the Transaction for the remaining term of the Transaction (the "Option"). Buyer shall have 30 days from its receipt of the Revocation Notice to exercise the Option ("Exercise Period"), subject to Option Approval, as defined below.

(B) Exercise of Option. If Buyer chooses to exercise the Option, Buyer shall send written notice to Seller stating that Buyer is exercising the Option, conditioned upon Buyer's receipt of Option Approval, as defined below, within 180 days of date on which Buyer received the Revocation



Notice. The effectiveness of the Option exercise shall be subject to Buyer's receipt of a final, non-appealable order issued by the CPUC, satisfactory to Buyer, approving Buyer's exercise of the Option and recovery of costs associated with the payment of the percentage of lost PGC Funding ("Option Approval"). The date on which Buyer provides written notice of its Option exercise to Seller shall be the "Exercise Date." Buyer shall file an advice filing or application seeking the Option Approval within 30 days of the Exercise Date.

(D) Payment. Prior to Buyer's receipt of Option Approval, Buyer shall pay Seller the Lost PGC Funds, which would have been due to Seller on a monthly basis for the period between the Exercise Date and the next invoice following the date on which the Option Approval is issued. Upon receipt of Option Approval Buyer shall continue paying Seller's Lost PGC Funds on a monthly basis until the expiration of the term of Seller's PGC Funding Award, or Reinstatement of Seller's PGC funding, whichever comes first.

(E) Seller's Termination Right. Seller may terminate the Transaction in accordance with subsection (i) above upon the occurrence of any of the following events: (I) Buyer provides written notice to Seller rejecting the exercise of the Option, (II) the Option expires without being exercised, (III) Buyer fails to seek Option Approval within 30 days of the Exercise Date, or (IV) Buyer fails to obtain Option Approval within 180 days of Buyer's receipt of the Revocation Notice. If Seller then terminates the Transaction, such termination shall be effective 30 days from the date on which Seller notifies Buyer of such termination. Both Parties shall continue to perform under this Transaction until the effectiveness of any such termination by Seller.

(iii) Reinstatement of PGC Funding. If the PGC Funding Award is reinstated in its entirety, including retroactive payments for lost PGC Funds, at anytime before (A) Seller's termination of this Transaction or (B) Buyer's exercise of the Option, then Seller shall no longer be permitted to terminate this Transaction, pursuant to Section 10.1(b)(i), and both Parties shall continue to perform under this Transaction. If the PGC Funding Award is reinstated in whole or in part at anytime after Buyer has exercised the Option, then Buyer shall be relieved of all further obligations to pay any of Seller's lost PGC Funds, which will be covered by the reinstated PGC Funding Award. If PGC Funding Award is reinstated in whole or in part on a retroactive basis after Buyer has exercised the Option, then Buyer shall have the right to offset against payments due to Seller that portion of such award amount equivalent to the lost PGC Funds paid by Buyer to Seller between the period in which the PGC Funds were revoked and reinstated. Seller shall notify Buyer in writing of any such reinstatement of PGC Funds within 10 days of receiving notice of such reinstatement from the CEC, CPUC, or other regulatory agency responsible for the PGC Funds program, which notice shall include a copy of the notice."

(i) Section 10.5, Assignment, shall be modified by deleting the words "its affiliates and/or successors in interest, or" as used in the first proviso in that Section.

(j) Section 10.11, Confidentiality, shall be modified as follows by:

(i) adding the word "the" before "Buyer's Procurement Review Group" in subpart (ii); and

(ii) deleting the phrase "and made applicable to this Agreement by D.04-06-015" in subpart (ii).

(k) Section 10.12, RPS Confidentiality, shall be amended by inserting the word "the" in front of the word "Buyer" and by deleting the comma after the word Agreement in the third line of that Section 10.12.

(l) Section 10.15(b) shall be deleted in its entirety and replaced with the following:

"(b) Seller, and, if applicable, its successors, represents and warrants throughout the Delivery Term of each Transaction entered into under this Agreement that: (i) the Unit(s) 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 Unit(s) output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard."

## 2. CPUC Approval

This Second Amendment shall become effective upon satisfaction of the following conditions precedent:

(a) CPUC Approval; and

(b) PG&E's receipt of a final and non-appealable CPUC order that finds that PG&E's entry into this Agreement is reasonable and that payments to be made by PG&E hereunder are recoverable in rates.

If both of the above-listed conditions precedents are not satisfied on or before ninety (90) days from the date on which PG&E files this Second Amendment for CPUC Approval, then either Party may terminate this Second Amendment effective upon receipt of written notice by the other Party.

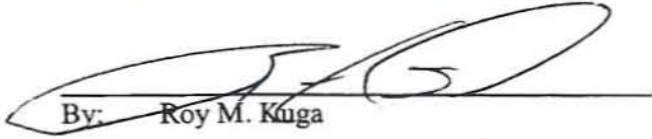
## 3. No Other Modifications

No provision of the PPA, the Confirmation, or the First Amendment other than the terms addressed in this Second Amendment shall be deemed modified, amended, waived, or otherwise affected by this Second Amendment. If there is a conflict between the terms of the PPA, the Confirmation, the First Amendment and those of this Second Amendment, this Second Amendment shall control.

**IN WITNESS WHEREOF**, each party has caused this Second Amendment to be executed by their authorized representatives, effective as of this 10<sup>th</sup> day of November, 2006. By signing this Second Amendment, the representatives of the Parties warrant that they have the requisite authority to bind their respective principals.

*[signature page follows]*

**PACIFIC GAS AND ELECTRIC COMPANY**

  
By: Roy M. Kuga

Title: Vice President, Energy Supply

Date: 11/13/06

**GLOBAL COMMON LLC**

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By:

Title:

Date:

CONFIDENTIALITY PROTECTED Under D.06-06-066 App 1 Item VII "Contracts & PPAs"

**PACIFIC GAS AND ELECTRIC COMPANY**

**GLOBAL COMMON LLC**

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By: Roy M. Kuga

Title: Vice President, Energy Supply

Date:



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By: Robert J. Foxen

Title: President

Date: November 13, 2006