# FIRST AMENDMENT TO THE AUGUST 17, 2007 POWER PURCHASE AND SALE AGREEMENT BETWEEN SHILOH WIND PARTNERS, LLC AND PACIFIC GAS AND ELECTRIC COMPANY

THIS FIRST AMENDMENT ("First Amendment") is entered into by and between Shiloh Wind Partners, LLC ("Seller") and Pacific Gas and Electric Company ("Buyer"). Seller and Buyer are sometimes referred to herein individually as "Party" and collectively as "Parties".

## RECITALS

- A. Seller and Buyer are parties to that certain Power Purchase and Sale Agreement, dated August 17, 2007 ("Purchase Agreement").
- **B.** Buyer and Seller desire to amend the Purchase Agreement to conform certain terms and conditions to the California Public Utilities Commission's Decision (D.) 07-11-025 dated November 16, 2007.

In consideration of the mutual promises and covenants contained herein, the Parties agree to amend the Purchase Agreement as follows:

1. <u>Rules of Construction</u>. Capitalized terms used herein and not otherwise defined shall be used as defined in the Purchase Agreement.

# 2. Amendments to Purchase Agreement

- a. Section 1.33 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:
  - "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 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.

b. Section 1.51 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

"Eligible Renewable Energy Resource" or "ERR" has the meaning set forth in California Public Utilities Code Section 399.12 and California Public Resources Code Section 25741, as either code provision is amended or supplemented from time to time.

c. Section 1.72 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its displacement of conventional Energy generation. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emissions 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 (CO2), methane (CH4), 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; and (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 permits. If the Project is a biomass or landfill gas 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.

d. Section 1.137 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

"Renewable Energy Credit" has the meaning set forth in the California Public Utilities Code Section 399.12(g), as may be amended from time to time or as further defined or supplemented by Law.

e. The last sentence of Section 3.1(m)(ii) is hereby deleted in its entirety and replaced with the following:

However, Seller must continue to maintain Certification and Verification in accordance with Sections 10.2(b) and 10.2(c) and the definition of "Eligible Renewable Energy Resource" in Section 1.51.

f. Section 3.2 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

Green Attributes. 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.

g. Section 10.2(b) of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

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.

h. The following Section 10.2(c) is hereby added to the Purchase Agreement:

For purposes of Section 10.2(b), "commercially reasonable efforts" shall mean Seller taking all necessary steps to obtain and maintain the Project's qualification and certification by the CEC as an Eligible Renewable Energy Resource or ERR and to obtain CEC Certification and Verification, and taking all commercially reasonable actions throughout the Delivery Term to maintain CEC Certification and Verification, pursuant to and in accordance with Section 3.1(m).

## 3. CPUC Approval.

This First 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 the Purchase Agreement as amended by the First Amendment is reasonable and that payments to be made by Buyer under the Purchase Agreement as amended by this First Amendment are recoverable in rates.
- 4. <u>No Other Modifications</u>. Except as otherwise expressly modified hereby, the Purchase Agreement remains in full force and effect. If there is a conflict between the terms of the Purchase Agreement and those of this First Amendment, this First Amendment shall control.

# 5. Miscellaneous.

- a. Governing Law. This First Amendment shall be governed by Section 10.12 of the Purchase Agreement. The Parties agree to comply with Article Twelve of the Purchase Agreement with respect to any dispute relating to this First Amendment.
- b. **Headings.** Headings in this First Amendment are included herein for convenience of reference only and shall not constitute a part of this First Amendment for any other purpose.
- c. Counterparts. This First Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A signature provided via facsimile shall have the same legal effect as an original.
- d. Any Amendments or Modifications. This First Amendment may only be amended or otherwise modified in writing signed by each of the Parties.

# [THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be executed by their duly authorized representatives, effective as of the latest date set forth in the signature block below. By signing this First Amendment, the representatives of the Parties warrant that they have the requisite authority to bind their respective principals.

PACIFIC GAS AND ELECTRIC COMPANY SHILOH WIND PARTNERS, LLC

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Title: Vice President, Energy Supply

1/30/08

Date:

By: Title:

Date:

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be executed by their duly authorized representatives, effective as of the latest date set forth in the signature block below. By signing this First Amendment, the representatives of the Parties warrant that they have the requisite authority to bind their respective principals.

PACIFIC GAS AND ELECTRIC COMPANY SHILOH WIND PARTNERS, LLC

By: Roy M. Kuga

Title: Vice President, Energy Supply

Date:

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