

**POWER PURCHASE AND SALE AGREEMENT**

**Between**

**PACIFIC GAS AND ELECTRIC COMPANY**

**(as “Buyer”)**

**and**

**GEYSERS POWER COMPANY, LLC**

**(as “Seller”)**

**Baseload Renewable Product – QF Restructuring**

**POWER PURCHASE AND SALE AGREEMENT**

COVER SHEET

This Power Purchase and Sale Agreement is made as of the Execution Date set forth on the signature page hereof. The General Terms and Conditions attached hereto, along with this Cover Sheet, appendices, exhibits, schedules and any written supplements hereto between the Parties shall be referred to collectively as the "Agreement." Seller and Buyer listed below are each individually considered a "Party" and collectively are considered the "Parties" to the Agreement.

Name: Geysers Power Company, LLC  
("Seller" or "Party A") ("Seller")  
All Notices:

Name: Pacific Gas and Electric Company  
("Buyer" or "PG&E")  
All Notices:

Delivery Address:  
717 Texas Avenue, Suite 1000  
Houston, TX 77002

Delivery Address:  
77 Beale Street, Mail Code N12E  
San Francisco, CA 94105-1702

with copy to:

Mail Address:  
P.O. Box 770000, Mail Code N12E  
San Francisco, CA 94177

Geysers Power Company, LLC  
10350 Socrates Mine Road  
Middletown, CA 95461  
Attention: Geothermal Sr. Vice-President  
([GeysersPPA@calpine.com](mailto:GeysersPPA@calpine.com))

with copy to:

Delivery Address:  
Western Region Office  
Calpine Corporation  
P.O. Box 11749  
Pleasanton, CA 94588  
Western Region Office  
Calpine Corporation  
3875 Hopyard Road, Suite 345  
Pleasanton, CA 94588

Mail Address: (if different from above)  
Western Region Office  
Calpine Corporation  
P.O. Box 11749  
Pleasanton, CA 94588  
Facsimile: (925) 479-7303  
Attention: Asset Management

Attn: Kelly A. Everidge ([kabd@pge.com](mailto:kabd@pge.com))

Attn: Contract Administration  
Phone: (713) 830-8845  
Facsimile: (713) 830-8751

Director, Contract Mgmt & Settlements  
Phone: (415) 973-0070  
Facsimile: (415) 973-9176



Duns: [PG&E to provide]  
Federal Tax ID Number: [PG&E to provide]

**Invoices:**

Attn: Power Accounting:  
  
Phone: (713) 830-2000  
Facsimile: (713) 830-8749

**Invoices:**

Attn: Alice Gong ([axl3@pge.com](mailto:axl3@pge.com))  
Manager, Bilateral Settlements  
Phone: (415) 973-4569  
Facsimile: (415) 973-2151

**Confirmations:**

Attn: Confirmations Department  
Phone: (713) 830-8333  
Facsimile: (713) 830-8868

**Scheduling:**

Attn: Scheduling  
Phone: (713) 830-8612  
Facsimile: : (713) 830-8722

Attn: Kevin F. Coffee ([kfc1@pge.com](mailto:kfc1@pge.com))  
Phone: (415) 973-7631  
Facsimile: (415) 973-0400

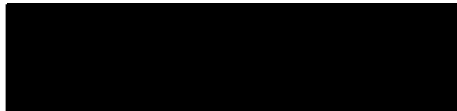
**Payments:**

Attn: Power Accounting  
  
Phone: (713) 830-2000  
Facsimile: (713) 830-8749

**Payments:**

Attn: Alice Gong ([axl3@pge.com](mailto:axl3@pge.com))  
Manager, Bilateral Settlements  
Phone: (415) 973-4569  
Facsimile: (415) 973-2151

**Wire Transfer:**



**Wire Transfer:**



**Credit and Collections:**

Attn: Corporate Credit Manager  
  
Phone: (713) 830-8877  
Facsimile: (713) 570-4764

**Credit and Collections:**

Attn: Credit Risk Management  
  
Phone: (415) 973-0004  
Facsimile: (415) 973-7301

With additional Notices of an Event of  
Default to Contract Manager:

Attn: Attn: Risk Management Counsel  
  
Phone: (713) 830-8835  
Facsimile: : (713) 830-8751

**Contract Manager:**

Attn: Jeannette Woo ([jxw7@pge.com](mailto:jxw7@pge.com))  
Manager, Contract Management  
Phone: (415) 973-5097  
Facsimile: (415) 973-2207

**EXECUTION**

with copy to:

Attn: General Counsel  
Phone: (408) 995-5115  
Facsimile: (408) 995-0505

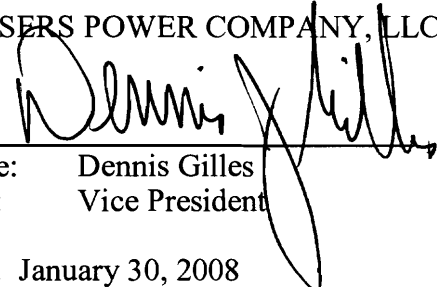
With additional Notices of an Event of Default  
to:  
PG&E Law Department  
Attn: Renewables Portfolio Standard attorney  
Phone: (415) 973-4377  
Facsimile: (415) 972-5952

---

**Agreement Execution**

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of the last signature provided below ("Execution Date"):

GEYSERS POWER COMPANY, LLC

By:   
Name: Dennis Gilles  
Title: Vice President

Date: January 30, 2008

PACIFIC GAS AND ELECTRIC  
COMPANY

By: \_\_\_\_\_  
Name: Roy M. Kuga  
Title: Vice President, Energy Supply

Date: January 30, 2008

with copy to:

Attn: General Counsel  
Phone: (408) 995-5115  
Facsimile: (408) 995-0505

With additional Notices of an Event of Default  
to:

PG&E Law Department  
Attn: Renewables Portfolio Standard attorney  
Phone: (415) 973-4377  
Facsimile: (415) 972-5952

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**Agreement Execution**

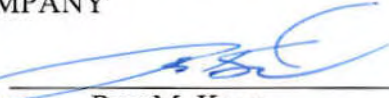
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GEYSERS POWER COMPANY, LLC


By: \_\_\_\_\_  
Name: Dennis Gilles  
Title: Vice President

Date: January 30, 2008

PACIFIC GAS AND ELECTRIC  
COMPANY

By:   
Name: Roy M. Kuga  
Title: Vice President, Energy Supply

Date: ~~January 30, 2008~~

*Feb. 1, 2008*  


**POWER PURCHASE AND SALE AGREEMENT**

**GENERAL TERMS AND CONDITIONS**

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ARTICLE ONE: DEFINITIONS

1.1 “AAA” has the meaning set forth in Section 12.2(d).

1.2 “Additional GA Energy Quantity” has the meaning set forth in Section 3.1(b).

1.3 “Affiliate” means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

1.4 “Aggregate Available RA Capacity Quantity” has the meaning set forth in Section 3.5(d)(ii).

1.5 “Annual Aggregate RA Capacity Quantity” means the total amount of the Designated RA Capacity as determined pursuant to Section 3.5(b), which amount cannot exceed the Net Qualifying Capacity for the Designated Eligible Units, as authorized by the CPUC in the CPUC RA Decisions, and/or by the CAISO.

1.6 “Available RA Capacity Quantity” has the meaning set forth in Section 3.5(d)(ii).

1.7 “Average Energy Price” has the meaning set forth in Section 3.4(c).

1.8 “Base Product” has the meaning set forth in Section 3.1(b)(i).

1.9 “Bankrupt” means with respect to any entity, such entity that (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (b) makes an assignment or any general arrangement for the benefit of creditors, (c) otherwise becomes bankrupt or insolvent (however evidenced), (d) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (e) is generally unable to pay its debts as they fall due.

1.10 “Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of New York presiding over *In re Calpine Corporation, et al.*, Case No. 05-60200 (BRL).

1.11 “Bankruptcy Court Approval” means an order of the Bankruptcy Court approving the termination of the GPC QF Contracts contemplated in Article Eleven, and that all applicable appeal periods with respect thereto shall have expired, and that no lawsuit, appeal or any other legal proceeding shall have been commenced during such applicable appeal period challenging the validity of such approval, or if any lawsuit, appeal or other legal proceeding shall have commenced during such applicable appeal period, that such lawsuit, appeal or other legal



proceeding has been finally resolved (by final judgment, settlement or otherwise with terms and conditions reasonably acceptable to the Parties), and all periods for appeal or further appeal have expired with no appeal or further appeal having been filed.

1.12 “Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday and shall be between the hours of 8:00 a.m. and 5:00 p.m. local time for the relevant Party’s principal place of business where the relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

1.13 “Buyer Curtailment” has the meaning set forth in Section 3.3(f).

1.14 “Buyer’s Security” has the meaning set forth in Section 8.3(b).

1.15 “CAISO” means the California Independent System Operator Corporation or any successor entity performing similar functions.

1.16 “CAISO Control Area” has the meaning specified in the CAISO Tariff.

1.17 “CAISO Grid” means the system of transmission lines and associated facilities of the Participating Transmission Owner that have been placed under the CAISO’s operational control.

1.18 “CAISO Penalties” means any fees, liabilities, assessments, or similar charges assessed by the CAISO in connection with any act or omission associated with the Scheduling of Energy.

1.19 “CAISO Tariff” means the CAISO FERC Electric Tariff, First Replacement Volume No. 1, as it may be amended, supplemented or replaced (in whole or in part) from time to time.

1.20 “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.

1.21 “CEC” means the California Energy Commission or its successor agency.

1.22 “Claims” means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys’ fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

1.23 “Conditions” has the meaning set forth in Section 11.1.

1.24 “Contract Energy Quantity” means either the Interim Contract Energy Quantity or the Post-Final Effective Contract Energy Quantity, as applicable.

1.25 “Contract Year” means a calendar year (e.g., January 1 through December 31) or any portion thereof prior to the end of the Delivery Term; provided that, if the Interim Energy Delivery Date is a date other than January 1, 2008, the first Contract Year shall run from the Interim Energy Delivery Date through December 31, 2008.

1.26 “Costs” means, with respect to the Non-Defaulting Party, (a) brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction; and (b) all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction.

1.27 “Cover Sheet” means the Cover Sheet that precedes Article One; General Definitions to this Agreement.

1.28 “CPUC” or “Commission or successor entity” means the California Public Utilities Commission, or successor entity.

1.29 “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.

1.30 “CPUC RA Decisions” means collectively CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-070-031 or subsequent decisions related to resource adequacy, as may be amended or issued from time to time by the CPUC.

1.31 “Credit Rating” means, with respect to any entity, the rating then assigned by S&P or Moody’s to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements), or, if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P or Moody’s.

1.32 “Day Ahead Schedule” shall have the meaning set forth in the CAISO Tariff.

1.33 “Defaulting Party” means the Party that is subject to an Event of Default.

1.34 “Delivered GA Energy” means all Scheduled Energy from Eligible Units or Eligible Replacement Units with associated Green Attributes delivered to Buyer as measured in MWh at the Delivery Point.

1.35 “Delivery Point” means (a) prior to the implementation of MRTU, NP15, and (b) upon implementation of MRTU, (i) the interconnection point of the Eligible Unit listed in Appendix I, or such successor nodal delivery point(s) that most closely resemble(s) those interconnection points, unless the Geysers Hub is formed, in which case, deliveries pursuant to subsection (b) of this definition shall be to the Geysers Hub, and (ii) for deliveries of Scheduled Energy that is not Delivered GA Energy, including imbalance Energy, and for all Scheduled Energy from Eligible Replacement Units (e.g. Delivered GA Energy from Eligible Replacement Units), the NP15 EZ Gen Hub or similar generation-based trading hub that replaces NP15.

1.36 “Delivery Term” has the meaning set forth in Section 3.2.

1.37 “Designated Eligible Units” has the meaning set forth in Section 3.5(b).

1.38 “Designated RA Capacity” means, for each Designated Eligible Unit, the RA Capacity that Seller provides to Buyer pursuant to this Agreement to the extent such capacity is certified for inclusion in Buyer’s RAR Showings and, if applicable, LAR Showings, in each case as determined or approved by the CPUC pursuant to the CPUC RA Decisions (and/or by the CAISO). Designated RA Capacity shall include those attributes associated with the capacity identified in the Eligible Unit and Transaction Information form, a form of which is attached as Appendix II, pursuant to Section 3.5(b). For each Monthly Delivery Period, a Designated Eligible Unit’s Designated RA Capacity shall be equal to the Designated Eligible Unit’s RA Capacity, after reflecting adjustments for Planned Outages, if any, required by the CPUC (and/or, to the extent authorized by the CPUC, by the CAISO), or a Governmental Body having jurisdiction, provided that the total amount of Designated RA Capacity from all Designated Eligible Units shall not exceed the Annual Aggregate RA Capacity Quantity.

1.39 “Designated RA Capacity Quotient” has the meaning set forth in Section 3.5(e).

1.40 “Dispatch Down” means (a) curtailments ordered from the CAISO or Buyer as a result of a System Emergency (as defined in the CAISO Tariff), and (b) scheduled or unscheduled maintenance on the PTO’s transmission facilities that prevents Buyer from receiving Energy at the Delivery Point from the Eligible Unit that had been previously scheduled to deliver such Energy.

1.41 “DUNS” means the Data Universal Numbering System, which is a unique nine character identification number provided by Dun and Bradstreet.

1.42 “Early Termination Date” has the meaning set forth in Section 5.2.

1.43 “Electrical Losses” means all applicable losses, including, but not limited to, the following: (a) any transmission or transformation losses between the CAISO revenue meter and the Delivery Point; and (b) the applicable GMM or any successor method to account for losses or congestion established by the CAISO (or successor organization) and assigned to the interconnection point for the Eligible Unit, if applicable.

1.44 “Eligible Renewable Energy Resource” or “ERR” has the meaning set forth in Public Utilities Code Sections 399.12 or 399.16, as may be amended.

1.45 “Eligible Unit” means, subject to the limitations set forth below, any of the following units located at the Geysers Known Geothermal Resource Area: Geysers 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, and any geothermal unit developed, constructed or acquired by Seller located at the Geysers Known Geothermal Resource Area; provided that, a unit is not an Eligible Unit (a) so long as the Energy and capacity from such unit is committed to Buyer pursuant to a Standard Offer (SO) contract, including the GPC QF Contracts, or (b) if such unit is no longer CEC-certified as an Eligible Renewable Energy Resource.

1.46 “Eligible Replacement GA Energy” means Energy with associated Green Attributes from any Eligible Replacement Unit.

1.47 “Eligible Replacement Unit” means any generation unit, other than an Eligible Unit, that is an Eligible Renewable Energy Resource.

1.48 “Energy” means electric energy measured in MWh and net of auxiliary loads and station electrical uses (unless otherwise specified).

1.49 “Energy Delivery Date” has the meaning set forth in Section 3.1(b).

1.50 “Equitable Defenses” means any bankruptcy, insolvency, reorganization or other laws affecting creditors’ rights generally and, with regard to equitable remedies, the discretion of the court before which proceedings may be pending to obtain same.

1.51 “Event of Default” has the meaning set forth in Section 5.1.

1.52 “Excess Outage Test” has the meaning set forth in Section 3.5(d)(i) and relates to the determination of RA Capacity that is not counted as part of the Available RA Capacity Quantity for the affected Eligible Unit(s).

1.53 “Execution Date” has the meaning set forth on the Cover Sheet.

1.54 “Existing CAISO Tariff” or “Existing Tariff” means the CAISO’s Simplified and Reorganized ISO Tariff on file as of the Execution Date.

1.55 “Final Effective Date” has the meaning set forth in Section 11.1.

1.56 “First PPSA” means the Power Purchase and Sale Agreement (Baseload Product), which was executed by the parties as of October 12, 2006, and which became effective on February 15, 2007, between Seller and Buyer.

1.57 “Fixed Energy Price” has the meaning set forth in Section 3.1(b)(i)(2).

1.58 “Fixed Energy Quantity” has the meaning set forth in Section 3.1(b)(i)(2).

1.59 “FERC” means the Federal Energy Regulatory Commission or any successor government agency.

1.60 “Force Majeure” means any event or circumstance which wholly or partly prevents or delays the performance of any obligation arising under this Agreement, but only if and to the extent (i) such event is not within the reasonable control, directly or indirectly, of the Party seeking to have its performance obligation(s) excused thereby, (ii) the Party seeking to have its performance obligation(s) excused thereby has taken all reasonable precautions and measures in order to prevent, overcome, or avoid such event or mitigate the effect of such event on such Party’s ability to perform its obligations under this Agreement and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which by the exercise of due diligence it has been unable to overcome, and (iii) such event is not the direct or indirect result of the negligence of, or caused by, the Party seeking to have its performance obligations excused thereby. Subject to the foregoing, events that could qualify as Force Majeure include, but are not limited to the following:

(a) unusual flooding, lightning, landslide, earthquake, fire, drought, explosion, epidemic, quarantine, storm, hurricane, tornado, other natural disaster or unusual or extreme adverse weather-related events;

(b) war (declared or undeclared), riot or similar civil disturbance, acts of the public enemy (including acts of terrorism), sabotage, blockage, insurrection, revolution, expropriation or confiscation;

(c) except as set forth in subpart (vii) below, strikes, work stoppage or other labor disputes (in which case the affected Party shall have no obligation to settle the strike or labor dispute on terms it deems unreasonable); or

(d) emergencies declared by a forced curtailment required by the CAISO or any other authorized successor or regional transmission organization or any state or federal regulator or legislature making it impossible for the CAISO to transmit Energy, including Energy to be delivered pursuant to this Agreement.

Force Majeure shall not be based on:

(i) Buyer's inability economically to use or resell the Product, or any element thereof, purchased hereunder;

(ii) Seller's ability to sell the Product at a price greater than the price set forth in this Agreement;

(iii) Seller's inability to obtain approvals of any type for the construction, operation, or maintenance of the Geysers Project;

(iv) Seller's inability to obtain sufficient fuel, power or materials to operate the Geysers Project, except if Seller's inability to obtain sufficient fuel, power or materials is caused solely by an event of Force Majeure of the specific type described in any of subsections (a) through (d) above;

(v) Seller's failure to obtain additional funds, including funds authorized by a state or the federal government or agencies thereof, to supplement the payments made by Buyer pursuant to this Agreement;

(vi) a Forced Outage except where such Forced Outage is caused by an event of Force Majeure of the specific type described in any of subsections (a) through (d) above;

(vii) a strike, work stoppage or labor dispute limited only to any one or more of Seller, Seller's Affiliates, the EPC Contractor or subcontractors thereof or any other third party employed by Seller to work on the Geysers Project; or

(viii) any equipment failure except if such equipment failure is caused solely by an event of Force Majeure of the specific type described in any of subsections (a) through (d) above.

1.61 "Forced Outage" means any unplanned reduction or suspension of the electrical output from the Eligible Unit or unavailability of the Eligible Unit in whole or in part, whether due to a Force Majeure event or otherwise in response to a mechanical, electrical, or hydraulic control system trip or operator-initiated trip in response to an alarm or equipment malfunction and any other unavailability of a Unit for operation, in whole or in part, for maintenance or repair that is not a Planned Outage.

1.62 "GA Adjustment" has the meaning set forth in Section 3.4(a).

1.63 "GA Tracking" has the meaning set forth in Section 4.3.

1.64 "Gains" means with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of the Transaction pursuant to Section 5.2 for the remaining Delivery Term, determined in a commercially reasonable manner, subject to Section 5.2 hereof. Factors used in determining economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties, including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, Market Price Referent, market prices for a comparable transaction, forward price curves based on economic analysis of the relevant markets, settlement prices for a comparable transaction at liquid trading hubs (e.g., NYMEX), all of which should be calculated for the remaining Delivery Term and include the value of Green Attributes and RA Capacity.

1.65 "Geysers Hub" means, upon implementation of MRTU, the aggregation, if any, by the CAISO for Scheduling purposes of the locational marginal pricing nodes to which the interconnection points of all of the Eligible Units have been aggregated or assigned.

1.66 "Geysers Project" means all of the Eligible Units and the other assets, tangible and intangible, associated therewith

1.67 "GPC Interconnection Documentation" means (i) that certain Generator Special Facilities Agreement, dated as of September 26, 2003, between Buyer and Seller, (ii) that certain Generator Interconnection Agreement, dated as of September 26, 2003, between Buyer and Seller, (iii) that certain Participating Generator Agreement, dated as of June 16, 2000, between Seller and the CAISO, and (iv) that certain Meter Services Agreement, dated as of May 3, 2000, between Seller and the CAISO.

1.68 “GPC QF Contracts” means those certain Standard Offer Qualifying Facility Contracts of which Seller is a successor in interest thereto, specifically: (i) Power Purchase Agreement, dated as of March 18, 1982, between Occidental Geothermal, Inc. and Buyer, as amended, supplemented, and assigned to Seller (PG&E Log # 04G057) (the “Calistoga Contract”); (ii) Long-Term Energy and Capacity Power Purchase Agreement, dated as of November 13, 1984, between SAI Geothermal Inc. and Buyer, as amended, supplemented and assigned to Seller (PG&E Log # 04G025) (the “West Ford Flat Contract”); (iii) Long-Term Energy and Capacity Power Purchase Agreement, dated as of October 8, 1984, between Grace Geothermal Corp. and Buyer, as amended, supplemented and assigned to Seller (PG&E Log # 04G012) (the “Bear Canyon #1 Contract”); (iv) Long-Term Energy and Capacity Power Purchase Agreement, dated as of November 30, 1984, between Grace Geothermal Corp. and Buyer, as amended, supplemented and assigned to Seller (PG&E Log # 04G016) (the “Bear Canyon #2 Contract”); (v) Long-Term Energy and Capacity Power Purchase Agreement, dated as of November 5, 1984, between Geothermal Energy Partners, L.P. and Buyer, as amended, supplemented, and assigned to Seller (PG&E Log # 04G018) (the “Aidlin #1 Contract”); and (vi) Long-Term Energy and Capacity Power Purchase Agreement, dated as of November 5, 1984, between Geothermal Energy Partners, L.P. and Buyer, as amended, supplemented, and assigned to Seller (PG&E Log # 04G019) (the “Aidlin #2 Contract”).

1.69 “GPC QF Units” means the generation units identified in the GPC QF Contracts.

1.70 “Geysers Project” means all of the Eligible Units and the other assets, tangible and intangible, associated therewith.

1.71 “GMM” means the Generation Meter Multiplier as defined in the CAISO Tariff.

1.72 “GMM Adjustment” has the meaning set forth in Section 3.3(j).

1.73 “Good Utility Practice” has the meaning provided in the CAISO Tariff.

1.74 “Governmental Body” means any federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

1.75 “Governmental Charges” has the meaning set forth in Section 9.2.

1.76 “Green Attributes” or “GA” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, directly attributable to the generation of Delivered GA Energy from an Eligible Unit or Eligible Replacement Unit pursuant to the terms hereof, and the displacement of conventional Energy generation associated therewith. 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 (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; 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 Eligible Unit, (ii) production tax credits associated with the construction or operation of the Eligible Unit 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 pre-existing pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Eligible Unit or Eligible Replacement Unit for compliance with local, state, or federal operating and/or air quality permits. If the Eligible Unit or Eligible Replacement Unit 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 Eligible Unit or Eligible Replacement Unit.

"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.

1.77 "Hour Ahead" has the meaning set forth in the CAISO Tariff.

1.78 "Index Energy Price" has the meaning set forth in Section 3.3(b).

1.79 "Index Energy Quantity" has the meaning set forth in Section 3.1(b)(i)(1).

1.80 "Interconnection Facilities" means the facilities, which include all apparatus installed and means required pursuant to the PTO's transmission department's facility connection requirements, to which Seller shall be able to interconnect and deliver Energy from an Eligible Unit to a Delivery Point, including, but not limited to, connection, transformation, switching, metering, communications, control, and safety equipment, such as equipment required pursuant to Good Utility Practices and in accordance with any agreements entered into by Seller necessary for interconnection to the PTO's transmission system and the CAISO Grid.

1.81 "Interest Rate" means the rate per annum equal to the "Monthly" Federal Funds Rate (as reset on a monthly basis based on the latest month for which such rate is available) as reported in Federal Reserve Bank Publication H.15-519, or its successor publication.

1.82 "Interim Base Product" has the meaning set forth in Section 3.1(a)(ii).



1.83 “Interim Contract Energy Quantity” has the meaning set forth in Section 3.1(a)(ii).

1.84 “Interim Energy Delivery Date” has the meaning set forth in Section 3.1(a).

1.85 “Interim Period” has the meaning set forth in Section 3.1(a).

1.86 “Interim QF Contract Net Energy Price” has the meaning set forth in Section 3.1(a)(i).

1.87 “LAR” means local area reliability, which is any program of localized resource adequacy requirements established for jurisdictional LSEs by the CPUC pursuant to the CPUC RA Decisions having jurisdiction over the LSE. LAR may also be known as local resource adequacy, local RA, or local capacity requirement in other regulatory proceedings or legislative actions.

1.88 “LAR Attributes” means, with respect to a Designated Eligible Unit, and except as otherwise specifically limited by this Agreement, any and all resource adequacy attributes (or other locational attributes related to system reliability), as may be identified from time to time by the CAISO or CPUC, or other Governmental Body having jurisdiction, associated with the physical location or point of electrical interconnection of the Designated Eligible Unit within the CAISO Control Area, that can be counted toward LAR, but exclusive of any RAR Attributes which are not associated with the CAISO Control Area where in the Designated Eligible Unit is physically located or electrically interconnected. To the extent necessary for the Buyer to fully meet its LAR and RAR, and in accordance with Section 3.5(c), these attributes shall also include all attributes under the currently existing Reliability Must Run contracts per the CAISO Tariff and FERC. For clarity, it should be understood that the LAR Attributes associated with a Designated Eligible Unit by virtue of its location or point of electrical interconnection may change as the CAISO, or a Governmental Body, defines new or re-defines existing LAR regions, provided that such change will not result in a change in payments made pursuant to this transaction.

1.89 “LAR Showings” means the LAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC RA Decisions, having jurisdiction over the LSE.

1.90 “Law” means any statute, law, treaty, rule, regulation, ordinance, code, permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Body of competent jurisdiction, including any of the foregoing that are enacted, amended, or issued after the Execution Date, and which become effective during the Delivery Term; or any binding interpretation of the foregoing.

1.91 “Letter(s) of Credit” means one or more irrevocable, non-transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a Credit Rating of at least A from S&P or A2 from Moody’s, substantially in the form as contained in Appendix III to this Agreement.

1.92 “LSE” means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).

1.93 “LMP Adjustment” has the meaning set forth in Section 3.3(i).

1.94 “Losses” means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of the Transaction for the remaining Delivery Term, determined in a commercially reasonable manner, subject to Section 5.2 hereof. Factors used in determining the loss of economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, Market Price Referent, market prices for a comparable transaction, forward price curves based on economic analysis of the relevant markets, settlement prices for a comparable transaction at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include value of Green Attributes and RA Capacity. If the Non-Defaulting Party is the Seller, then “Losses” shall exclude any loss of Production Tax Credits or other federal or state tax credits related to the Project or generation therefrom.

1.95 “Maintenance Outage” has the meaning specified in the NERC/GADS Protocols.

1.96 “Monthly Contract Period” means each calendar month during the Contract Year.

1.97 “Monthly Designated RA Capacity” means the Designated RA Capacity as calculated per Section 3.5(d), or as revised by the CPUC or CAISO Tariff, for each month during the Delivery Term.

1.98 “Monthly RA Capacity Payment” has the meaning set forth in Section 3.5(a).

1.99 “Moody’s” means Moody’s Investor Services, Inc., or its successor.

1.100 “MRTU” means the locational marginal pricing market system to be governed by the CAISO Tariff approved by FERC in Docket ER06-615.

1.101 “MWh” means megawatt-hour.

1.102 “NERC” means the North American Electric Reliability Council or a successor organization that is responsible for establishing reliability criteria and protocols.

1.103 “NERC/GADS Protocols” means the North American Electric Reliability Council (NERC) Generating Availability Data System (GADS) protocols, as may be updated from time to time.

1.104 “Net Qualifying Capacity” means the amount of capacity that qualifies for use by Buyer in meeting its RA and LAR requirements, as determined by either the CPUC or the CAISO in accordance with either the CPUC RA Decisions or the CAISO Tariff.

1.105 “Non-Defaulting Party” has the meaning set forth in Section 5.2.

1.106 “Notice” means, unless otherwise specified in the Agreement, written communications by a Party to be delivered by hand delivery, United States mail, overnight courier service, facsimile or electronic messaging (e-mail) pursuant to Article Thirteen and Appendix IV.

1.107 “Outages” means Maintenance Outages, Planned Outages and Unplanned Outages, as each such term is defined by the NERC/GADS Protocols.

1.108 “Outage Notification Form” means the notice form attached hereto as Appendix V, which shall be submitted by Seller to Buyer in accordance with the relevant provisions of Section 4.4.

1.109 “Participating Transmission Owner” or “PTO” means Pacific Gas and Electric Company in its capacity as the owner of certain transmission facilities placed under the operational control of the CAISO pursuant to the terms of the CAISO Tariff and certain agreements between the CAISO and Pacific Gas and Electric Company.

1.110 “Planned Outage” has the meaning specified in the NERC/GADS Protocols and, for the purposes of Section 3.5, “scheduled outages” as described in the CPUC RA Decisions.

1.111 “Product” means the Interim Base Product or the Base Product and any Additional GA Energy Quantity sold pursuant to Section 3.1(b)(ii), as applicable.

1.112 “Production Tax Credit” or “PTC” means the tax credit for electricity produced from certain renewable generation resources described in Section 45 of the Internal Revenue Code of 1986, as may be amended from time to time.

1.113 “Qualifying Facility” has the meaning set forth in the Public Utilities Regulator Policies Act of 1978.

1.114 “QF Contract Net Energy Price” means the price paid by Buyer for each MWh of energy delivered in any hour under any GPC QF Contract, including any reduction to the full short-run avoided operating costs and any reduction as a result of the Reduction in Payments to QF Switchers provision as set forth and defined in such GPC QF Contracts.

1.115 “QF Environmental Adjustment” has the meaning set forth in Section 3.3(k)

1.116 “RMR Agreement” means a must-run service agreement between a generating facility and the CAISO, as amended from time to time.

1.117 “RA Capacity” means the amount of capacity of a Designated Eligible Unit that is sold to Buyer and qualifies to meet Buyer’s RAR and LAR requirements for the applicable RA Compliance Period, as determined by the CAISO, CPUC, or other Governmental Body authorized to make such determination. RA Capacity encompasses both the RAR Attributes and LAR Attributes of the capacity provided by a Designated Eligible Unit pursuant to Section 3.5.

1.118 “RA Compliance Period” means that period of time for which Buyer must demonstrate to the CPUC its compliance with the Resource Adequacy Requirements; as of the Execution Date, the RA Compliance Period is one calendar year.

1.119 “RA Deadline” has the meaning set forth in Section 3.5(b).

1.120 “RA Price” has the meaning set forth in Section 3.5(a).

1.121 “RA Product” means a resource adequacy capacity product that, under applicable CPUC RA Decisions or other Governmental Body rules, is a substitute for, addition to, or successor to the RA Capacity described herein.

1.122 “Renewable QF Environmental Benefits” has the meaning set forth in Section 3.3(k).

1.123 “Replacement Index” has the meaning set forth in Section 3.3(b).

1.124 “Replacement RA Capacity” has the meaning set forth in Section 3.5(g).

1.125 “Resource Adequacy Requirements” or “RAR” means the resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC RA Decisions or other Governmental Body having jurisdiction.

1.126 “RAR Attributes” means, with respect to a Designated Eligible Unit, and except as otherwise specifically limited by this Agreement, any and all resource adequacy attributes, as may be identified and modified from time to time by the CPUC, or other Governmental Body having jurisdiction that can be counted toward RAR, exclusive of any LAR Attributes. For clarity, it should be understood that the RAR Attributes associated with a Designated Eligible Unit by virtue of its location or point of electrical interconnection may change as the CAISO, or a Governmental Body, defines new or re-defines existing regions and RAR, provided that such change will not result in a change in payments made pursuant to this transaction.

1.127 “RAR Showings” means the RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the CPUC RA Decisions.

1.128 “S&P” means the Standard & Poor’s Rating Group (a division of McGraw-Hill, Inc.) or its successor.

1.129 “Schedule” or “Scheduling” means the actions of Seller, Buyer and/or their designated representatives, or Scheduling Coordinator, if applicable, of notifying,

requesting and confirming to each other the Contract Energy Quantity to be delivered on any given hour, day or days during the Delivery Term at a specified Delivery Point.

1.130 “Scheduling Coordinator” or “SC” means an entity certified by the CAISO as qualifying as a Scheduling Coordinator pursuant to the CAISO Tariff, including, but not limited to Sections 2.2.3, 2.2.4, and 2.5.6 of the CAISO Tariff, for the purposes of undertaking the functions specified in “Responsibilities of a Scheduling Coordinator,” Section 2.2.6 of the CAISO Tariff, as amended by the FERC from time-to-time.

1.131 “Scheduled Energy” has the meaning set forth in Section 3.3(d).

1.132 “SEC” means the U.S. Securities and Exchange Commission.

1.133 “Settlement Amount” means, with respect to the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Section 5.2.

1.134 “Supply Plan” means the supply plans, or similar or successor filings, that each unit’s Scheduling Coordinator submits to the CAISO, or a Governmental Body, pursuant to Applicable Laws, in order for that RA Capacity to count for its RAR Attributes or LAR Attributes.

1.135 “Term” has the meaning set forth in Section 2.5.

1.136 “Terminated Transaction” means the Transaction terminated in accordance with Section 5.2 of this Agreement.

1.137 “Termination Payment” has the meaning set forth in Section 5.2.

1.138 “Transaction” means the particular transaction described in Section 3.1 of this Agreement.

1.139 “WECC” means the Western Electricity Coordinating Council or successor agency.

1.140 “WREGIS” has the meaning set forth in Section 3.4(f).

1.141 “Year-Ahead Compliance Filing” means the requirement under CPUC Decision 06-07-031 for Buyer to identify, as of a prescribed date, Designated RA Capacity with which it is satisfying its RAR for the next Contract Year, in reliance on counting any Unit’s Net Qualifying Capacity as published by CAISO on or about July 1 prior to the start of the next Contract Year.

## ARTICLE TWO: GOVERNING TERMS AND TERM

2.1 Entire Agreement. This Agreement, together with the Cover Sheet and each and every appendix, attachment, amendment, schedule and any written supplements hereto, if any, between the Parties constitutes the entire agreement between the Parties.

2.2 Interpretation. The following rules of interpretation shall apply:

(a) The term “month” shall mean a calendar month unless otherwise indicated, and a “day” shall be a 24-hour period beginning at 12:00:01 a.m. Pacific Prevailing Time and ending at 12:00:00 midnight Pacific Prevailing Time; provided that a “day” may be 23 or 25 hours on those days on which daylight savings time begins and ends.

(b) Unless otherwise specified herein, all references herein to any agreement or other document of any description shall be construed to give effect to amendments, supplements, modifications or any superseding agreement or document as then exist at the applicable time to which such construction applies.

(c) Capitalized terms used in this Agreement, including the appendices hereto, shall have the meaning set forth in Article One, unless otherwise specified.

(d) Unless otherwise specified herein, references in the singular shall include references in the plural and vice versa, pronouns having masculine or feminine gender will be deemed to include the other, and words denoting natural persons shall include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organizations or other entities (whether or not having a separate legal personality). Other grammatical forms of defined words or phrases have corresponding meanings.

(e) References to a particular article, section, subsection, paragraph, subparagraph, appendix or attachment shall, unless specified otherwise, be a reference to that article, section, subsection, paragraph, subparagraph, appendix, exhibit or attachment in or to this Agreement.

(f) Any reference in this Agreement to any natural person, Governmental Body, corporation, partnership or other legal entity includes its permitted successors and assigns or to any natural person, Governmental Body, corporation, partnership or other legal entity succeeding to its functions.

(g) All references to dollars are to U.S. dollars.

2.3 Authorized Representatives. Each Party shall provide Notice to the other Party of the persons authorized to nominate and/or agree to a schedule or dispatch order for the delivery or acceptance of the Product or make other Notices on behalf of such Party and specify the scope of their individual authority and responsibilities, and may change its designation of such persons from time to time in its sole discretion by providing Notice.

2.4 Recording. Unless a Party expressly objects to a Recording (defined below) at the beginning of a telephone conversation, each Party consents to the creation of a tape or electronic recording (“Recording”) of all telephone conversations between representatives of the Parties responsible for the Scheduling of Energy or the operation of the Eligible Units or the PTO’s transmission system, which conversations are conducted in connection with the scheduling of Energy, and that any such Recordings will be retained in confidence, secured from improper access, and may be submitted in evidence in any proceeding or action relating to this Agreement. Each Party waives any further notice of such monitoring or recording, and agrees to

notify its officers and employees of such monitoring or recording and to obtain any necessary consent of such officers and employees.

2.5 Term. The term of this Agreement shall commence upon the Execution Date of this Agreement and shall remain in effect until the conclusion of the Delivery Term or unless terminated sooner pursuant to any of Sections 5.2, 11.2 or 11.4 of this Agreement (the “Term”); provided, however, that this Agreement shall remain in effect until (i) the Parties have fulfilled all obligations with respect to the Transaction, including payment in full of amounts due for the Products delivered prior to the end of the Term, the Settlement Amount, indemnification payments or other damages (whether directly or indirectly such as through set-off or netting) and (ii) the undrawn portion of the Seller’s Security or the Buyer’s Security, as applicable, is released and/or returned as applicable (if any is due). All indemnity rights shall survive the termination of this Agreement for twelve (12) months.

2.6 Binding Nature. This Agreement shall be effective and binding as of the Execution Date subject to the terms herein, including, the requirements set forth in Article XI.

2.7 Good Faith and Fair Dealing. Each Party expressly assumes a duty of good faith and fair dealing with respect to its performance of its obligations under this Agreement.

### ARTICLE THREE: PRODUCT; TERM; COMPENSATION

3.1 Transaction. The “Transaction” between the Parties is as follows:

(a) Interim Period. Starting at 12:00:01 a.m. PPT on the fifteenth (15<sup>th</sup>) day following the Execution Date (the “Interim Energy Delivery Date”) until the Energy Delivery Date (the “Interim Period”), the Parties agree that:

(i) GPC QF Contract Net Energy Price. During the Interim Period, the Parties agree to each perform their respective obligations under the GPC QF Contracts, including the obligations set forth therein to make payment for energy and capacity; and

(ii) Sale of Interim Base Product. Seller agrees to sell and deliver, or cause to deliver, as applicable, and Buyer agrees to buy and accept, or cause to accept, as applicable, fifty-seven (57) MWs of Energy (the “Interim Contract Energy Quantity”) and any Additional GA Energy Quantity offered by Seller and accepted by Buyer, and the quantity of Green Attributes described in Section 3.4, subject to the requirements set forth therein (collectively, the “Interim Base Product”).

(b) Post-Final Effective Date. Starting at 12:00:01 a.m. PPT on the first calendar day of the month following the Final Effective Date (the “Energy Delivery Date”), the Parties agree that:

(i) Base Product.

(1) Pursuant to the terms of this Agreement, the “Base Product” is (A) the Fixed Energy Quantity, (B) one hundred and seventy-five (175) MWs less the Fixed Energy Quantity (the “Index Energy Quantity”; collectively, the Fixed Energy

Quantity and the Index Energy Quantity shall be the “Post-Final Effective Contract Energy Quantity”) and the associated quantity of Green Attributes, and (C) the quantity of Resource Adequacy Capacity described in Section 3.5. Buyer shall have no obligation to receive or purchase the Base Product from Seller prior to or after the Delivery Term; and

(2) The “Fixed Energy Quantity”, the “Fixed Energy Price” and the Index Energy Quantity for each period during the Delivery Term are as follows:

Period	Fixed Energy Quantity	Fixed Energy Price	Index Energy Quantity
Energy Delivery Date through September 30, 2008	118 MW	\$80.02/MWh	57 MW
October 1, 2008 through April 30, 2009	97 MW	\$81.58/MWh	78 MW
May 1, 2009 through August 31, 2011	65 MW	\$72.46/MWh	110 MW
September 1, 2011 through March 31, 2014	65 MW	For each MWh: \$15.33 + Index Energy Price + QF Environmental Adjustment	110 MW
April 1, 2014 through December 31, 2014	0 MW	N/A	175 MW

and;

(ii) Additional GA Energy Quantity. That quantity (the “Additional GA Energy Quantity”) in MWhs of Energy with associated Green Attributes agreed to between the Parties pursuant to a duly authorized and executed Additional GA Energy Quantity Confirmation, a form of which is attached hereto as Appendix VI. Buyer shall have no obligation to receive or purchase any Additional GA Energy Quantity, and Seller shall have no obligation to deliver or sell any Additional GA Energy Quantity, unless an Additional GA Energy Quantity Confirmation is duly authorized and executed pursuant to this subsection (b).

3.2 Delivery Term. The Parties shall specify and agree to the period of Product delivery for the “Delivery Term,” as defined herein, by checking one of the following boxes:

- Delivery shall be for a period of ten (10) Contract Years.
- Delivery shall be for a period of fifteen (15) Contract Years.
- Delivery shall be for a period of twenty (20) Contract Years.



x Non-standard Delivery shall be for a period of no greater than approximately seven (7) Contract Years.

As used herein, "Delivery Term" shall mean the period of Contract Years specified in the immediately preceding sentence beginning on the Interim Energy Delivery Date in connection with this Agreement and continuing through December 31, 2014 unless terminated as provided by the terms of this Agreement.

### 3.3 Contract Energy.

(a) Scheduling Contract Energy Quantity and Additional GA Energy Quantity. Except as otherwise provided in this Agreement, Seller shall Schedule the delivery of, and Buyer shall Schedule the receipt of, the Contract Energy Quantity during every hour during the Delivery Term plus any Additional GA Energy Quantity agreed to pursuant to Section 3.1(b)(ii) from the Geysers Project or an Eligible Replacement Unit to a Delivery Point; provided, however, the Seller shall not Schedule the delivery of, and Buyer shall not Schedule the receipt of, that portion of the Contract Energy Quantity plus any Additional GA Energy Quantity otherwise to be Scheduled under this Section 3.3(a) during any hour if the Scheduling or delivery of Energy from the Geysers Project or the Eligible Replacement Unit has been curtailed due to a Dispatch Down under subsection (e) or a Buyer Curtailment pursuant to subsection (f). Except for imbalance Energy due to Schedule deviations, Seller shall not Schedule to Buyer Energy from generation sources other than the Geysers Project or an Eligible Replacement Unit. The Shortfall Penalty set forth in Section 3.4(c) is the exclusive damages remedy for Seller's failure to Schedule sufficient Energy from the Geysers Project or an Eligible Replacement Unit to meet the Minimum Green Attribute Factor defined in Section 3.4(b).

(b) Payment. In accordance with the billing and payment terms set forth in Article Six, Buyer shall pay to Seller in arrears for each month during the Delivery Term pursuant to the following formulas, which are set forth to establish the monthly payment for the Products provided under this Agreement, including certain adjustments thereto associated with GMMs or locational marginal pricing at the Geysers Project, as applicable:

#### Interim Period:

$\Sigma$  (for each hour of the month) [THEQP + (either the GMM Adjustment or the LMP Adjustment)]

Where:

THEQ (total hourly energy quantity) = the Scheduled Energy in the hour plus any MWs deemed delivered in the hour pursuant to the last sentence of Section 3.3(f)

THEQP (total hourly energy quantity payment) = THEQ \* the Index Energy Price for the hour

GMM Adjustment = if applicable, determined in accordance with Section 3.3(j)

LMP Adjustment = if applicable, determined in accordance with Section 3.3(i)

**Post-Energy Delivery Date:**

{ $\Sigma$  (for each hour of the month) [THEQP + (either the GMM Adjustment or the LMP Adjustment) + GA Adjustment Payment]}+ the Monthly RA Capacity Payment

Where:

THEQ (total hourly energy quantity) = the Scheduled Energy in the hour plus any MWs deemed delivered in the hour pursuant to the second-to-last sentence of Section 3.3(f)

THEQP (total hourly energy quantity payment) =

If the THEQ  $\leq$  Fixed Energy Quantity, then THEQP = THEQ \* Fixed Energy Price

If the THEQ  $>$  Fixed Energy Quantity, then THEQP = (Fixed Energy Quantity \* Fixed Energy Price) + ((THEQ-Fixed Energy Quantity) \* the Index Energy Price for the hour)

GMM Adjustment = if applicable, determined in accordance with Section 3.3(j)

LMP Adjustment = if applicable, determined in accordance with Section 3.3(i)

GA Adjustment Payment = (GA Adjustment as set forth in Section 3.4(a)(i)) \* Delivered GA Energy attributable to the Index Energy Quantity (e.g., total Delivered GA Energy in any hour – Fixed Energy Quantity)

Additional GA Quantity Adjustment Payment = (Additional GA Quantity Adjustment as set forth in 3.4(a)(ii))

Monthly RA Capacity Payment = determined in accordance with Section 3.5(a)

The “Index Energy Price” shall be equal to the Floating Daily Price based on the Intercontinental Exchange (“ICE”), Day Ahead Weighted Average Prices for Peak and Off Peak at NP15 as posted daily by ICE for the applicable hour of delivery. Peak Hours are defined as Hours Ending (HE) 07-22 PPT Mondays through Saturdays, excluding Holidays. Off Peak Hours are defined as Mondays through Saturdays HE 01-HE 06 plus HE 23-HE 24 PPT plus all day Sundays and Holidays. Upon the implementation of MRTU the “Index Energy Price” shall be the Floating Daily Price based on the ICE, Day Ahead Price for Peak and Off Peak to NP15 as posted daily by ICE for the applicable hour of delivery. This is expected to be the NP15 EZ Generator Hub price. If ICE does not publish or ceases publishing a Floating Daily Price based on Day Ahead prices for Peak and Off Peak delivery of Energy into NP15, the applicable index will be the Floating Price published by ICE for delivery into NP15 (or a successor delivery or scheduling point that is generally accepted in the market as being electrically equivalent to NP15, which for purposes of this Section 3.3(b) shall be included in the “NP15” definition), whether such Floating Price is based on real time, or hour-ahead prices. If the ICE no longer exists, or does not otherwise publish a Floating Price for NP15, the applicable index shall be the index price

used by the London Clearing House for settling transactions into NP15. If the London Clearing House ceases either to exist or to clear transactions at NP15, Buyer shall, subject to the requirements set forth herein below, select an alternative price index used by market participants to settle transactions of Energy into NP15 (the "Buyer Index") by providing Seller Notice as soon as reasonably practicable setting forth the time and date when the Buyer Index is to apply. At any time after the identification of the Buyer Index by Buyer to Seller, either Party may demand a meeting as soon as practicable for the Parties to agree upon an alternate index or an appropriate modification to the Buyer Index to preserve the relative economic bargain as of the Execution Date. If the Parties are unable to agree whether the Buyer Index preserves the economic bargain reached herein by the Parties as of the Execution Date, within five (5) Business Days of a request for a meeting by requesting Party, unless otherwise agreed by the Parties in writing, either Party may submit the determination of a Replacement Index to expedited dispute resolution in accordance with Section 12.4, below. Upon either the agreement by the Parties of a Replacement Index other than the Buyer Index, which Replacement Index would also include any modification to the Buyer Index, or the determination pursuant to this Section and Section 12.4 of a Replacement Index, a true-up shall be calculated, including accrued interest calculated at the Interest Rate, which true-up shall be paid by either Party to the other within ten (10) Business Days of the determination of the Replacement Index. The Index Energy Price shall be the price for all Energy sold by Seller to Buyer pursuant to this Agreement, including, Energy sold as Contract Energy Quantity, Additional GA Energy Quantity, and imbalance Energy.

An example of the application of this Section 3.3(b) is set forth in Exhibit 3.3(b).

(c) Transmission Service; CAISO Charges. During the Delivery Term:

(i) Seller shall arrange and be responsible for transmission service, including risk of transmission outage or curtailment, to and at the Delivery Point and bear all risks and costs associated with such transmission service, including, but not limited to, any transmission outages or curtailment. Seller shall be responsible for all CAISO costs and charges, including imbalance charges due to deviations from the Schedule (as defined in the CAISO Tariff), regardless of the cause thereof, electric transmission losses and congestion to and at the Delivery Point. Seller shall fulfill all contractual, metering and applicable interconnection requirements so as to be able to deliver Energy to the CAISO Grid. Seller shall, at its sole expense, be obligated to maintain the Interconnection Facilities, including metering facilities. Seller shall also assume all liability and reimburse Buyer for any and all charges, including, as defined below, incurred by Buyer as a result of Seller's failure to abide by the CAISO Tariff and all applicable protocols. Seller shall cooperate to minimize such charges and imbalances to the extent possible. Seller shall promptly notify Buyer as soon as possible of any material imbalance that is occurring or has occurred. Such notification shall not alter Seller's responsibilities for payment for imbalance and congestion charges and CAISO Penalties, as defined below, incurred pursuant to this subsection (c)(i).

(ii) Buyer shall arrange and be responsible for transmission service, including risk of transmission outage or curtailment, from the Delivery Point and bear all risks and costs associated with such transmission service, including, but not limited to, any transmission outages or curtailment. Buyer shall Schedule or arrange for Scheduling services from the CAISO to receive the Contract Energy Quantity and Additional GA Energy Quantity, if any, at the Delivery Point. Buyer shall be responsible for all CAISO costs and

charges, electric transmission losses and congestion from the Delivery Point. Buyer shall also assume all liability and reimburse Seller for any and all charges, including, as defined below, incurred by Seller as a result of Buyer's failure to abide by the CAISO Tariff and all applicable protocols. Buyer shall cooperate to minimize such charges and imbalances to the extent possible. Buyer shall promptly notify Seller as soon as possible of any material imbalance that is occurring or has occurred. Such notification shall not alter Buyer's responsibilities for payment for all imbalance and congestion charges and CAISO Penalties, as defined below, incurred pursuant to this subsection (c)(ii).

(d) Scheduling and Scheduling Coordinator. Each of Seller and Buyer shall be its own Scheduling Coordinator with respect to this Transaction, or designate a qualified third party to fulfill such role. Throughout the Delivery Term, Seller shall designate a SC trade for delivery of the Contract Energy Quantity and Additional GA Energy Quantity, if any, solely to Buyer's SC ("Scheduled Energy"). Conduct of deliveries through SC-to-SC trades shall be in compliance with the CAISO Tariff. During the Delivery Term, Buyer or Buyer's SC shall conduct all scheduling in full compliance with the applicable CAISO Tariff, protocols and scheduling practices for Energy on a Day-Ahead or Hour-Ahead basis, as such terms are defined in the CAISO Tariff.

(e) Dispatch Down. Notwithstanding this Section 3.3, Seller shall reduce the Contract Energy Quantity and Additional GA Energy Quantity, if any, to be Scheduled or delivered in an hour under this Section 3.3 during any Dispatch Down period.

(f) Buyer Curtailment. In addition to a Dispatch Down required by the CAISO, Buyer shall have the right to curtail, partially or completely, the delivery of the Contract Energy Quantity, at no cost to Buyer, for up to fifty (50) hours in each Contract Year, not including Dispatch Down periods, for: (i) overgeneration as defined in the CAISO Tariff or in Buyer's forecast of such, including but not limited to a request by the CAISO to manage overgeneration conditions pursuant to CAISO Operating Procedure G 202, as the same may be amended, supplemented, or replaced, in whole or in part, from time to time; and (ii) Buyer to generate power from its hydro facilities in order to avoid a Hydro Spill Condition (bypassing water past unloaded power houses that otherwise would have generated energy) for safety reasons; provided, however, that any such curtailment under this subsection (f) shall be in blocks of no less than four (4) consecutive hours ("Buyer Curtailment"). Buyer shall have no liability to Seller of any kind relating to or resulting from curtailments conforming to the requirements of this subsection (f). For such curtailments exceeding the allowable fifty (50) hours in any Contract Year, excluding Dispatch Down periods, Buyer shall pay Seller the Index Energy Price for each MWh that Seller would have Scheduled Energy pursuant to Section 3.3(a) absent the curtailment. Unless otherwise provided in the applicable confirmation or agreement, Buyer Curtailment shall not apply to any amount of Additional GA Energy Quantity scheduled pursuant to this Article Three.

(g) Buyer Excuses. The performance of Buyer to receive or pay for the Contract Energy Quantity and Additional GA Energy Quantity, if any, shall be excused only (i) during periods of Force Majeure, (ii) by Seller's failure to perform, (iii) during Dispatch Down periods, or (iv) for up to 50 hours in any Contract Year due to a Buyer Curtailment with respect to Contract Energy Quantity only.

(h) No Excuse. Except for a failure or curtailment resulting from a Force Majeure or during a Dispatch Down period or Buyer Curtailment, the failure of electric transmission service shall not excuse performance with respect to either Party for the delivery or receipt of the Contract Energy Quantity and Additional GA Energy Quantity, if any, to be provided under this Agreement. For the avoidance of doubt, this subsection (h) shall not apply to the determination of the MGADF under Section 3.4(b) or the application of the MGADF in Sections 3.4(c) and 5.2(b)(i).

(i) LMP Adjustment.

(i) Parties Intent; Regulatory Change. The Parties acknowledge that, upon the implementation by the CAISO of a locational marginal pricing (LMP) market structure contemplated in MRTU as of the Execution Date, the Delivery Points of the individual Eligible Units may be aggregated or assigned to different LMP pricing nodes. In such a circumstance, for any hour, the LMP-prices at the nodes aggregating the various Delivery Points may vary from one and another. It is the intent of the Parties that if a LMP market structure is implemented during the Delivery Term, for each MWh of Scheduled Energy from the Geysers Project, there shall be a pricing true-up to adjust the price received by the Seller for the MWhs of Delivered GA Energy from the Geysers Project pursuant to the terms of this Section 3.3(i) to equal the volume-weighted average nodal price for the total quantity of energy available from the Eligible Units of the Geysers Project for each hour. In the event that either Party in good faith determines that the mechanism set forth in this Section 3.3(i) does not accurately administer or reflect the intent of the Parties articulated herein, then such Party shall provide written notice to the other Party and the Parties shall negotiate in good faith to appropriately revise this Section 3.3(i). The intent of this mechanism is to remove any "Seller's Choice" opportunity to deliver from any specific Eligible Unit(s) where the LMP energy value is higher or lower than the weighted average of all of the Eligible Units. Upon the date when the other Party receives such notice from the first Party, the application of the LMP Adjustment in Section 3.3(i) shall be suspended, subject to true-up, until the Parties agree to modifications to this Section 3.3(h), or agree that no modifications are necessary. If the Parties are unable to agree to modifications to this Section 3.3(i) within 45 days of notice being provided hereunder, then either Party may initiate expedited dispute resolution pursuant to Section 12.4 hereof. In the event that LMP is not implemented during the Delivery Term, or a Geysers Hub is formed during the Delivery Term, this Section 3.3(i) shall be of no effect and the LMP Adjustment calculation in (ii) below shall be deemed to be zero for all purposes hereunder.

(ii) LMP Adjustment Calculation. For each hour in any month during the Delivery Term, a "LMP Adjustment" shall be calculated as follows, which formula is intended to quantify the hourly difference between an average nodal price for delivery from the Geysers Project and the average weighted price of the actual deliveries from the Eligible Units providing Delivered GA Energy for such hour:

$$\text{LMP Adjustment (positive or negative)} = (\text{WADNP} - \text{WAGNP}) * (\text{quantity Delivered GA Energy from the Eligible Units in the hour})$$

Where:

WAGNP (weighted average Geysers Project nodal price) the average nodal price for an hour calculated by (A) taking the sum of (1) the Available Capacity Quantity of Eligible Unit(s) aggregated or assigned to a particular node multiplied by (2) the simple average nodal price for the hour published by the CAISO for each node that includes an Eligible Unit, divided by (B) the Total Available Capacity Quantity of Eligible Unit(s). “Available Capacity Quantity of Eligible Unit” means for an Eligible Unit that amount of generation capacity that is available during a certain hour that is not subject to a Forced Outage. “Total Available Capacity Quantity of Eligible Unit(s)” means the aggregate of the Available Capacity Quantity for all the Eligible Units.

WADNP (weighted average Delivered GA Energy for the Geysers Project nodal price) the average nodal price for an hour calculated by (1) taking the sum for the total amount of Delivered GA Energy in the hour from each Eligible Unit providing such Delivered GA Energy of (A) the product of the Delivered GA Energy delivered from an Eligible Unit to a node multiplied by (B) the simple average of the nodal price published by the CAISO for such node during the hour, divided by (2) the total Delivered GA Energy from the Geysers Project for such hour.

An example of the LMP Adjustment calculation is attached hereto as Exhibit 3.3(i).

(j) GMM Adjustment. Prior to the implementation of MRTU, during each month of the Delivery Term, an adjustment shall be made to the payments due under Section 3.3(b) to adjust for the associated GMM attributable to the Eligible Units providing Delivered GA Energy in an hour. The intent of this adjustment is to preserve the agreement by the Parties that the cost of delivery of Delivered GA Energy from the Eligible Units is determined as if the delivery from such Eligible Unit’s interconnection point even as the Scheduled Energy is Scheduled to NP15. The “GMM Adjustment” shall be determined as follows:

$[1 - \text{Hourly GA GMM}] * \text{Delivered GA Energy from the Eligible Units}$   
for the hour \* MCP

Where:

Hourly GA GMM = the weighted average of the GMMs attributable to the Eligible Units deemed to have provided Delivered GA Energy pursuant to Section 4.3

MCP = the Market Clearing Price in NP15 published by the CAISO for the hour

An example of the GMM Adjustment calculation is attached hereto as Exhibit 3.3(j).

(k) QF Environmental Adjustment. As of the Execution Date, neither the CPUC nor any other Governmental Body has determined that the calculation of the price at which a utility should purchase Energy from a renewable Qualifying Facility includes, or should include, directly and as a separate, incremental, and identifiable element of the calculation, compensation for environmental benefits, including Green Attributes and greenhouse gas or

similar offsets, associated with the generation of Energy from any such renewable Qualifying Facility for the period of September 1, 2011 through March 31, 2014 (a “Renewable QF Environmental Benefit”). The Parties agree that, if a subsequent act, order, decision, regulation or rule issued by a Governmental Body, including the CPUC, requires Buyer to include in the calculation of the price for Energy it purchases from a renewable Qualifying Facility a separate or incremental amount as compensation for a Renewable QF Environmental Benefit, that each MWh of the Fixed Energy Quantity delivered to Buyer by Seller pursuant to the terms hereof for the period of September 1, 2011 through March 31, 2014 shall include in the calculation of the Fixed Energy Price payable to Seller a separate and identifiable “QF Environmental Adjustment.” The Parties further agree that the QF Environmental Adjustment in each month shall be set at a level equal to no less than the stated or calculated \$/MWh value of the Renewable QF Environmental Benefit established by the Governmental Body to be included in the calculation of the Energy price to be paid a renewable Qualifying Facility . The Parties further agree that the requirements of this Section 3.3(k) shall be implemented in good faith and if the Parties are unable to reach agreement, that any dispute be resolved in accordance with Article Twelve.

### 3.4 Green Attributes.

#### (a) Green Attributes (GA) Price.

(i) Green Attributes (GA) Price – Contract Energy Quantity. For each MWh of Delivered GA Energy of the Index Energy Quantity, which Energy has been generated from Eligible Unit or an Eligible Replacement Unit, and whereby Seller grants to Buyer all rights to the Green Attributes associated with the generation of such Energy as provided in Section 3.4(ii), Buyer shall pay to Seller a “GA Adjustment” of \$25.00/MWh, which GA Adjustment shall escalate at the rate of 1 % per Contract Year commencing upon January 1, 2009 and upon each January 1<sup>st</sup> during the Delivery Term.

(ii) Assignment of Green Attributes. During the Interim Period, Buyer shall credit to a notional account an amount equal to the GA Adjustment attributable to each MWh of Delivered GA Energy of the Interim Contract Energy Quantity (the “Accrued GA Adjustment Amount”). The Accrued GA Adjustment Amount shall accrue interest in arrears at the Interest Rate. Subsequent to the Energy Delivery Date, within ten (10) calendar days of the date Buyer receives Seller’s notification of the Accrued GA Adjustment Amount, Buyer shall pay to Seller the Accrued GA Adjustment Amount, and any interest thereon, and upon Seller’s receipt of such payment, Buyer shall be deemed to have received the Green Attributes associated with the MWhs of Delivered GA Energy during the Interim Period. If this Agreement terminates prior to the Energy Delivery Date, Buyer shall be released from any obligation to maintain the notional account or to purchase the Green Attributes associated with the MWhs of Delivered GA Energy delivered during the Interim Period, Buyer shall have released any claim that it has to the Green Attributes associated with the MWhs of Delivered GA Energy delivered during the Interim Period, and Seller shall retain all rights to the Green Attributes associated with such MWhs of Delivered GA Energy delivered during the Interim Period. As of the Energy Delivery Date and through the remainder of the Delivery Term, upon delivery of each MWh of Delivered GA Energy of the Contract Energy Quantity (e.g. the Fixed Energy Quantity and Index Energy Quantity), Buyer shall be deemed to have received the Green Attributes associated with the generation of each such delivered MWh.

(iii) Green Attributes (GA) Price – Additional GA Energy Quantity. For each MWh of Delivered GA Energy of the Additional GA Energy Quantity, which Energy has been generated from Eligible Unit or an Eligible Replacement Unit, and whereby Seller grants to Buyer all rights to the Green Attributes associated with the generation of such Energy as provided in this Section 3.4, Buyer shall pay to Seller an “Additional GA Adjustment” of \$25.00/MWh, which Additional GA Adjustment shall escalate at the rate of 1 % per Contract Year commencing upon January 1, 2009 and upon each January 1<sup>st</sup> during the Delivery Term, or as mutually agreed by the Parties. Upon delivery of such Additional GA Energy, Buyer shall be deemed to have received the Green Attribute associated with the generation of each such delivered MWh.

The amount of Green Attributes associated with the Delivered GA Energy shall be determined in accordance with the GA Tracking procedures set forth in Section 4.3 below

(b) Minimum GA Delivery. Except as otherwise provided herein, the Minimum Green Attribute Delivery Factor (“MGADF”) shall be no less than 85% of the Scheduled Energy in each Contract Year from Eligible Units or Eligible Replacement Units, as the case may be, which shall be determined as follows:

$$\text{MGADF} = (\text{DGA} + \text{EGA}) / (\text{MG})$$

Where:

MG (maximum generation) is the applicable Contract Energy Quantity multiplied by the number of hours in the applicable Contract Year plus the aggregate of all MWhs of Additional GA Energy Quantity purchased and sold pursuant to Section 3.1(b)(iii) in the applicable Contract Year

DGA (Delivered GA Energy) is the quantity in MWhs of the Delivered GA Energy delivered to Buyer in an applicable Contract Year

EGA (Excused GA) is the quantity in MWhs of Energy that was not delivered as Delivered GA Energy from either the Geysers Project or an Eligible Replacement Unit wherein such failure to the deliver was excused in accordance with (i) through (iii) herein below:

(i) as a result of a Force Majeure event affecting the generation capacity of the Geysers Project whereupon Seller’s delivery obligation of Delivered GA Energy, and its Contract Energy Quantity and Additional GA Energy Quantity delivery Scheduling obligation, shall be excused on a MWh basis during such Force Majeure event in an amount equal to:

$$\text{EGA during the Force Majeure event} = \text{FMQ} * \text{ACEQ}$$

Where:

FMQ (Force Majeure Quotient) = (generation capacity of the Geysers Project prior to the Force Majeure event less generation capacity of the Geysers Project as of the Force Majeure



event)/(generation capacity of the Geysers Project prior to the Force Majeure event)

ACEQ (Adjusted Contract Energy Quantity) = applicable Contract Energy Quantity plus any Additional GA Energy Quantity less any reduction due to Dispatch Down pursuant to Section 3.3(e), Buyer Curtailment pursuant to Section 3.3(f), or any suspension by Seller of deliveries pursuant to Section 5.2; or

(ii) where delivery from an Eligible Unit is curtailed or subject to a Dispatch Down pursuant to Section 3.3(e) or a Buyer Curtailment pursuant to Section 3.3(f); or

(iii) due to an outage, whether due to a Force Majeure or otherwise, of PTO's transmission system and/or the CAISO Grid, which Outage curtails the delivery by Seller of any or all the applicable Contract Energy Quantity and Additional GA Energy Quantity Scheduled from any Eligible Unit or an Eligible Replacement Unit to the extent of such curtailment.

The Parties shall calculate the MGADF within forty-five (45) days of the end of each Contract Year. If the Parties dispute the calculation of the MGADF, such disputes will be resolved pursuant to the dispute resolution provisions set forth in Section 12.4. A dispute concerning the calculation of the MGADF shall not relieve either Party of its obligations under this Agreement, including the obligation to continue to provide and pay for the Product. This Section 3.4(b) is inapplicable if this Agreement is terminated pursuant to Section 11.2 for the failure of the Parties to satisfy or agree to waive the Conditions Subsequent.

An example of the MGADF calculation under this Section 3.4(b) shall be set forth in Exhibit 3.4(b). The MGADF calculation incorporates all Energy delivered that qualifies under the requirements of the California Renewables Portfolio Standard. The intent of the MGADF calculation in this Section 3.4(b) is to determine the percentage of the total Scheduled Energy Scheduled in any Contract Year that includes the Green Attributes.

(c) GA Shortfall Penalty. If the MGADF is less than 85%, determined in accordance with subsection (b), Seller shall pay to Buyer an amount equal to the sum of (in aggregate for the Contract Year, the "Shortfall Penalty"):

(i) for the portion of the MGADF shortfall that is below 85% but equal to or greater than 80%, reflected as a percentage (the "85-80 Shortfall Percentage"), the product of (A) the 85-80 Shortfall Percentage times (B) 10% times (C) the Average Energy Price times (D) the sum of (1) the product of (x) applicable Contract Energy Quantity times (y) the number of hours in the Contract Year plus (2) the aggregate MWhs of any Additional GA Energy Quantity sold and purchased pursuant to Section 3.1(b) during such Contract Year; and, if applicable,

(ii) for the portion of the MGADF shortfall that is below 80%, reflected as a percentage (the "Below 80 Shortfall Percentage"), the product of (A) the Below 80 Shortfall Percentage times (B) 20% times (C) the Average Energy Price times (D) the sum of (1) the product of (x) applicable Contract Energy Quantity times (y) the number of hours in the Contract

Year plus (2) the aggregate MWhs of any Additional GA Energy Quantity sold and purchased pursuant to Section 3.1(b) during such Contract Year.

For purposes of this Section 3.4(c), the “Average Energy Price” shall be determined by determining the quotient (x) of the sum of the Index Energy Price for each such hour of the Contract Year divided by (y) the number of hours in that Contract Year. Seller shall make payment to Buyer within ten (10) Business Days of the determination of the MGADF. Except as specifically provided in this Section 5.1(b), the Shortfall Penalty shall be the exclusive remedy for a MGADF determination of less than 85% for a Contract Year. An example of the application of this subsection (c) is set forth in Exhibit 3.4(c).

(d) [Intentionally left blank]

(e) Regulatory Compliance: GA. Seller and, if applicable, its successors, will take such action or actions as necessary such that (i) the Eligible Units will qualify and will be certified by the CEC as Eligible Renewable Energy Resources, (ii) the units from which the Eligible Replacement GA Energy is delivered are qualified and certified by the CEC as Eligible Renewable Energy Resources during the period of any such delivery of Eligible Replacement GA Energy, and (iii) the Delivered GA Energy will qualify under the requirements of the California Renewables Portfolio Standard.

(f) Exclusive Right: GA. Seller covenants throughout the Delivery Term that it, or its permitted successors or assigns, have or will have ownership of, or a demonstrable exclusive right to control, the Eligible Units, and that, throughout the Delivery Term, the Delivered GA Energy will be transferred to Buyer unencumbered by any claim of any other Person. Seller represents, warrants and covenants that it has good, marketable title to the Delivered GA Energy sold hereunder.

Subject to the terms set forth in Section 3.4(b)(ii), Seller provides and conveys all Green Attributes associated with the Delivered GA Energy from the Eligible Unit(s) and the Eligible Replacement Unit(s), if any, to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes associated with the Delivered GA Energy from the Eligible Unit(s) and the Eligible Replacement Unit(s), if any, and Seller agrees to convey and hereby conveys all such Green Attributes associated with the Delivered GA Energy to Buyer as included in the delivery of the Delivered GA Energy from the Eligible Unit(s) and Eligible Replacement Unit(s), if any.

(g) Regulatory Cooperation: GA. Seller and Buyer agree to take such action or actions that are reasonably necessary for (i) the Eligible Units, and Eligible Replacement Unit(s), if any and only to the extent of the delivery of Eligible Replacement Energy, to qualify and be certified by the CEC as Eligible Renewable Energy Resources (ERRs), and (ii) that the Delivered GA Energy qualify under the requirements of the California Renewables Portfolio Standard; provided, however, that Seller shall not be obligated to take any action or actions involving the modification of the Geysers Project or the Eligible Replacement Unit(s).

(h) Climate Action Registry. Seller shall register the Geysers Project with the California Climate Action Registry as may be required by the CPUC pursuant to Decision 06-02-032 and any subsequent order on or before the Final Effective Date.

(i) WREGIS. Prior to the Final Effective Date, Seller shall register the Geysers Project in the Western Renewable Energy Generating Information System or any successor renewable energy tracking program (“WREGIS”), and take all other actions necessary to ensure that the Energy and Green Attributes produced from the Geysers Project are tracked for purposes of satisfying the requirements of the California Renewable Portfolio Standard. In the event that WREGIS is not in operation as of the Final Effective Date, Seller shall perform its obligations, as required per this subsection, as soon as WREGIS is in operation.

3.5 Resource Adequacy (RA).

(a) Monthly RA Capacity Payment. Subject to the requirements in this Section 3.5, a “Monthly RA Capacity Payment” (rounded to the nearest penny (i.e. two decimal places)) shall be determined commencing upon the Energy Delivery Date and for each month during the Delivery Term as follows:

$$[\text{RA Price per kW-month} * \text{AARCQ} * 1,000] - \text{ARAA}$$

Where:

RA Price =

Period	RA Price (\$/kW-month)
Energy Delivery Date through December 31, 2008	\$3.08
January 1, 2009 through December 31, 2009	\$3.16
January 1, 2010 through December 31, 2010	\$3.24
January 1, 2011 through December 31, 2011	\$3.32
January 1, 2012 through December 31, 2012	\$3.40
January 1, 2013 through December 31, 2013	\$3.49
January 1, 2014 through December 31, 2014	\$3.58

AARCQ = the Aggregate Available RA Capacity Quantity determined in accordance with either Sections 3.5(b), 3.5(d) or (e)(D)

ARAA = the Aggregate RA Availability Adjustment determined in accordance with Section 3.5(e)

In no case shall the Monthly RA Capacity Payment be less than zero for any month. An example of the application of this Section 3.5(a) is set forth in Exhibit 3.5(a).

(b) Annual RA Capacity Quantity; Designation of Eligible Units. No less than sixty (60) days prior to the RA Deadline for each calendar year preceding a Contract Year, Buyer shall submit to Seller a list of its preferred Eligible Units to be designated for the following Contract Year, which list will be the same list submitted by Buyer to Seller under the First PPSA. Seller will designate the Eligible Units pursuant to the priority for the Contract Year set forth in Buyer's Pre-Designation of Eligible Units (Appendix VII attached hereto) necessary to provide an aggregate Net Qualifying Capacity equal to 175 MW for each calendar year from January 1, 2009 through December 31, 2014. Seller shall provide the designated units in Buyer's preferred order unless an Eligible Unit is previously committed to a capacity contract with a third party or is unavailable due to a Planned Outage schedule in excess of that allowed by the CPUC to count the Eligible Unit's capacity during any month of the Contract Year, unless such requirement is waived by each of Buyer and Seller for the particular Eligible Unit. If a preferred Eligible Unit is unavailable due to one of these reasons then Seller shall designate the next available Eligible Unit set forth in Buyer's Pre-Designation of Eligible Units (Appendix VII attached hereto). The full output of Eligible Units should be allocated unless it is necessary to provide a partial unit to meet the RA limits above. No less than forty-five (45) days from the RA Deadline for the next Contract Year, Seller shall notify Buyer which Eligible Units it will designate by submitting for Buyer's approval, which approval will not be unreasonably withheld, completed Eligible Unit and Transaction Information forms in the form attached hereto as Appendix VI, along with the reasons for a deviation from Buyer's preferred Eligible Units, for the Eligible Units to continue to be designated. Within ten (10) days, Buyer shall provide Notice of its acceptance of the Eligible Unit and Transaction Information forms for the Contract Year. Upon Buyer's approval of the Eligible Unit and Transaction Information forms submitted by Seller, the Eligible Units designated therein shall be the "Designated Eligible Units" for the Contract Year and the aggregate Net Qualifying Capacity of the Designated Eligible Units shall be the "Annual Aggregate RA Capacity Quantity". If the Parties are unable to agree to a designation of the Designated Eligible Units, the Parties agree to submit to expedited dispute resolution as set forth in Section 12.4. The "RA Deadline" is the earlier of the date upon which either the CPUC and/or the CAISO require Buyer to make a Year-Ahead Compliance Filing. Upon the Energy Delivery Date, and through December 31, 2008, the Designated Eligible Units and the Annual Aggregate RA Capacity Quantity under this Agreement shall be as set forth in Exhibit 3.5(b).

(c) RA Capacity Rights and Obligations. Upon designation of Eligible Units by Seller pursuant to Section 3.5(b), Seller sells to Buyer, and Buyer purchases from Seller, Buyer's right to claim the Designated RA Capacity from each of the Designated Eligible Units. Designated RA Capacity includes both the RAR Attributes and LAR Attributes necessary to comply fully with and be counted by the Buyer under the Year-Ahead Compliance Filing and any monthly compliance RAR filings for or during the RA Compliance Period. The intent of the Parties under this Section 3.5(c) is to (A) enable Buyer to fully maintain the rights to claim the Designated RA Capacity from the Designated Eligible Units provided to Buyer hereby in the event that the rights and obligations of the RA Product change during the Delivery Term, pursuant to the provisions of the RA product as specified in the terms of this Section 3.5, and (B) to preserve the benefits of the bargain reached hereby, including, without limitation, the possibility of providing Seller with additional compensation for incremental obligations undertaken by Seller. Furthermore, Buyer's purchase of the Designated RA Capacity from the

Designated Eligible Units obligates Seller to make the Designated RA Capacity available to the CAISO pursuant to the CAISO Tariff. Specifically:

(i) (A) The Designated RA Capacity from the Designated Eligible Units shall include any enhanced CAISO call rights and availability obligations that may be defined under any future CPUC RA Decision, without additional compensation to the Seller under this Agreement, to the extent such call rights and availability obligations are now a part of the obligations under the existing *pro forma* RMR Agreement; and (B) to the extent such enhanced CAISO call rights or availability obligations go beyond CAISO call rights included in the existing *pro forma* RMR Agreement, such call rights and availability obligations shall also be included in the Designated RA Capacity from the Designated Eligible Units without additional compensation to Seller if the same do not impose additional operating or opportunity costs on Seller and/or Seller has the opportunity to earn and retain market revenues outside this Agreement with respect thereto.

(ii) If during the Delivery Term any capacity-related product that is currently required to be provided under the *pro forma* RMR Agreement existing as of the Execution Date, or any capacity-related or availability obligation that is currently imposed under the *pro forma* RMR Agreement existing as of the Execution Date, shall become part of the Designated RA Capacity or a substitute or successor RA Product, then that capacity-related product and capacity-related or availability obligation shall also become part of the rights and obligations under this Agreement, without additional compensation to the Seller under this Agreement, except as provided in this subsection (c)(ii). Seller shall be entitled to seek additional compensation if (A) the RA Product and the RAR or LAR Showings are changed hereafter to impose RMR service-related requirements upon Seller, (B) such RMR service-related requirements have either (x) changed from, or are additional to, the rights and obligations in the *pro forma* RMR Agreement or (y) incorporate only certain aspects of the rights and obligations set forth in the *pro forma* RMR Agreement and as a result Seller incurs opportunity or out-of-pocket costs not previously borne by Seller under the *pro forma* RMR Agreement, and (C) the CPUC or CAISO, as applicable, has failed to (1) offer to such Seller a *pro forma* RMR Agreement, (2) promulgate a rule or adopt a tariff modification that incorporates the new requirement of the RA Product, or (3) institute a proceeding or stakeholder process prior to the incorporation of the RMR-related service requirement(s) into the RAR and LAR obligations. If none of the conditions set forth in (C)(1)-(3), above is satisfied, and if Seller does not waive those conditions, any modification of the of the rights and obligations in this Section 3.5 or Section 4, with respect to the Designated RA Capacity from the Eligible Units, shall be subject to Section 3.5(k). For illustrative purposes, inclusion by the CPUC or CAISO of predispatch obligations in the RA Product without meeting at least one of the conditions set forth in clauses (C)(1) – (3), would be subject to this provision.

(iii) Buyer's purchase of the Designated RA Capacity from the Designated Eligible Units does not confer on Buyer any right to the generation from the Designated Eligible Units, other than the right to include the Designated RA Capacity in Buyer's Year-Ahead Compliance Filing and other RAR Showings and/or LAR Showings, if applicable. Specifically, the Designated RA Capacity provided under this Section 3.5 does not confer on Buyer any right to any Energy or ancillary services associated with the generation from the Designated Eligible Units, and Seller has no obligation to make such Energy or ancillary services available to Buyer. Buyer shall not be responsible for compensating Seller for Seller's commitments to the CAISO required by this Agreement.

Seller retains the right to sell to a third party any RA Capacity from a Designated Eligible Unit in excess of the Designated RA Capacity quantity from that Eligible Unit. It is agreed and understood that Seller may retain for its own account any revenue it receives that is: (1) associated with the start-up, shut-down, or minimum load costs of the Designated Eligible Unit, (2) capacity revenue associated with the sale of Energy dispatch rights, including ancillary services, from the Eligible Unit other than such revenues that are required to be credited to Buyer under Section 3.5(i) hereof, (3) derived from capacity sales associated with the sale of ancillary services to the CAISO or other party, and (4) derived from energy sales from a Designated Eligible Unit. If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid or otherwise submit Designated RA Capacity provided to Buyer pursuant to this Section 3.5 for re-sale in such market, and to receive and retain any and all related revenues. If CAISO is authorized to purchase and commences purchase of Designated RA Capacity, Seller shall not sell any Designated RA Capacity purchased by Buyer to the CAISO, and only Buyer may sell to the CAISO any such Designated RA Capacity that Buyer has purchased hereunder.

(iv) If during the Delivery Term any future CPUC RA Decision, or action by a Governmental Body, or any new capacity-based market creates new attributes associated with the RA Product which are separate and distinct from those that are necessary and sufficient to fully meet Buyer's compliance requirements in Buyer's Year-Ahead Compliance Filing and other RAR Showings and/or LAR Showings, such products are not automatically included as part of the Designated RA Capacity; however, Seller shall provide Buyer with a right of first offer with respect to all such products.

(v) [intentionally left blank].

(vi) Buyer and Seller shall, throughout the Delivery Term, take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right and ability to use the Designated RA Capacity from the Designated Eligible Units to comply fully with Buyer's RAR and, if applicable, LAR. Such commercially reasonable actions shall include, without limitation, Seller's unqualified obligation to cooperate fully with Buyer and to provide, or cause to be provided, to the CAISO, the CPUC, or any other Governmental Body responsible for administering RAR or LAR under applicable Laws, any and all documentation necessary to certify or qualify fully the Designated RA Capacity for the Year-Ahead Compliance Filing and in any monthly compliance filing. Seller's obligations shall also include, without limitation, providing information requested by the CPUC, the CAISO, or successors to demonstrate for each Monthly Contract Period the Net Qualifying Capacity for the Designated Eligible Unit.

(vii) Seller represents, warrants and covenants to Buyer that, as of the Final Effective Date and throughout the Delivery Term:

1. Seller owns, or has the exclusive right to the RA Capacity sold to Buyer under this Agreement from each Designated Eligible Unit, and shall furnish Buyer, CAISO, CPUC or other Governmental Body with such evidence as may be needed to demonstrate such ownership or exclusive right;

2. No portion of the Designated RA Capacity from any Designated Eligible Unit has been, or shall be, committed by Seller to any third party in order to satisfy RAR and/or LAR or analogous obligations in CAISO markets, other than

pursuant to an RMR Agreement between the CAISO and either Seller or the Designated Eligible Unit’s owner or operator;

3. No portion of the Designated RA Capacity from a Designated Eligible Unit has been committed by Seller in order to satisfy RAR and/or LAR, or analogous obligations in any non-CAISO market;

4. Each Eligible Unit is connected to the CAISO Grid, is within the CAISO Control Area, and is under the control of CAISO;

5. Seller has notified the SC of each Designated Eligible Unit from which Seller has transferred the Designated RA Capacity to Buyer, and the SC is obligated, and Seller shall cause the SC to deliver the Supply Plans in accordance with the timing and other requirements of the CAISO Tariff; and

6. Seller has notified each Designated Eligible Unit’s SC that Buyer is entitled to the revenues set forth in subsection (h), if any, and SC is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues pursuant to the terms of subsection (h) hereof.

(viii) Buyer and Seller Cooperation: RA. Buyer and Seller hereby agree to take such actions as are reasonably necessary for Buyer to be able to utilize this Agreement and the rights granted hereunder to satisfy fully that portion of its Resource Adequacy Requirements that is associated with the rights and products purchased under this Agreement.

(d) Aggregate Available RA Capacity Quantity; Excess Outage Test.

(i) Excess Outage Test. In accordance with the table below, or as adjusted by the CPUC or CAISO Tariff, the Designated RA Capacity from a Designated Eligible Unit is determined to have been available for purposes of calculating Available RA Capacity Quantity for such Designated Eligible Unit (the “Excess Outage Test”).

<b>Time Period</b>	<b>Monthly Designated RA Capacity for the Designated Eligible Unit Is Deemed Provided, solely for purposes of this subsection (d)</b>
<b>Summer (May through September)</b>	Any month where days of approved scheduled outages for a Designated Eligible Unit exceed 25% of days in the month, Designated RA Capacity for the Designated Eligible Unit is deemed not to have been provided to the extent of the Designated RA Capacity affected by such scheduled outage. If scheduled outages are less than or equal to 25% of days in the month, Designated RA Capacity for the Designated Eligible Unit is deemed to have been provided.
<b>Non-Summer Months</b>	For scheduled outages of less than 1 week, Designated RA Capacity for the

<b>(October through April)</b>	<p>Designated Eligible Unit is deemed to have been provided.</p> <p>For scheduled outages between 1 week and 2 weeks, Designated RA Capacity for the Designated Eligible Unit is deemed to have been provided by prorating the Designated RA Capacity using the formula:</p> $\{[1 - (\text{days of scheduled outages}/\text{days in month}) - 0.25] \times \text{Designated RA Capacity affected by the scheduled outage}\} = \text{Designated RA Capacity deemed provided in the month for each Designated Eligible Unit.}$ <p>For scheduled outages over 2 weeks, the Designated RA Capacity affected by the scheduled outage for the Designated Eligible Unit is deemed not to have been provided.</p>
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(ii) The “Available RA Capacity Quantity” of an Eligible Unit shall be determined in MWs for every month by applying the formula pursuant to the Excess Outage Test in 3.5(d)(i) above to calculate the Designated RA Capacity, in MWs, from a Designated Eligible Unit. The “Aggregate Available RA Capacity Quantity” shall be determined by taking the sum of the Available RA Capacity Quantity of all of the Designated Eligible Units and the Designated RA Capacity from Replacement Eligible Units provided pursuant to subsection (g). Buyer’s sole remedy for having an Aggregate Available RA Capacity Quantity that is less than the Annual Aggregate RA Capacity Quantity in any month is a downward adjustment to the Monthly RA Capacity Payment. Except as specifically provided herein, Seller is not liable for replacement capacity, damages, or any penalty or fine for such a shortfall.

An example of the application of this Section 3.5(d) is attached hereto as Exhibit 3.5(d).

(e) Aggregate RA Availability Adjustment. In addition to any adjustment to the Available RA Capacity Quantity pursuant to the Excess Outage Test, the determination of the Aggregate Available RA Capacity Quantity for purposes of calculating the Monthly RA Capacity Payment under subsection (a) also shall be subject to adjustment pursuant to the RA Availability test set forth in this subsection (e). The percentage of availability (“Designated RA Capacity Quotient”) of the aggregate of the Designated RA Capacity for each month during an RA Compliance Period shall be calculated by determining the quotient of (x) the aggregate of the actual Designated RA Capacity for a month during the RA Compliance Period, divided by (y) the Annual Aggregate RA Capacity Quantity. An “Aggregate RA Availability Adjustment” shall be applied to the Monthly RA Capacity Payment in subsection (a) in accordance with the following:

- (A) When the Designated RA Capacity Quotient for the month during a RA Compliance Period is greater than or equal to 80 percent, the Aggregate RA Availability Adjustment shall be zero.
- (B) When the Designated RA Capacity Quotient is greater than or equal to 50 percent, but less than 80 percent, the Aggregate RA Availability Adjustment equals:



$(.80 - \text{Designated RA Capacity Quotient}) * .50 * \text{RA Price} * \text{Annual Aggregate Capacity Quantity} * 1000$

- (C) When the Designated RA Capacity Quotient is less than 50 percent, but greater than 0, the Aggregate RA Availability Adjustment equals:

$\{[(.80 - .50) * .50] + [(.50 - \text{Designated RA Capacity Quotient}) * 1.00]\} * \text{RA Price} * \text{Annual Aggregate RA Capacity Quantity} * 1000$

- (D) When the Designated RA Capacity Quotient is zero for the entire month during a RA Compliance Period the Aggregate Available RA Capacity Quantity for the month shall be deemed to be zero.

In no case shall the Aggregate RA Availability Adjustment be less than zero. The final product of this Aggregate RA Availability Adjustment calculation shall be rounded to the nearest penny (i.e., two decimal places). The Aggregate RA Availability Adjustment shall be subtracted from the Monthly RA Capacity Payment in subsection (a) to determine the amount due to the Seller for the Designated RA Capacity. An example of the application of this subsection (e) is set forth in Exhibit 3.5(e).

Buyer's sole remedy for having a Designated RA Capacity Quotient determined to be less than 80 percent in a month during the Delivery Term is that the Aggregate RA Availability Adjustment shall be deducted from the Monthly RA Capacity Payment in subsection (a). The failure to equal or exceed 80 percent Designated RA Capacity Quotient shall not constitute a breach of this Agreement by Seller, and, therefore, Seller is not liable to Buyer for replacement capacity, damages, or any penalty or fine, except as may otherwise be provided explicitly herein.

For purposes of this subsection (e), to the extent that the Designated RA Capacity is derated as a result of a change in rating criteria or standards applied by the CAISO, the CPUC or other Governmental Body having jurisdiction, but not to the extent that the derating is the result of degradation of the physical operating performance of the Designated Eligible Unit, the change in rating criteria or standards shall be treated as a regulatory change subject to the procedures of subsection (k). Pending the outcome of any determination or agreement for additional compensation, pursuant to subsection (k), to reflect the change in rating criteria or standards, for purposes of this subsection (e), neither the Designated RA Capacity Quotient nor the Aggregate RA Availability Adjustment shall be reduced below what it would be as a result of applying the existing rating criteria or standards.

(f) [Intentionally left blank]

(g) Seller's Right to Offer Replacement Capacity.

(i) For purposes of the application of the Excess Outage Test to determine the Aggregate Available RA Capacity Quantity in subsection (d), or the application of the Designated RA Capacity Quotient to determine the Aggregate RA Availability Adjustment in subsection (e), Seller shall have the right to offer replacement capacity ("Replacement RA Capacity") that has equivalent RAR and, if necessary, LAR Attributes, as

the Designated RA Capacity for a Designated Eligible Unit, provided that (A) such Replacement RA Capacity is permitted within CPUC and CAISO rules, (B) such Replacement RA Capacity has not previously been provided as an RA Product for such Monthly Contract Period, (C) the Replacement RA capacity can be counted by Buyer for RA counting purposes and fully satisfies the same RAR and LAR requirements as were met by the capacity being replaced, such as for the Year-Ahead Compliance Filing and/or any monthly compliance RAR filings, and (D) Buyer is economically indifferent with respect to the Replacement RA Capacity. For this purpose, "Buyer's economic indifference" means that, if Seller elects to provide Replacement RA Capacity, Seller is responsible to pay any costs to make such Replacement RA Capacity effectively equivalent to the Designated RA Capacity Quantity from a Designated Eligible Unit, including any additional costs that Buyer may incur to ensure equivalent RAR and/or LAR coverage and to pay for CAISO backstop purchases. For clarity, this may include the cost of purchasing LAR and RAR Attributes from other units to provide the LAR and RAR attributes of the original units if the CAISO and/or CPUC do not judge the Replacement RA Capacity to provide the full attributes of the Designated RA Capacity Designated Eligible Units. Any offer by Seller of Replacement RA Capacity shall be such that: (a) the total amount of Designated RA Capacity provided to Buyer from all Designated Eligible Units and replacement units does not exceed the Annual Aggregate RA Capacity Quantity from the Designated Eligible Units under this Agreement and (b) the CPUC and/or CAISO have pre-approved the replacement capacity as fully meeting the applicable RAR or LAR requirements.

(ii) For purposes of the Excess Outage Test and the determination of the Aggregate Available RA Capacity Quantity in subsection (d), Seller shall identify replacement units meeting the above requirements no later than thirty (30) Days from the loss of any Designated RA Capacity. Once Seller has identified in writing any replacement units that meet the requirements of this Section 3.5 and Buyer has accepted such Replacement RA Capacity, such acceptance not to be unreasonably withheld, any such replacement unit shall be automatically deemed to be a Designated Eligible Unit for purposes of amending this Agreement until Seller notifies Buyer, in writing, of the availability of the original Designated Eligible Units.

(h) Allocation of Other Payments and Costs. Seller may retain any revenues it may receive from the CAISO or any other third party with respect to any Designated Eligible Unit for (i) start-up, shut-down and minimum load costs, (ii) capacity revenue for ancillary services, (iii) energy sales, and (iv) any future markets for black start or reactive power services. However, Buyer shall be entitled to receive and retain all final revenues associated with the Designated RA Capacity of any Designated Eligible Unit during the Delivery Term (including any capacity or availability revenues from RMR Agreements for any Designated Eligible Unit, and Reliability Compensation Services Tariff capacity payments, but excluding payments described in clauses (i) and (ii) above and excluding any payments associated with capital improvements at the Unit, and all such revenues received by Seller, a Designated Eligible Unit's SC, owner, or operator shall be paid to Buyer within thirty (30) days. Seller hereby indemnifies Buyer for any such revenues that Buyer does not receive within the thirty-day period, and Seller shall pay such revenues to Buyer if the Designated Eligible Unit's SC, owner, or operator fails to remit those revenues to Buyer. In the event that Buyer receives, either directly or through Seller's indemnification of Buyer, any revenues associated with an RMR Agreement for the Designated RA Capacity that later must be refunded to the payor of such

monies, Buyer shall, within thirty (30) days, remit to Seller the amount of such prior payment subject to refund.

(i) Reliability Must-Run (RMR) Contract Obligation. During the Delivery Term, the Parties anticipate that the CAISO may nominate one or more of the Eligible Units to provide service under an RMR agreement. Such nomination by the CAISO may affect all or a portion of the Designated Eligible Units or Eligible Units that have not been designated under this Section 3.5 to provide Designated RA Capacity in the Calendar Year. If during the Delivery Term, any Designated Eligible Unit is nominated by the CAISO to provide service under any RMR agreement, Seller shall amend such RMR agreement to revise the Fixed Option Payment Factor (“FOPF”) and the Surcharge Payment Factor (“SPF”) to zero for RMR-nominated Designated Eligible Unit up to the Designated RA Capacity from such Designated Eligible Unit.

Seller shall retain any revenues it may receive from the CAISO or any other third party with respect to any Eligible Unit for (1) start up, shut down and minimum load costs, (2) capacity revenue for ancillary services, (3) energy sales, and (4) any future markets for black start or reactive power services.

(j) CAISO Tariff Compliance Requirements.

(i) After the Final Effective Date and during the Delivery Term, except to the extent any Designated Eligible Unit is subject to an Outage or is affected by an event of Force Majeure that results in a partial or full Outage of that Designated Eligible Unit, Seller shall either Schedule or cause to be Scheduled the Designated RA Capacity of the Designated Eligible Unit with the CAISO, pursuant to the terms of the CAISO Tariff in place at the time. Seller’s full payment or reimbursement to Buyer of any costs incurred by Buyer as a result of, and any penalties or remedies imposed for Seller’s violation of, any requirements under the Existing Tariff shall constitute the sole penalty to Seller and sole remedy available to Buyer hereunder for any violation by Seller of the requirements of the Existing Tariff, and any satisfaction of such penalties or remedies or cure of the violations thereof shall constitute alternative performance for purposes of calculating Available RA Capacity under the Excess Outage Test pursuant to subsection (d) or the Designated RA Capacity Quotient and the calculation of the Aggregate RA Availability Adjustment pursuant to subsection (e) of this Section 3.5.

(ii) To clarify subsection (i) above, Buyer shall have no liability for, and Seller shall fully reimburse Buyer for, any penalties or other costs resulting from the failure of Seller or the failure of any Designated Eligible Unit’s Scheduling Coordinator, owner, or operator to comply with CAISO Tariff provisions, including any penalties or fines imposed on Buyer, Seller, or the Designated Eligible Unit’s Scheduling Coordinator, owner, or operator for such noncompliance. Seller shall have no other liability to Buyer for such noncompliance.

(iii) To the extent that Seller breaches an obligation it has with respect to maintaining the Designated Eligible Units in accordance with Article Four or submitting documents or filings in accordance with subsection (c)(v) of this Section 3.5, and such breach causes Buyer to incur fines or penalties in connection with its obligation to make its LAR or RAR Showings, which fines or penalties Buyer is unable to avoid or mitigate using all reasonable efforts, then, as an exception to the exclusivity of the limitation of

damages remedies under this Section 3.5, Seller shall reimburse Buyer fully for (A) such fines or penalties actually incurred by Buyer and (B) any other direct costs that Buyer incurs to replace the Designated RA Capacity under this Section 3.5. To the extent that Seller reimburses Buyer for any of these penalties, fines or costs, Seller shall be deemed to have cured any breach hereunder, and, therefore, shall not be subject to any reduction in payment or determination of reduced availability pursuant to subsections (d) or (e) of this Section 3.5. For example, if Seller offers Replacement RA Capacity from a unit without the same LAR attributes and Buyer must contract with another unit to meet its LAR requirements, those costs would be considered direct costs subject to the Seller's liability requirements under this Section 3.5. The Parties shall make all reasonable efforts to minimize the imposition of such penalties or fines and to minimize costs.

(k) Regulatory Change: RA. THIS SUBSECTION (k) SHALL APPLY ONLY TO CHANGES AFFECTING SELLER'S AND BUYER'S RIGHTS AND OBLIGATIONS UNDER THIS SECTION 3.5 (AND TO ARTICLE FOUR INSOFAR AS THOSE OBLIGATIONS ARE DIRECTLY RELATED TO THE RIGHTS AND OBLIGATIONS UNDER THIS SECTION 3.5). UNDER NO CIRCUMSTANCES MAY THE CONTRACT TERM REOPENERS CONTEMPLATED IN THIS SUBSECTION (k) BE APPLIED TO REGULATORY CHANGES AFFECTING SELLER'S OR BUYER'S RIGHTS AND OBLIGATIONS UNDER OTHER SECTIONS OF THIS AGREEMENT UNLESS SPECIFICALLY PROVIDED THEREIN.

(i) During the Delivery Term, if as a result of future CPUC RA Decisions, changes to the CAISO Tariff, or other regulatory action by a Governmental Body, changes are made in RAR, RAR Attributes, LAR Attributes, or obligations upon a unit to provide RA Capacity and such changes would impose additional operating or opportunity costs upon Seller in order for the Designated RA Capacity to comply fully with and be counted by Buyer under the Year-Ahead Compliance Filing and any monthly compliance RAR or LAR filings for or during the RA Compliance Period, Buyer and Seller shall negotiate modifications to this Section 3.5 (and Article Four, to the extent applicable to this Section 3.5), including an additional fair market price for the additional attributes. The Parties' negotiations shall be commenced, upon notice by either Buyer or Seller, by meetings of executive officers or their designees, who shall thereafter each present to the other the minimum necessary modifications to this Section 3.5 (and Article Four, to the extent applicable to this Section 3.5). If Buyer and Seller cannot agree on the modifications, there shall be submitted to expedited dispute resolution procedures set forth in Section 12.4 only the issues of whether the new requirements have imposed additional costs (including opportunity costs) on Seller and the amount of such costs, if any. Any modifications to this Section 3.5 (and Article Four, to the extent applicable to this Section 3.5) agreed to hereunder or determined by binding arbitration shall be effective for periods in which changes in RAR, RAR Attributes, LAR Attributes, or obligations upon a Designated Eligible Unit to provide RA Capacity are made effective under the applicable CPUC RA Decision, CAISO Tariff, or other regulatory action by a Governmental Body, unless Buyer and Seller shall agree otherwise. Attached hereto as Exhibit 3.5(k) are descriptive examples of how the Parties and the arbitrator may determine any price changes associated with the additional operating or opportunity costs imposed upon Seller pursuant to the regulatory change contemplated herein.

(ii) During the Delivery Term new capacity-related attributes may be identified in the CAISO Tariff, or may be created by another Governmental Body, or a

new market may develop for new capacity-related attributes. If, despite such developments the rights and obligations described in this Section 3.5 (and Article Four, to the extent applicable to this Section 3.5) continue, without the addition of such new attributes, to provide Designated RA Capacity that fully complies with and can be counted by Buyer under the Year-Ahead Compliance Filing and any monthly compliance RAR or LAR filings for or during the applicable RA Compliance Period, Seller may sell such attributes to a third party, but shall first provide Buyer with the right of first offer with respect to such attributes.

(iii) If as a result of future CPUC RA Decisions, changes to the CAISO Tariff, or other regulatory action by a Governmental Body that makes changes such that Buyer has no obligation to purchase any RA Capacity or any successor capacity product from any person or to pay the CAISO or any other entity for purchasing RA Capacity or any successor capacity product, then the obligations under this Agreement to buy, sell, and make available such RA Products described herein shall be deemed to be void and of no force and effect with regard to RA Product sold hereby, without liability or cost to either Buyer or Seller, and the RA Adjustment for purposes of Section 3.3(a) shall be deemed to be zero. However, this Section 3.5 and the Monthly RA Capacity Payment shall continue in effect if Buyer's obligation to purchase the Designated RA Capacity or any successor capacity product is removed or satisfied as a result of Buyer having made investments that effectively replaced any purchases of capacity, such as its construction of new transmission lines, or as a result of having purchased excess RA Capacity or any successor capacity or reliability product from another supplier or if another entity is required to purchase such capacity or reliability product on Buyer's behalf or on behalf of Buyer's retail customers.

3.6 Additional Compensation. To the extent not otherwise provided for in this Agreement, in the event that Seller is compensated by a third party for the Green Attributes or the Annual Aggregate RA Capacity Quantity sold to Buyer pursuant to this Article Three, Seller shall remit all such compensation directly to Buyer. Notwithstanding anything to the contrary herein, and for avoidance of doubt, nothing herein precludes Seller from retaining payments and credits related to transmission upgrades paid for by Seller associated with the Geysers Project or any Investment or Production Tax Credit, Federal program to support energy independent (e.g. as contemplated in HR 6 and HR 3221), or any supplemental energy payments from the existing renewable resources account administered by California Energy Commission.

#### **ARTICLE FOUR: GEYSERS PROJECT OPERATION; METERING; GA TRACKING; OUTAGE NOTICES**

##### 4.1 Standards of Care.

(a) General Operation. Seller shall comply with all applicable requirements of Law, the CAISO, NERC and WECC relating to the Geysers Project. In the event that there is a conflict among the requirements of the CAISO, NERC and/or the WECC, Seller shall comply first with the requirements of the NERC, second with the requirements of the WECC and third with the requirements of the CAISO. In no event shall Seller be obligated to take any action, or cause any action, which conflicts with a requirement of Law. Buyer agrees to cooperate with Seller in connection with Seller's compliance under this Section 4.1(a).

(b) CAISO and WECC Standards. Each Party shall perform all generation, scheduling and transmission services in compliance with all applicable (i) operating policies,

criteria, rules, guidelines, tariffs and protocols of the CAISO, (ii) WECC scheduling practices and (iii) Good Utility Practices.

(c) CPUC Maintenance Requirements. Seller agrees to abide by, if applicable, CPUC General Order 167 as outlined by the CPUC in the Enforcement of Maintenance and Operation Standards for Electric Generating Facilities Adopted May 6, 2004, if applicable to the Eligible Unit, provided that the owner or operator of any Eligible Unit is not required to undertake capital improvements, facility enhancements, or the construction of new facilities. Any failure by Seller to meet these obligations during the Delivery Term may subject Seller to any applicable penalties under either the CAISO Tariff or CPUC GO 167, and may subject the Designated RA Capacity to possible disqualification from satisfying RAR as determined by the CAISO or CPUC. Such failure to meet its obligations shall not constitute a breach of Seller's obligation under Section 3.5 to provide the Designated RA Capacity unless specifically set forth in that Section 3.5.

4.2 Metering. All Delivered GA Energy from the Geysers Project during the Delivery Term must be delivered through CAISO revenue meters. Delivered GA Energy from any Eligible Replacement Unit must be delivered through CAISO revenue meters or must be consistent with NERC rules and documented with a NERC tag as described in the CEC's Renewables Portfolio Standard Eligibility Guidebook. For the Green Attributes to be counted pursuant to Section 3.4 and Section 4.3, all Delivered GA Energy must be measured by the CAISO revenue meters or consistent with NERC rules and documented with a NERC tag as described in the CEC's Renewables Portfolio Standard Eligibility Guidebook. Seller shall bear all costs relating to all the metering equipment installed to fulfill the requirements under this Section 4.2. In addition, Seller hereby agrees to provide all meter data, and NERC tags, if any, to Buyer in a form acceptable to Buyer, and consents to Buyer obtaining from the CAISO the CAISO meter data applicable to the Geysers Project and all inspection, testing and calibration data and reports. Seller shall grant Buyer the right to retrieve the meter reads from the CAISO Operational Meter Analysis and Reporting (OMAR) web and/or directly from the CAISO meters at the Geysers Project site. If the CAISO makes any adjustment to any CAISO meter data for a given time period, Seller agrees that it shall submit revised monthly invoices, pursuant to Section 6.2, covering the entire applicable time period in order to conform fully such adjustments to the meter data. Seller shall submit any such revised invoice no later than thirty (30) days from the date on which the CAISO provides to Seller such binding adjustment to the meter data.

#### 4.3 GA Tracking.

(a) Scheduling of Energy from Eligible Units. In addition to the requirements set forth in Sections 3.4 and Article Six, Seller shall provide the following to Buyer:

(i) Annual Forecast of Delivery Schedules. No later than forty-five (45) days before (A) the first day of the first Contract Year of the Delivery Term and (B) the beginning of each calendar year for every subsequent Contract Year during the Delivery Term, Seller shall provide a non-binding forecast of each month's average-day Scheduled Energy, by hour, for the following calendar year and the Eligible Units and Eligible Replacement Unit(s), if any, that are forecast to provide the energy for that year.

(ii) Monthly Forecast of Delivery Schedules. Ten (10) Business Days before the beginning of each month during the Delivery Term, Seller shall provide a non-binding forecast of each day's average Scheduled Energy, by hour, for the following month, indicating the Eligible Units and Eligible Replacement Unit(s), if any, that will be forecast to provide energy for the period ("Monthly Delivery Forecast").

(iii) Meter Data: GA Tracking. As part of Seller's Invoice to Buyer described in Article Six, Seller shall provide to Buyer meter data from each of the Eligible Units and Eligible Replacement Unit(s), if any, from which Seller delivered Delivered GA Energy pursuant to Article Three. Such meter data shall provide with sufficient detail the quantity of Energy generated during the prior month and the identity of the Eligible Unit or Eligible Replacement Unit, if any. This Agreement provides for no energy shaping or banking service.

(b) Schematic. An example of the application of this Section 4.3 is set forth in Exhibit 4.3(b).

#### 4.4 Outage Notification for Contract Energy Quantity, Delivered GA Energy, Designated RA Capacity.

(a) Outages. In the event of a Forced Outage or a scheduling change imposed by Buyer or CAISO, which results in a change to the scheduled deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer's on-duty Scheduling Coordinator to provide any and all changes to the Day-Ahead Schedule and to provide a revised schedule thereto as soon as possible, but in no event later than one (1) hour before Buyer's Scheduling Coordinator is required to submit Hour-Ahead schedules to the CAISO. With respect to any Forced Outage, Seller shall (A) use commercially reasonable efforts to notify Buyer, orally, of such Outage within ten (10) minutes of the occurrence of such Outage, and (B) submit an Outage Notification Form, as provided in Appendix V of this Agreement, to Buyer in accordance with the instructions shown on the form. Seller shall keep Buyer informed of any developments that will affect either the duration of such outage or the availability of the Eligible Unit during or after the end of such Outage.

(b) CAISO Approval of Outage(s). Seller is responsible for securing CAISO approvals for the outages associated with Eligible Units designated pursuant to Section 3.5 for purposes of providing Designated RA Capacity, including securing changes in its Outage Schedules when CAISO disapproves Seller's schedules or cancels previously approved Outages.

(c) Planned Outages: RA. No later than January 15, April 15, July 15 and October 15 of the Contract Year, Seller shall submit to each of Buyer and the CAISO each designated Eligible Unit's (as determined pursuant to Section 3.5) schedule of proposed Planned or Maintenance Outages ("Outage Schedule") for the period or to the end of the Contract Year, whichever is shorter in the form included in Appendix VIII. Within twenty (20) Business Days after its receipt of an Outage Schedule, the Buyer shall notify Seller in writing of any reasonable request for changes to the Outage Schedule, and Seller shall seek to accommodate the Buyer's requests regarding the timing of any Planned or Maintenance Outages in a commercially reasonable manner consistent with Good Utility Practices. Seller shall notify Buyer and the CAISO within five (5) Business Days of any change to the Outage Schedule. A Planned Outage cannot exceed 15 consecutive days in length (unless the Parties, prior to the first day of the

Planned Outage, agree otherwise), and shall not be scheduled from each May 1 through September 30 during the RA Compliance Period. In the event that Seller has a previously Planned Outage that becomes coincident with a CAISO-declared system emergency, Seller shall make commercially reasonable efforts to reschedule such Planned Outage.

(d) Planned Outages and Forced Outages: GA and Contract Energy Quantity and Additional GA Energy Quantity. Pursuant to the obligations of Section 3.4, and except as specifically set forth therein, a Planned Outage or a Forced Outage, except as a result of Force Majeure, of any Eligible Unit shall have no effect on Seller's obligation to provide at least 85% of Scheduled Energy from Eligible Units or Eligible Replacement Units (that is, at least 85% of the Scheduled Energy must be delivered from eligible renewable energy resources in each Contract Year).

(e) Force Majeure. Within forty-eight (48) hours of commencement of an event of Force Majeure, the non-performing Party shall provide the other Party the oral notice of the event of Force Majeure, and within two (2) weeks of the commencement of an event of Force Majeure the non-performing Party shall provide the other Party with written notice in the form of a letter describing in detail the particulars of the occurrence giving rise to the Force Majeure claim. Failure to provide timely notice constitutes a waiver of a Force Majeure claim. The suspension of performance due to a claim of Force Majeure must be of no greater scope and of no longer duration than is required by the Force Majeure. Buyer shall not be required to make any payments for any Products that Seller fails to deliver or provide as a result of Force Majeure during the term of a Force Majeure.

(f) [Intentionally left blank]

(g) Communications with CAISO. Seller shall be responsible for all Outage coordination communications with CAISO Outage coordination personnel and CAISO operations management, including submission to CAISO of updates of outage plans, submission of clearance requests, and all other Outage-related communications. Seller shall timely provide Buyer with summaries of all Outage plans and clearance requests submitted to CAISO, and shall promptly inform Buyer of all clearance approvals and other communications with CAISO pertaining to the status of planned or in-progress Geysers Project Outages. Seller shall maintain a summary of clearance information associated with all current and planned maintenance, including information on then current Outages, and make this available to Buyer and the PTO's transmission department upon request. If either Party receives information regarding maintenance that will directly affect the Geysers Project, it will provide this information promptly to the other Party.

#### 4.5 Operations Logs and Access Rights.

(a) Operations Logs. Seller shall maintain a complete and accurate log of all material operations and maintenance information on a daily basis for the Geysers Project. Such log shall include, but not be limited to, information on power production, fuel consumption, efficiency, availability, maintenance performed, Outages, results of inspections, manufacturer recommended services, replacements, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Seller shall provide this information electronically to Buyer within thirty (30) days of Buyer's request.



(b) Access Rights. Subject to the requirements of this subsection (b), Buyer, its authorized agents, employees and inspectors shall have the right of ingress to and egress from the Geysers Project on reasonable advance notice during normal business hours and for any purposes reasonably connected with this Agreement or the exercise of any and all rights secured to Buyer by law, or its tariff schedules, PG&E Interconnection Handbook, Electric Rule 21, and rules on file with the CPUC. Buyer shall make reasonable efforts to coordinate its emergency activities with the Safety and Security Departments, if any, of the Geysers Project operator. Seller shall keep Buyer advised of current procedures for contacting the Geysers Project twenty-four hour operations desk. Buyer agrees and acknowledges that any authorized agent, employee or inspector seeking access to the Geysers Project must comply with all safety, health and environmental procedures and protocols of the Geysers Project and its operator. In addition Buyer agrees that it will not constitute a breach of this subsection (b) if access to the Geysers Project is denied or revoked as a result of any such authorized agent, employee or inspector of Buyer refusing to comply with the safety, health and environmental requirements, including, without, limitation the execution of waiver of liability forms.

**ARTICLE FIVE: EVENTS OF DEFAULT; PERFORMANCE REQUIREMENT;  
REMEDIES**

5.1 Event of Default. An “Event of Default” shall mean:

(a) With respect to a Party that is subject to the Event of Default the occurrence of any of the following:

(i) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within five (5) Business Days after written notice is received by the Party failing to make such payment;

(ii) any representation or warranty made by such Party herein is false or misleading in any material respect when made;

(iii) such Party becomes Bankrupt after the Final Effective Date;

(iv) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party; or

(v) such Party fails to satisfy the creditworthiness/collateral requirements agreed to pursuant to Sections 8.3 of this Agreement, which such failure is not remedied within five (5) Business Days after written notice is received by the Defaulting Party; or

(b) With respect to Seller as the Defaulting Party, the Seller’s delivery of less than 75% of MGADF occurrence except (A) as caused by an event of Force Majeure affecting all or a portion of the generation capacity of the Geysers Project, including any generation capacity from Eligible Units that have been committed to a third party, and (B)

MWhs not Scheduled or delivered due to a Dispatch Down pursuant to Section 3.3(e) or Buyer Curtailment pursuant to Section 3.3(f), or as a result of Buyer's failure to Schedule or accept the delivery of the Scheduled Energy, or Seller's suspension of its obligations hereunder pursuant to Section 5.2.

5.2 Declaration of Early Termination Date. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party ("Non-Defaulting Party") shall have the right to: (a) send Notice, designating a day, no earlier than the day such Notice is deemed to be received and no later than twenty (20) days after such Notice is deemed to be received, as an early termination date of this Agreement ("Early Termination Date"); (b) accelerate all amounts owing between the Parties under this Agreement, terminate the Transaction and end the Delivery Term effective as of the Early Termination Date and collect liquidated damages ("Termination Payment"), which shall be calculated in accordance with Section 5.3 below; (c) withhold any payments due to the Defaulting Party under this Agreement; (d) suspend performance; and (e) exercise any other right or remedy available at Law or in equity to the extent otherwise permitted under this Agreement. The Termination Payment will be the aggregate of all Settlement Amounts netted into a single amount, where the "Settlement Amount" is equal to the Losses or Gains, and Costs, which the Non-Defaulting Party incurs as a result of the termination of this Agreement. If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment owed to the Non-Defaulting Party shall be zero. Disputes regarding the Termination Payment shall be determined in accordance with Article Twelve.

5.3 Calculation of Termination Payment. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for the Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information, any of which shall not be affiliated with either Party. If the Non-Defaulting Party uses the market price for a comparable transaction to determine the Gains or Losses, such price should be determined by using the average of market quotations provided by three (3) or more bona fide unaffiliated market participants. If the number of available quotes is three, then the average of the three quotes shall be deemed to be the market price. Where a quote is in the form of bid and ask prices, the price that is to be used in the averaging is the midpoint between the bid and ask price. The quotes obtained shall be: (a) for a like amount, (b) of the same Product, (c) at the same Delivery Point, and (d) for the remaining Delivery Term, or in any other commercially reasonable manner. The Gains and Losses shall be calculated as the difference, plus or minus, between the economic value of the remaining Delivery Term of the Terminated Transaction and the equivalent quantities and relevant market prices for the same term that either are quoted by a bona fide market participant, as provided above, or which are reasonably expected to be available in the market for a replacement contract for the Transaction. For purposes of identifying applicable replacement products, those products should include Green Attributes (GA) and local Resource Adequacy (RA) attributes equal to the GA and RA provided by Seller hereunder as part of the Product; provided that, the GA and RA components of the Product may be valued as unbundled products if the same are not available in the market as bundled parts of an energy product. The Settlement Amount shall not include consequential, incidental, punitive,

exemplary, indirect or business interruption damages. The Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount.

5.4 Notice of Payment of Termination Payment. As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such calculation. The Termination Payment shall be made to the Non-Defaulting Party, as applicable, within ten (10) Business Days after such notice is effective.

5.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of the Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute.

5.6 Rights And Remedies Are Cumulative. Except as set forth in Article Seven, the rights and remedies of a Party pursuant to this Article Five shall be cumulative and in addition to the rights of the Parties otherwise provided in this Agreement.

## **ARTICLE SIX: PAYMENT**

6.1 Billing and Payment Remedies. On or about the tenth (10<sup>th</sup>) day of each month beginning with the calendar month following the Interim Energy Delivery Date and every calendar month thereafter, and continuing through and including the first month following the end of the Delivery Term, Seller shall provide to Buyer (a) records of metered data, including CAISO metering and transaction data sufficient to document and verify the delivery of the Green Attributes pursuant to Sections 3.4 and 4.3, for each Eligible Unit or Eligible Replacement Unit providing Delivered GA Energy for all hours during the preceding month, and/or preceding months with respect to adjustments pursuant to Section 3.4, and (b) an invoice, in the format agreed to by Buyer, covering the services provided in the preceding month determined in accordance with Article Three, as adjusted for as provided in Sections 3.4 and 3.5. Buyer shall pay the undisputed amount of such invoices on or before the later of the twenty-fifth (25<sup>th</sup>) day of each month or fifteen (15) calendar days after receipt of the invoice. If either the invoice date or payment date is not a Business Day, then such invoice or payment shall be provided on the next Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any undisputed amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full. Invoices may be sent by facsimile or e-mail.

6.2 Disputes and Adjustments of Invoices. In the event an invoice or portion thereof or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Subject to Section 4.2, in the event adjustments to payments are required as a result of inaccurate meter(s), Buyer shall use corrected measurements

to recompute the amount due from Buyer to Seller for the Scheduled Energy and/or the Delivered GA Energy delivered under the Transaction during the period of inaccuracy. The Parties agree to use good faith efforts to resolve the dispute or identify the adjustment as soon as possible. Upon resolution of the dispute or calculation of the adjustment, any required payment shall be made within fifteen (15) calendar days of such resolution along with interest accrued at the Interest Rate from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section 6.2 within twelve (12) months after the invoice is rendered or any specific adjustment to the invoice is made; provided that such waiver shall not apply to any adjustment or dispute related to Seller's performance under any applicable RMR Agreement. If an invoice is not rendered within twelve (12) months after the close of the month during which performance under the Transaction occurred, the right to payment for such performance is waived.

6.3 Billing Coordination. The Parties agree that commencing upon the preparation of the first invoice under this Article Six after the Energy Delivery Date and during the remaining Delivery Term of the First PPSA, billing and payment under the Article Six of the First PPSA and under this Article Six shall be coordinated as follows:

(a) Seller shall provide to Buyer separate invoices for deliveries under each of the First PPSA and this Agreement pursuant to Section 6.1 and shall set forth in a cover worksheet an aggregation of the total payment obligation of Buyer under both the First PPSA and this Agreement; and

(b) Of the total MWhs of Delivered EA Energy (as defined in the First PPSA) and Delivered GA Energy (as defined herein) in any month, Seller shall invoice Buyer in accordance with the following priority: *first*, Delivered EA Energy for the entire Contract Energy Quantity (as defined in the First PPSA, e.g., 200 MWhs) and *second*, Delivered GA Energy for the entire Contract Energy Quantity (as defined herein, e.g., 175 MWhs) Scheduled under either the First PPSA or this Agreement notwithstanding how such Energy was Scheduled or tagged during the delivery month.

An example of the application of this Section 6.3 is set forth in Exhibit 6.3.

## ARTICLE SEVEN: LIMITATIONS

7.1 Limitation of Remedies, Liability and Damages. THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY

SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED, UNLESS THE PROVISION IN QUESTION PROVIDES THAT THE EXPRESS REMEDIES ARE IN ADDITION TO OTHER REMEDIES THAT MAY BE AVAILABLE. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED UNLESS EXPRESSLY HEREIN PROVIDED. NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF SECTIONS 3.5(j)(iii) AND 10.4 (INDEMNITIES), IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

#### **ARTICLE EIGHT: FINANCIAL INFORMATION AND COLLATERAL REQUIREMENTS**

8.1 Buyer Financial Information. If requested by Seller, Buyer shall deliver (a) within one hundred twenty days after the end of each fiscal year with respect to PG&E Corporation, a copy of PG&E Corporation's annual report containing audited consolidated financial statements for such fiscal year and (b) within sixty days after the end of each of PG&E Corporation's first three fiscal quarters of each fiscal year, a copy of PG&E Corporation's quarterly report containing unaudited consolidated financial statements for each accounting period prepared in accordance with generally accepted accounting principles; provided however, that Buyer shall be deemed to have satisfied such delivery requirement if the applicable report is publicly available on [www.pge-corp.com](http://www.pge-corp.com) or on the SEC EDGAR information retrieval system; further provided, that should such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default, so long as such statements are provided to Seller upon their completion and filing with the SEC. If Buyer is no longer a wholly-owned subsidiary of PG&E Corp., or if Buyer's financial statements are publicly reported on a non-consolidated basis, Buyer shall provide to Seller, subject to the terms of this Section 8.1, the equivalent reports produced by itself or its parent corporation if (1) such reports are made public pursuant to the SEC reporting requirements then in effect or (2) in the case of a new corporate owner, that the financial statements of the Buyer are consolidated with the financial statements of the new corporate owner. If Buyer is no longer a wholly-owned subsidiary of PG&E Corp. and does not provide similar public reports under SEC reporting requirements, Buyer shall provide equivalent information concerning Buyer's financial condition as requested by Seller to the extent permitted by the applicable Law and consistent with SEC reporting requirements

8.2 Seller Financial Information. If requested by Buyer, Seller shall deliver (a) within one hundred twenty days after the end of each fiscal year, to the extent that Seller is a wholly-owned subsidiary of Calpine Corporation, a copy of Calpine Corporation's annual report containing audited consolidated financial statements for such fiscal year and (b) within sixty days after the end of each of Calpine Corporation's first three fiscal quarters of each fiscal year, a copy of Calpine Corporation's quarterly report containing unaudited consolidated financial statements for each accounting period prepared in accordance with generally accepted accounting principles; provided however, that Seller shall be deemed to have satisfied such delivery requirement if the applicable report is publicly available on www.calpine.com or on the SEC EDGAR information retrieval system; further provided, that should such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default, so long as such statements are provided to Buyer upon their completion and filing with the SEC. If Seller is no longer a wholly-owned subsidiary of Calpine Corporation, or if Seller's financial statements are publicly reported on a non-consolidated basis, Seller shall provide to Buyer, subject to the terms of this Section 8.2, the equivalent reports produced by itself or its parent corporation if (1) such reports are made public pursuant to the SEC reporting requirements then in effect or (2) in the case of a new corporate owner, that the financial statements of the Seller are consolidated with the financial statements of the new corporate owner. If Seller is no longer a wholly-owned subsidiary of Calpine Corporation and does not provide similar public reports under SEC reporting requirements, Seller shall provide equivalent information concerning Seller's financial condition as requested by Buyer to the extent permitted by the applicable Law and consistent with SEC reporting requirements.

8.3 Collateral Requirements.

(a) Seller Security. Upon the Energy Delivery Date, and thereafter calculated no later than ten (10) Business Days prior to January 1<sup>st</sup> of the next Contract Year, to secure its obligations under this Agreement, Seller shall provide collateral (the "Seller Security"), which for January 1, 2008 through the end of the Delivery Term shall equal to the sum of (i) 0.50 times the GA Adjustment for the Contract Year times weighted average of the Index Energy Quantity for the Contract Year plus (ii) 0.50 times the product of (A) the difference of Annual Aggregate RA Capacity Quantity for the Contract Year less the weighted average of the Fixed Energy Quantity for the Contract Year times (B) the product of the RA Price (in \$/kW-month) times 1,000 for the Contract Year times twelve (12). The Seller Security shall accrue by the withholding by Buyer of that amount of the monthly settlement amount owed to Seller specified in this Section 8.3(a) and shall be held by Buyer as the Seller Security until all commitments under this Agreement are satisfied. In the event the Seller Security is held by Buyer as a cash-withholding, interest shall accrue on such cash withholding monthly in arrears at the Interest Rate. Any such interest accrued during a Contract Year shall be paid to Seller within ten (10) Business Days of the end of the Contract Year. Seller shall have the right, but not the obligation, to satisfy its obligations, in whole or in part, under this Section 8.3(a) by providing to Buyer a Letter of Credit in a form substantially similar to the form attached hereto as Appendix III. In the event that Seller achieves a Credit Rating equal to or better than BBB- by S&P or Baa3 by Moody's, and only to the extent that it maintains such a Credit Rating, Seller shall be relieved of its obligations under this Section 8.3(a) and Buyer shall promptly return all cash withheld hereunder, including interest accrued thereon, or the Letter of Credit. In addition, subject to Buyer's consent, which consent shall not unreasonably be withheld, Seller may satisfy its obligations under this Section 8.3(a) by providing a guaranty, in a form reasonably acceptable to Buyer, from an entity with Credit Rating equal to or better than BBB- by S&P or Baa3 by

Moody's. Except in the event that Buyer draws on the Seller Security pursuant to the terms hereof, the Seller Security shall be returned to Seller, with any accrued interest, if any, or released to Seller, if a Letter of Credit or a guaranty, within 30 days from the end of the Term.

(b) Buyer Security. If at any time after the Energy Delivery Date Buyer's S&P or Moody's Credit Rating falls below BBB- or Baa3, respectively, within three (3) Business Days, Buyer shall provide collateral equal to two an average (2) months of payables for the Contract Year under this Agreement (the "Buyer Security") to Seller as a either a cash deposit to be held in escrow as Buyer Security by Seller or a Letter of Credit in a form substantially similar to the form attached hereto as Appendix I. In the event the Buyer Security is held by Seller as a cash deposit, interest shall accrue on such cash deposit monthly in arrears at the Interest Rate. Any such interest accrued during a Contract Year shall be paid to Buyer within ten (10) Business Days of the end of the Contract Year. In addition, subject to Seller's consent, which consent shall not unreasonably be withheld, Buyer may satisfy its obligations under this Section 8.3(b) by providing a guaranty, in a form reasonably acceptable to Seller, from an entity with Credit Rating equal to or better than BBB- by S&P or Baa3 by Moody's. Except in the event that Seller draws on the Buyer Security pursuant to the terms hereof, the Buyer Security shall be returned to Buyer, with any accrued interest, if any, or released to Buyer, if a Letter of Credit or a guaranty, within 30 days from the end of the Term.

#### ARTICLE NINE: GOVERNMENTAL CHARGES

9.1 Cooperation. Each Party shall use reasonable efforts to implement the provisions of and to administer this Agreement in accordance with the intent of the parties to minimize all taxes, so long as neither Party is materially adversely affected by such efforts.

9.2 Governmental Charges. Seller shall pay or cause to be paid all taxes imposed by any Governmental Body ("Governmental Charges") on or with respect to the Product or the Transaction arising prior to and at the Delivery Point, including, but not limited to, ad valorem taxes and other taxes attributable to the Project, land, land rights or interests in land for the Project. Buyer shall pay or cause to be paid all Governmental Charges on or with respect to the Product or the Transaction from the Delivery Point. In the event Seller is required by law or regulation to remit or pay Governmental Charges which are Buyer's responsibility hereunder, Buyer shall promptly reimburse Seller for such Governmental Charges. If Buyer is required by law or regulation to remit or pay Governmental Charges which are Seller's responsibility hereunder, Buyer may deduct such amounts from payments to Seller with respect to payments under the Agreement; if Buyer elects not to deduct such amounts from Seller's payments, Seller shall promptly reimburse Buyer for such amounts upon request. Nothing shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under the law.

#### ARTICLE TEN: MISCELLANEOUS

10.1 Representations and Warranties. On the Execution Date, each Party represents and warrants to the other Party that:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) it has all regulatory authorizations necessary for it to perform its obligations under this Agreement, except for (i) CPUC Approval in the case of Buyer, and (ii) Seller's Creditors' Committee and/or Bankruptcy Court approval(s) described in Section 11.1(g);

(c) the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

(d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms, subject to any Equitable Defenses;

(e) except as to Seller, it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;

(f) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;

(g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

(h) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;

(i) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or the ability to make or take delivery of the Product, as provided in this Agreement; and

(j) Seller and, if applicable, its successors, represents and warrants throughout the Delivery Term of this Agreement that: (i) the Eligible Unit(s) or the Eligible Replacement Unit(s), if any, from which the Delivered GA Energy is delivered 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 Delivered GA Energy from output of the Eligible Unit(s) and the Replacement Eligible Unit(s), if any, 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.



10.2 Covenants. Each Party covenants that throughout the Delivery Term:

- (a) it shall continue to be duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) it shall maintain (or obtain from time to time as required, including through renewal, as applicable) all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and the Transaction;
- (c) it shall perform its obligations under this Agreement and the Transaction in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it; and
- (d) it shall maintain its status as a “forward contract merchant” within the meaning of the United States Bankruptcy Code (for so long as such term has the same definition as in effect as of the date of this Agreement).

10.3 Title and Risk of Loss. Title to and risk of loss related to the Scheduled Energy, including the Delivered GA Energy (subject to the limitations and requirements set forth in Section 3.4(b)), shall transfer from Seller to Buyer at the Delivery Point. Seller warrants that it will deliver to Buyer the Product free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Point.

10.4 Indemnities.

(a) Indemnity by Seller. Seller shall release, indemnify and hold harmless Buyer, its directors, officers, agents, and representatives against and from any and all loss, claims, actions or suits, including costs and attorney’s fees resulting from, or arising out of or in any way connected with (i) the Product delivered under this Agreement to and at the Delivery Point, (ii) Seller’s operation and/or maintenance of the Project, or (iii) Seller’s actions or inactions with respect to this Agreement, including, without limitation, any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such loss, claim, action or suit as may be caused solely by the willful misconduct or gross negligence of Buyer, its agents, employees, directors, or officers.

(b) Indemnity by Buyer. Buyer shall release, indemnify and hold harmless Seller, its directors, officers, agents, and representatives against and from any and all loss, claims, actions or suits, including costs and attorney’s fees resulting from, or arising out of or in any way connected with the Product delivered by Seller under this Agreement after the Delivery Point, including, without limitation, any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such loss, claim, action or suit as may be caused solely by the willful misconduct or gross negligence of Seller, its agents, employees, directors or officers.

(c) No Dedication. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement

shall constitute the dedication of that Party's system or any portion thereof to the other Party or the public, nor affect the status of Buyer as an independent public utility corporation or Seller as an independent individual or entity.

10.5 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers and the financing provider(s) shall assume the payment and performance obligations provided under this Agreement with respect to the transferring Party provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

10.6 Confidentiality. Neither Party shall disclose the non-public terms or conditions of this Agreement or any Transaction hereunder to a third party, other than (i) the Party's employees, lenders, investors, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to Buyer's Procurement Review Group, as defined in CPUC Decision D. 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section 10.8 of this Agreement, (v) in order to comply with any applicable law, regulation, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ("Disclosing Party"), other than to those entities set forth in subsection (vi), (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the FERC; or (vii) the Party's investors or Affiliates, provided that, in each case, such third party has a need to know such information and has agreed to keep such information confidential pursuant to a written confidentiality agreement. In connection with requests made pursuant to clause (v) of this Section 10.6 ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts: (i) to notify the other Party prior to disclosing the confidential information and (ii) prevent or limit such disclosure. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information pursuant to the Disclosure Order. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation. Notwithstanding the foregoing, a Party may disclose the terms and conditions of this transaction to index publishers that aggregate and report such data to the public in the form of indices that do not detail specific transaction information.

10.7 RPS Confidentiality. Notwithstanding Section 10.6 of this Agreement, at any time on or after the date on which the Buyer makes its advice filing letter seeking CPUC Approval of this Agreement, either Party shall be permitted to disclose the following terms: Party names, resource type, Delivery Term, Geysers Project location, Contract Energy Quantity, anticipated Initial Energy Delivery Date, and Annual Aggregate RA Capacity Quantity.

10.8 Audit. Each Party has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement

including amounts of Delivered GA Energy or Scheduled Energy. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of twelve (12) months from the rendition thereof, and thereafter any objection shall be deemed waived.

10.9 **Insurance.** Seller shall at its sole expense purchase from and maintain in a company or companies lawfully authorized to conduct business in the jurisdiction where the Unit is located the insurance described below. Such insurers shall maintain an A.M. Best's rating of A or better or if such insurer is not rated by A.M. Best, a comparable financial strength rating from a rating entity acceptable to Buyer.

Buyer shall be named as an additional insured to the extent of the indemnity obligations set forth in Section 10.4 assumed hereunder under all coverages except All Risk Property Insurance and Workers Compensation. Buyer may conduct annual reviews of such insurance limits. All insurance shall be endorsed to specify that the Seller's insurance is primary and that any insurance or self-insurance maintained by Buyer shall not contribute with it. Upon request, Seller shall furnish to Buyer evidence of insurance for its subcontractors. Buyer's Insurance Department and Law Department personnel may inspect the original policies in Seller's offices during normal business hours but may not share with any other department within Buyer's organization any of Seller's commercially sensitive information contained therein. Seller may redact any premium or payroll information contained in such policies.

Before the Delivery Term, Seller shall provide to Buyer certificates of insurance and blanket endorsements (if applicable) for each policy discussed below within ten (10) Business Days of Buyer's request. The certificates must state that coverage will not be cancellable except after thirty (30) days prior written notice has been given to Buyer at the address set forth below, and must be signed by a person authorized by the insurer to bind coverage on its behalf and shall be submitted to:

Pacific Gas and Electric Company  
Insurance Department, Suite 2400  
One Market, Spear Tower  
San Francisco, CA 94105

**All Risk Property Insurance** – Seller will procure and maintain all risk property insurance including coverage for physical damage, boiler and machinery and extra expense during the operation of the Geysers Project. Coverage valuation shall be the actual repair or replacement costs but no greater than the full replacement cost of the Geysers Project. Coverage will also apply during inland transit. Such coverage shall allow for reasonable deductibles and sublimits for specific perils as consistent with Prudent Industry Practice.

**Commercial General Liability** – Seller will carry commercial general liability coverage as broad as the Insurance Services office (ISO) with limits of \$2 million per occurrence, \$4 million in aggregate. The insurance will cover Claims brought against Seller for third party bodily injury (including death), personal injury and property damage. The coverage will include provisions for broad form property damage, explosion, collapse and underground hazard coverage (XCU),

cross liability, severability of interest, broad form contractual liability, and completed operations. In addition to this coverage, Seller will also require any contractors utilized to provide similar coverage during maintenance of the Facility covering Seller, lenders and other parties.

**Excess Liability/Umbrella Coverage** – Seller will carry excess liability/umbrella coverage insurance of \$8 million per occurrence so that the total coverage for Commercial General Liability and Excess Liability/Umbrella Coverage shall be at least \$5 million per occurrence, however, such \$10 million total coverage may be made up of any combination of Commercial General Liability and Excess Liability/Umbrella Coverage at Seller’s sole discretion.

**Workers Compensation** – Seller will carry workers compensation insurance covering statutory workers compensation obligations as required by state law. The coverage will also include \$1 million in Employers Liability coverage insuring Claims brought by employees brought outside the California workers’ compensation statute. Seller will also require the same coverage of any contractors employed for maintenance of the facility.

10.10 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 AGREEMENT.

10.11 General. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. The term “including” when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. Except to the extent provided for, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. The headings used herein are for convenience and reference purposes only. Facsimile or PDF transmission will be the same as delivery of an original document; provided that at the request of either party, the other party will confirm facsimile or PDF signatures by signing an original document. This Agreement shall be binding on each Party’s successors and permitted assigns. Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party, a non-party or FERC acting *sua sponte*, shall be the “public interest” standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956)( the “Mobile-Sierra” doctrine).

10.12 Severability. If any provision in this Agreement is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this

Agreement and the Parties shall use their best efforts to modify this Agreement to give effect to the original intention of the Parties.

10.13 Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by fax will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this Agreement by facsimile will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement.

**ARTICLE ELEVEN: CONDITIONS; TERMINATION**

11.1 Conditions. The “Final Effective Date” shall occur on the calendar day when all of the conditions (each a “Condition”) set forth below are either satisfied or waived by agreement of the Parties:

(a) The necessary modifications to the GPC Interconnection Documentation have occurred as contemplated in Section 11.5(c) and the GPC QF Units will be able to take interconnection service as of the Energy Delivery under the GPC Interconnection Documentation;

(b) CAISO Meters have been installed at the GPC QF Units as contemplated in Section 11.5(c);

(c) Seller receives necessary or desirable approvals, determined by Seller in its sole discretion, from its Creditors’ Committee to perform its obligations under this Agreement;

(d) Bankruptcy Court Approval has been obtained if Seller determines in its sole discretion that such approval is necessary or desirable; and

(e) CPUC Approval has been obtained, and, if requested by Buyer, such approval includes a finding that the hedging undertaken by Buyer to fix its costs is reasonable.

11.2 Failure to Meet All Conditions. If each of the Conditions is not satisfied or waived in writing by both Parties on or before one hundred and twenty (120) days from the Execution Date, then either Party may terminate this Agreement effective upon receipt of Notice by the other Party. There shall be no liability owed by either Party to the other under Section 5.2 for any termination under this Section 11.2.

11.3 Cooperation Regarding Conditions; Buyer’s CPUC Filing. The Parties further acknowledge and agree that each shall act reasonably and in good faith to cooperate and to take all reasonable steps to secure satisfaction of the Conditions specified in Section 11.1 hereof. Buyer agrees to file an application with the CPUC seeking CPUC Approval within fifteen (15) days of the Execution Date.

11.4 Contract Quantity Reduction; No-Fault Termination.

(a) Contract Quantity Reduction. Buyer may elect by providing Seller with thirty (30) days written Notice to reduce the (i) Contract Energy Quantity set forth in 3.3(a),

(ii) the corresponding quantity of Delivered GA Energy and associated MGADF calculation set forth in Section 3.4(b), or (iii) the Annual Aggregate RA Capacity Quantity determined in each Contract Year pursuant to Section 3.5(b) to an amount equal to the ratable share of the capacity of the Geysers Project that is available after any of the following events occurs (each a “Geysers Catastrophic Event”):

(i) Through no fault on the part of either Party, more than 60% of the generation capacity of the Geysers Project loses or does not obtain the necessary CEC certification as an Eligible Renewable Energy Resource and that such loss or inability to obtain the CEC certification as an Eligible Renewable Energy Resource cannot be obtained within one hundred twenty (120) days using commercially reasonable efforts as reasonably determined upon the occurrence of the Geysers Catastrophic Event described in this subsection (a)(i); or

(ii) Seller is unable to deliver Energy, due to a Force Majeure event affecting at least 50% of the generation capacity of those units that cannot be resolved using commercially reasonable efforts within a period of one hundred eighty (180) consecutive days as reasonably determined upon the occurrence of the Geysers Catastrophic Event described in this subsection (a)(ii); or

(iii) Through no fault on the part of either Party, Seller’s representation and warranty set forth in Section 10.1(j) of this Agreement no longer is true and cannot be cured within one hundred eighty (180) days. The remedy provided in Section 11.4(b) shall be Buyer’s sole remedy for the failure of the representation and warranty set forth in Section 10.1(j).

In the event that Buyer elects to reduce the quantities of Products sold under this Agreement, Seller shall no longer be in default of any provision of this Agreement as a result of a Geysers Catastrophic Event. In addition, any penalties incurred pursuant to any of Sections 3.4(c), 3.5(d), or 3.5(e) as of and after the occurrence of the Geysers Catastrophic Event shall be reduced on a pro-rata basis corresponding the new quantities of the Products determined in accordance with this Section 11.4(a).

(b) No-Fault Termination. If Buyer does not elect to reduce the quantities of the Products sold under this Agreement pursuant to subsection (a) above, either Party may with fifteen (15) days written Notice to the other Party within forty-five (45) days of a Geysers Catastrophic Event occurring, terminate this Agreement. In the event of a termination under this Section 11.4(b), neither Party shall owe the other Party any payment for damages nor shall such termination constitute an Event of Default under Section 5.1.

#### 11.5 GPC QF Contracts.

(a) Termination of GPC QF Contracts. As of 12:00:01 a.m. PPT on the Energy Delivery Date each GPC QF Contract shall terminate.

(b) Effect of Termination of GPC QF Contracts; Release of Unknown Claims. Upon termination of the GPC QF Contracts pursuant to this Section 11.5, each Party, for itself and its successors and assigns, releases, acquits and forever discharges the other Party from any and all claims, obligations, losses, causes of action, allegations, demands and liabilities of any

nature whatsoever that it now has or may hereafter have against the other Party, whether known or unknown, asserted or unasserted, howsoever arising, and based on or arising out of (in whole or in part) any one of the GPC QF Contracts or associated GPC Interconnection Documentation, including any payment or performance thereunder, any breach thereof, and any right to refunds, interests penalties or any other monetary or non-monetary remedies thereunder (collectively, the “Released QF Claims”); provided, however, that Buyer shall pay for all Energy and capacity delivered prior to the termination of the GPC QF Contracts, and Buyer shall pay for all interconnection services provided by Buyer as may be owed under such GPC QF Contracts. With respect to the Released QF Claims, each Party expressly waives the benefits of any statutory provision or common law rule that provides that a release does not extend to claims which a party does not know or suspect to exist in its favor at the time of executing the release, which if known by it, would have materially affected its settlement with the other party. In particular, but without limitation, each Party expressly waives the provisions of California Civil Code section 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Each Party may hereafter discover facts other than or different from those that it knows or believes to be true with respect to the Released QF Claims, but each Party expressly waives and fully, finally and forever settles and releases any known or unknown, suspected or unsuspected, asserted or unasserted, contingent or no contingent claim with respect to the Released QF Claims. Notwithstanding the waiver of Civil Code Section 1542, the Parties, and each of them, acknowledge that the releases in this Agreement are specific to the matters set forth in this Section 11.5 and are not intended to create general releases as to all claims, or potential claims, between the Parties.

(c) Cooperation regarding GPC QF Unit Interconnection. The Parties recognize certain of the GPC Interconnection Documentation contemplate the termination of the GPC QF Contracts and the interconnection of the GPC QF Units. To effect the intent and schedule set forth in this Agreement, the Parties agree to cooperate and to take all such action necessary to implement the transition provisions set forth in the GPC Interconnections Documentation, which provisions shall be interpreted and applied, and if necessary, superseded and modified, to effect the intent set forth in this Agreement. The Parties further agree to cooperate regarding the implementation of any other physical (i.e. metering) and contractual changes that are necessary to enable the generation capacity of the GPC QF Units that are subject of the GPC QF Contracts to be delivered as of the Energy Delivery Date in accordance with the GPC Interconnection Documentation and as otherwise contemplated by this Agreement.

## **ARTICLE TWELVE: DISPUTE RESOLUTION**

12.1 Intent of the Parties. Except for disputes arising under Sections 3.3(b), 3.3(h), and 3.4(b), requiring expedited dispute resolution as provided in Section 12.4 below, and except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Article Twelve. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo,

in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of this procedure.

12.2 Management Negotiations.

(a) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's Authorized Representative, or such other person designated in writing as a representative of the Party (each a "Manager"). Either Manager may request a meeting (in person or telephonically) to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place. If the matter is not resolved within fifteen Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies ("Executive(s)"), who shall have authority to settle the dispute. Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another written notice confirming the referral and identifying the name and title of the Executive who will represent the Party.

(b) Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) calendar days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.

(c) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.

(d) If the matter is not resolved within forty-five 45 days of the Referral Date, or if the Party receiving the written request to meet, pursuant to subpart (b) above, refuses or does not meet within the ten (10) Business Day period specified in subpart (b) above, either Party may initiate arbitration of the controversy or claim according to the terms of the following Section 12.3 by filing with the American Arbitration Association ("AAA") a notice of intent to arbitrate.

12.3 Arbitration. If the controversy or claim is referred to arbitration pursuant to Section 12.2(d) above, then the controversy shall be settled by arbitration conducted in accordance with AAA's Commercial Arbitration Rules ("Arbitration") in San Francisco, California. The Arbitration is to be conducted before a single arbitrator whom the Parties shall jointly select. If the Parties are unable to agree upon the arbitrator, either Party may request the AAA to select the arbitrator. Any arbitrator(s) shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. Each such arbitrator must provide an oath or understanding of impartiality. At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of five (5) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved



for the arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.

(a) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.

(b) The arbitrator's award shall be made within nine (9) months of the filing of the notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary. The California Superior Court of the City and County of San Francisco may enter judgment upon any award rendered by the arbitrator. The Parties are aware of the decision in *Advanced Micro Devices, Inc. v. Intel Corp.*, 9 Cal. 4th 362 (1994) and, except as modified by this Agreement, intend to limit the power of the arbitrator to that of a Superior Court judge enforcing California Law. The prevailing Party in this dispute resolution process is entitled to recover its costs and reasonable attorneys' fees.

(c) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before him or her.

(d) Except as may be required by Law, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties.

12.4 Expedited Dispute Resolution. In the event of dispute under any of Sections 3.3(b), 3.3(h), 3.4(b), and 3.5(b), the Parties agree that the sole basis for resolving such dispute shall be this Section 12.4 unless otherwise agreed to in writing by the Parties. Such disputes shall be governed by "baseball-style arbitration," in which the scope of the arbitrator's decision shall be limited to which of the parties' proposals should be adopted. If a dispute arises under one of the Sections identified in this Section 12.4, a party may initiate arbitration procedures under this Section 12.4, upon notification of such initiation to the other party. Within five (5) days of such notification, each party shall submit a proposal of three names of arbitrators from the AAA panel who are identified as available, to the other party. The parties shall agree on the selection of an arbitrator. Within five (5) Business Days of the date when an arbitrator is chosen, each party shall submit their best offer to the arbitrator. Within ten (10) Business Days of the receipt of the offers, the arbitrator shall issue a ruling, and is limited to awarding only one of the offers submitted. Except for attorneys' fees and related costs borne by each Party, the Parties shall share equally all costs incurred in connection with resolving a dispute under this Section 12.4.

**ARTICLE THIRTEEN: NOTICES**

Whenever this Agreement requires or permits delivery of a “Notice” (or requires a Party to “notify”), the Party with such right or obligation shall provide a written communication in the manner specified in herein; provided, however, that notices of Outages or other Scheduling or dispatch information or requests, as provided in Appendix IV, shall be provided in accordance with the terms set forth in the relevant section of this Agreement. Invoices may be sent by facsimile or e-mail. A Notice sent by facsimile transmission or e-mail will be recognized and shall be deemed received on the Business Day on which such Notice was transmitted if received before 5:00 p.m. (and if received after 5:00 p.m., on the next Business Day) and a notice of overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party. Either Party may periodically change any address, phone number, e-mail, or contact to which Notice is to be given it by providing written notice of such change to the other Party.

Appendix	Title	Reference
I	Delivery Point - Interconnection List	1.35
II	Eligible Unit and Transaction Information	1.45
III	Letter of Credit	1.91, 8.3(a)
IV	Notification	1.106, Art. 13
V	Outage Notification Form	1.108, 4.4(a)
VI	Additional GA Energy Quantity Confirmation	3.1(b)(ii)
VII	Pre-Designation of Eligible Units	3.5(b)
VIII	Planned Outage (RA) Form	4.4(c)
<hr/>		
Exhibit		
	Payment, Contract Energy Price	3.3(b)
	LMP Adjustment	3.3(i)
	GMM Adjustment	3.3(j)
	Minimum GA Delivery (MGADF)	3.4(b)
	GA Shortfall Penalty	3.4(c)
	Monthly RA Capacity Payment	3.5(a)
	RA Unit Designation	3.5(b)
	Excess Outage Test	3.5(d)
	Aggregate Designated RA Capacity Deration Factor	3.5(e)
	Reliability Must Run Contract Obligations	3.5(i)
	Regulatory Change Types	3.5(k)
	Regulatory Change Price Alternatives	3.5(k)(i)
	Monthly Forecast of Delivery	4.3(a)(ii)
	GA Tracking Summary	4.3(a)(iii)
	Delivery Schematic	4.3(b)
	Billing Coordination Priority	6.3(c)

**Geysers 175 MW - Power Purchase and Sale Agreement - Appendix I**

Eligible Unit CAISO Grid Interconnection Points

Geysers Unit	Interconnection Point	CAISO Pnode IDs
Unit 1	CB #162, Aidlin Pwr Plt	GEOENGY_7_B3
Unit 2	CB #1032, Bear Canyon Pwr Plt	BEARCAN_7_N001
Unit 3	CB #910, Sonoma Pwr Plt	SMUDGE01_7_B1 WESTFOR_7_N001 and
Unit 4	CB #1052, West Ford Flat Pwr Plt	WESTFOR_7_N002
Unit 5		
Unit 6	Disconnect Switch 175, Geysers 5&6	GYS5X6_7_UNITS
Unit 7		
Unit 8	Disconnect Switch 185, Geysers 7&8	GYS7X8_7_UNITS
Unit 9		
Unit 10	OCB #292, Geysers #9/10	NA
Unit 11	OCB #312, Geysers #11	GEYSER11_7_B1
Unit 12	OCB #322, Geysers #12	GEYSER12_7_B1
Unit 13	OCB #332, Geysers #13	GEYSER13_7_N001
Unit 14	OCB #342, Geysers #14	GEYSER14_7_N001
Unit 16	OCB #362, Geysers #16	GEYSER16_7_B1
Unit 17	OCB #372, Geysers #17	GEYSER17_7_B1
Unit 18	OCB #382, Geysers #18	GEYSER18_7_B1
Unit 19	OCB #462, Calistoga Pwr Plt	SANTFG_7_UNITS
Unit 20	OCB #402, Geysers #20	GEYSER20_7_B1

Pnode IDs are from CAISO FNM Release DB23

Geysers 175 MW - Power Purchase and Sale Agreement - Appendix II

Eligible Unit Resource Adequacy Information

Unit Name(s):  
 CAISO Resource ID:  
 Unit SCID:  
 Unit CAISO Net Qualifying Capacity (MW):  
 Resource Type:  
 Resource Top Down Category (1, 2, 3, 4):  
 Delivery Point Substation Name (point of interconnection with the CAISO Controlled Grid ("Substation")):  
 Current CAISO Zone (NP15, ZP26, or SP15) in which Substation resides:  
 LAR Region:  
 Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment:  
 Run Hour Restrictions:

GEYSERS UNITS 5 & 6	GEYSERS UNITS 7 & 8	GEYSERS UNIT 11	GEYSERS UNIT 12	GEYSERS UNIT 13
GY55X6_7_UNITS	GY57X8_7_UNITS	GEYS11_7_UNIT11	GEYS12_7_UNIT12	GEYS13_7_UNIT13
CALJ	CALJ	CALJ	CALJ	CALJ
90	68	64	52	61
I_Phys_Res	I_Phys_Res	I_Phys_Res	I_Phys_Res	I_Phys_Res
1	1	1	1	1
Eagle Rock	Eagle Rock	Eagle Rock	Fulton	Lakeville
NP-15	NP-15	NP-15	NP-15	NP-15
North Coast-North Bay	North Coast-North Bay	North Coast-North Bay	North Coast-North Bay	North Coast-North Bay
None	None	None	None	None
None	None	None	None	None

Unit Name(s):  
 CAISO Resource ID:  
 Unit SCID:  
 Unit CAISO Net Qualifying Capacity (MW):  
 Resource Type:  
 Resource Top Down Category (1, 2, 3, 4):  
 Delivery Point Substation Name (point of interconnection with the CAISO Controlled Grid ("Substation")):  
 Current CAISO Zone (NP15, ZP26, or SP15) in which Substation resides:  
 LAR Region:  
 Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment:  
 Run Hour Restrictions:

GEYSERS UNIT 14	GEYSERS UNIT 16	GEYSERS UNIT 17	GEYSERS UNIT 18	GEYSERS UNIT 20
GEYS14_7_UNIT14	GEYS16_7_UNIT16	GEYS17_7_UNIT17	GEYS18_7_UNIT18	GEYS20_7_UNIT20
CALJ	CALJ	CALJ	CALJ	CALJ
49	56	52	47	42
I_Phys_Res	I_Phys_Res	I_Phys_Res	I_Phys_Res	I_Phys_Res
1	1	1	1	1
Fulton	Fulton	Fulton	Lakeville	Lakeville
NP-15	NP-15	NP-15	NP-15	NP-15
North Coast-North Bay	North Coast-North Bay	North Coast-North Bay	North Coast-North Bay	North Coast-North Bay
None	None	None	None	None
None	None	None	None	None

Unit Name(s):  
 CAISO Resource ID:  
 Unit SCID:  
 Unit CAISO Net Qualifying Capacity (MW):  
 Resource Type:  
 Resource Top Down Category (1, 2, 3, 4):  
 Delivery Point Substation Name (point of interconnection with the CAISO Controlled Grid ("Substation")):  
 Current CAISO Zone (NP15, ZP26, or SP15) in which Substation resides:  
 LAR Region:  
 Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment:  
 Run Hour Restrictions:

SONOMA POWER PLANT	Aidlin	Bear Canyon	Calistoga	West Ford Flat
SMUDGO_7_UNIT1	ADLIN_1_UNITS	BEARON_2_UNITS	SANTEG_7_UNITS	WFERDL_2_UNITS
CALJ	CALJ	CALJ	CALJ	CALJ
41	14.68	13.15	67.15	25.35
I_Phys_Res	I_Phys_Res	I_Phys_Res	I_Phys_Res	I_Phys_Res
1	1	1	1	1
Lakeville	Eagle Rock	Fulton	Lakeville	Fulton
NP-15	NP-15	NP-15	NP-15	NP-15
North Coast-North Bay	North Coast-North Bay	North Coast-North Bay	North Coast-North Bay	North Coast-North Bay
None	None	None	None	None
None	None	None	None	None

## **Geysers 175 MW - Power Purchase and Sale Agreement - Appendix III**

### **Form of Letter of Credit - Section 8.3**

The Letter of Credit will be provided in a form reasonably acceptable to [Buyer/Seller]

**Geysers 175 MW - Power Purchase and Sale Agreement - Appendix IV**

**Form of Letter of Notification- Article 13**

*(For the case of the Seller notifying the Buyer)*

Date

Pacific Gas and Electric Company  
77 Beale Street, Mail Code N12E  
San Francisco, CA 94177

Attn: Jeannette Woo, Contract Management

The purpose of this letter is to provide notification to Pacific Gas and Electric Company (PG&E) under Article 13 of the Power Purchase and Sale Agreement between Pacific Gas and Electric Company and Geysers Power Company LLC that \_\_\_\_\_.

Sincerely,





**Geysers 175 MW - Power Purchase and Sale Agreement - Appendix VI**

Jeanette Woo  
Manager, Contract Management  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N12E  
San Francisco, CA 94177

RE: Confirmation for the Purchase and Sale of Additional GA Energy Quantity

Dear Ms. Woo:

Geysers Power Company, LLC ("GPC") and Pacific Gas and Electric Company ("PG&E") are Parties to that certain Renewable Power Purchase and Sale Agreement, dated as of November xx, 2007 (the "RPPSA"), under which, among other things, GPC as Seller may sell to PG&E, and PG&E may purchase from GPC, quantities of Additional GA Energy (Section 3.1(b)(i)).

GPC wishes to sell, and PG&E wishes to purchase, Additional GA Energy during the delivery period shown below. Accordingly, the Parties enter into this Confirmation. Capitalized terms used and not otherwise defined in this Confirmation shall have the meanings ascribed to such terms in the RPPSA.

Quantity:	xx MW during all hours set forth below
Delivery Period:	xxxxxx xx-xx, 200x
Hours:	HE xx HE xx each day
Price:	Applicable On-Peak Hours or Off-Peak Hours Daily Index Energy Price + the applicable Green Attribute (GA) Price per MWh

PG&E and GPC each represent and warrant that the signatories below are duly authorized to enter into this Confirmation on behalf of the Party for whom they sign and that the execution and performance of this Confirmation are within its powers, have been duly authorized by all necessary action and do not violate the terms and conditions of its governing documents, any contracts to which it is a party or any law, regulation, order or the like applicable to it.

This Confirmation may be executed in counterparts, each of which shall be deemed an original document and which together shall constitute a single instrument.

## Geysers 175 MW - Power Purchase and Sale Agreement - Appendix VII

Buyer's List of Preferred Units (in order of Preference) to be Designated for RA Purposes - Section 3.5 (b)

Unit	Net Qualified Capacity (NQC)
Geysers Unit 2 (CALPINE GEYSERS CO. L. P. (KW#1 & KW#2))	14.19
Geysers Unit 1 (GEOHERMAL ENERGY PARTNERS 1 & 2)	14.68
Geysers Unit 4 (CALPINE GEYSERS CO. L. P. (West Ford Flat))	23.49
Geysers Unit 19 (Calistoga -GEYSERS POWER COMPANY, L.L.C. (Aggregate))	67.15
GEYS16_7_UNIT16	56.00
Geysers Unit 3 (SMUDGO_7_UNIT 1)	41.00
GYS5X6_7_UNITS	80.00
GYS7X8_7_UNITS	68.00
GEYS12_7_UNIT12	52.00
GEYS11_7_UNIT11	64.00
GEYS14_7_UNIT14	49.00
GEYS17_7_UNIT17	47.00
GEYS13_7_UNIT13	61.00
GEYS18_7_UNIT18	42.00
GEYS20_7_UNIT20	41.00

Buyer's list will be submitted to the Sr. Vice-President, Geysers Power Company LLC

## Geysers 175 MW - Power Purchase and Sale Agreement - Appendix VIII

### Planned Outage Summary - Section 4.4 ( c )

*This sheet is for illustrative purposes only. the dates are not intended to reflect actual outages planned in 2008.*

Name of Unit	Unit Capacity (MW)	Description of Outage	Scheduled Start Date	Scheduled End Date	SLIC #	Notes
GEYS12_7_UNIT12	52	Turbine-Generator Overhaul	2/4/2008	3/9/2008	803845	
GEYS13_7_UNIT13	61	Turbine-Generator Overhaul	4/14/2008	5/25/2008	853886	

Note 1: Unit Capacity is the Net Qualifying Capacity *over the scheduled outage period* from the CAISO website

Note 2: Changes from last report are shown in RED.

Note 3: The outage data above will be submitted to the CAISO through its SLIC outage system.

## Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.3 (b)

Monthly Payment Example - this example details the calculation necessary to settle the monthly payment for the Energy, Green Attributes and Resource Adequacy products provided from Seller to Buyer under this PPSA.

The calculation includes the Energy payment under Section 3.3 (b), the GMM adjustment for pre-MRTU settlement under Section 3.3 (j), the LMP adjustment for post-MRTU settlement under Section 3.3 (i), the GA adjustment under Section 3.4 (a) and the Monthly RA Capacity Payment under Section 3.5 (a).

The acceptance with the Billing and payment terms set forth in Article VI, Buyer shall pay to Seller in arrears, for each month during the Delivery Term:

$\Sigma$  (for each hour of the month) [THEQP (either the GMM Adjustment or the LMP Adjustment) + EA Adjustment Payment] - the Monthly RA Capacity Payment

Where:

THEQP (total hourly energy quantity) = the Seller's total Energy in the hour plus (y) any MWs deemed delivered in the hour pursuant to Section 3.3(d)

THEQP (total hourly energy quantity payment) = THEQP \* the Contract Energy Price for the hour

GMM Adjustment = if applicable, determined in accordance with Section 3.3(j)

LMP Adjustment = if applicable, determined in accordance with Section 3.3(i)

GA Adjustment Payment = GA Adjustment as set forth in Section 3.4(a) \* THEQP

Monthly RA Capacity Payment = determined in accordance with Section 3.5(a)

### Hourly Example

Assuming that, for a given hour, 175 MW were scheduled and delivered from GA eligible units, that ICE NP-15 was posted at \$50/MWh, and that the LMP Adjustment was as shown in exhibit 3.3(i), then for that hour this would then mean that "deemed delivered energy" for the hour is 0:

$\Sigma$  (for each hour of the month) [THEQP (either the GMM Adjustment or the LMP Adjustment) + EA Adjustment Payment] - the Monthly RA Capacity Payment

THEQP (total hourly energy quantity payment) = (175 MW - 0 "deemed delivered" MW) \* \$50/MWh = \$8,750

LMP Adjustment = 175 MWh \* \$0.88/MWh = \$154.00

Note: A negative value would represent a payment/credit by Seller to Buyer for that hour

GA Adjustment Payment, for the year 2008 = \$25.00/MWh \* 175 MWh = \$4,375

= \$8,750 + \$154 + \$4,375 = \$13,279 for that hour for the energy component and the GA component of the settlement

### Monthly Example

Assuming that, for a 30 day month, 175 MW of Capacity contracted, and 175 MW were scheduled and delivered in each hour from GA eligible units, that ICE NP-15 was \$50/MWh, and that the LMP Adjustment was \$0 for the month

THEQP (total hourly energy quantity payment) = (175 MW \* 30 \* 24 - 0 "deemed delivered" MW) \* \$50/MWh = \$6,300,000

LMP Adjustment = \$0.00

GA Adjustment Payment, for 2008 = \$8.00/MWh \* 175 MW \* 30 day \* 24 hour/day = \$1,150,000

Monthly RA Capacity Payment = \$3.00/kw-month \* 175 MW \* 1100kw/MW - \$0 = \$539,000

Monthly Payment = \$6,300,000 + \$0 + \$1,150,000 + \$539,000 = \$9,989,000

### Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.3 (i)

LMP Adjustment - The LMP adjustment's intent is remove any opportunity for Seller's Choice from the contract by adjusting the Seller's revenues to equal those that would be received as if all Geysers' units were delivering the energy on a pro rata basis weighted on each unit's capacity. In this way the Seller has no opportunity to make deliveries under the contract in a way that will optimize his value by delivering from one Geysers unit rather than another Geysers unit. This adjustment shall be in effect only during the period subsequent to the implementation of MRTU.

#### EXAMPLE for a single hour of the month:

This example assumes that total Available Eligible Capacity Quantity is 600 MW. That 600 MW is delivered to 4 separate and distinct nodes, each with its own price. Price for Node 1 thru 4 are \$55/MWh, \$56/MWh, \$57/MWh, and \$54/MWh respectively. The total contract quantity of EA energy is 175 MW delivered to only 2 of the 4 nodes

NODE	1	2	3	4
PRICE (\$/MWh)	\$55.00	\$56.00	\$57.00	\$54.00
TOTAL VOLUME DELIVERED TO ALL NODE FROM ALL ELIGIBLE UNITS (600 MW)	100	200	200	100
CONTRACT VOLUME DELIVERED TO NODE (175 MW)		50	125	

WAGNP = Weighted Average Geysers Project Nodal Price which represents the weighted average price for all eligible Geysers units.

WADNP = Weighted Average Delivered EA Nodal Price which represents the weighted average price for the eligible Geysers units that actually delivered EA energy in the time period.

Calculations:	WAGNP =	$\frac{(100 \cdot 55) + (200 \cdot 56) + (200 \cdot 57) + (100 \cdot 54)}{600}$
	(\$/MWh) WAGNP =	\$55.83
	WADNP =	$\frac{(50 \cdot 56) + (125 \cdot 57)}{175}$
	(\$/MWh) WADNP =	\$56.71
	Energy Delivered	= 175 MWh
	LMP Adjustment	= (WADNP - WAGNP) * Delivered Energy = (\$56.71 - \$55.83) * 175 MWh = <b>\$154.00</b>

Note: For the hour in question the energy delivered has a value of \$56.71/MWh, so the total value would be 175 MW X \$56.71/MWh = \$9,924.25 at the actual busbars the adjustment would result in an increase of the amount paid by Buyer by \$154.00 to adjust the price received to the weighted average of all Geysers units.

Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.3 (j)

GMM Adjustment - The GMM adjustment's intent is adjust the contract price prior to MRTU such that the Delivery point is the interconnection point with the CAISO grid for each unit. To accomplish this the price will be adjusted for GMMs, the CAISO adjustment for energy value between the interconnection point and the load point. This difference is representative of congestion costs and losses in moving the energy from one point to another.

Prior to the implementation of MRTU, during each month of the Delivery Term, an adjustment shall be made to the payments due under Section 3.3(a) to adjust for the associated GMM attributable to the Eligible Units providing Delivered EA Energy in an hour. The "GMM Adjustment" shall be determined as follows:  $[1 - \text{Hourly EA GMM}] * \text{Delivered EA Energy for the hour} * \text{MCP}$

So, if the following Geysers Units were supplying the EA Energy shown in a given hour, and the corresponding GMMs were posted by the ISO on its OASIS site

Unit	EA Energy (MW)	GMM
Ardlin	20	0.973
Bear Canyon	18	0.994
Calistoga	66	0.998
West Ford Flat	26	0.994
11	40	0.973
18	5	1.023
	175	

$$\text{Weighted GMM} = (20 * .973 + 18 * .994 + 66 * .998 + 26 * .994 + 40 * 0.973 + 5 * 1.023) / 175 = 0.989137$$

So the GMM Adjustment in this hour, assuming an OASIS MCP price of \$23/MWh, would be:

$$\text{GMM Adjustment} = [1 - \text{Hourly EA GMM}] * \text{Delivered EA Energy for the hour} * \text{MCP} = [1 - 0.989137] * 175 \text{ MWh} * \$23/\text{MWh} = \$ 43.72$$

Note: This adjustment can be positive or negative depending upon system conditions in the region.

**Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.4 (b)**

Minimum EA Delivery - this calculation will be performed on a yearly basis to determine if penalties for under-delivery of GA are applicable under 3.4 (b) or an event of default has occurred subject to Section 5.1 (b)(i).

Example

**MGADF = (DGA + EGA) / MG**

MG = Maximum Generation, for Contract Year, equals 175 mw * 8760 hours + Additional GA Energy Quantity (in MWh):	1,533,000	mwhrs
Assume that the cumulative Delivered GA Energy (DGA) as measured (by CAISO meters) was:	1,521,349	mwhrs
Assume, for this calculation, that the EGA, Excused GA was:	135	mwhrs
The calculated MGADF is then ((1,521,349+135) / 1,533,000), expressed as a percent value):	<b>99.2%</b>	

So, in this example, no penalty would be applicable.

**Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.4 (c)**

**GA Shortfall Penalty** - This calculation is performed annually to determine the penalty for under-deliveries of GA energy.

iii) Assume MGADF is 85.1%, so the shortfall (for the purpose of calculating this penalty) is 1.6%.

The Average Energy Price = (sum of the Contract Energy Prices for each hour during the year) / number of hours in that year, so

The Average Energy Price =  $(\$33.73 \times 8 + \$52.43 \times 16 + \dots) / 8760 = \$46.20/\text{MWh}$

MG, for Contract Year, equals 175 MW * 8760 hours:	1,533,000	MWh
Assume that the cumulative Delivered GA Energy (DGA) as measured (by CAISO meters) was:	1,278,522	MWh
Assume, for this calculation, that the Additional GA Energy Quantity (from CAISO meters) was:	0	MWh
And the calculated MGADF is:	<b>83.4%</b>	

So, the GA Shortfall Penalty =  $10\% \times \text{Average Energy Price} \times (0.85 - 0.834) \times (175 \text{ MW} \times 8760 \text{ hr} + 0 \text{ MWh}) = \$113,319.36$

Note: The Average Energy Price for the year is determined as per Section 3.4(c).

iii) Assume MGADF is 77%, so the shortfall (for the purpose of calculating this penalty) is calculated as follows:

The Average Energy Price = (sum of the Contract Energy Prices for each hour during the year) / number of hours in that year, so

The Average Energy Price =  $(\$33.73 \times 8 + \$52.43 \times 16 + \dots) / 8760 = \$46.20/\text{MWh}$

MG, for Contract Year, equals 175 MW * 8760 hours:	1,533,000	MWh
Assume that the cumulative Delivered GA Energy (DGA) as measured (by CAISO meters) was:	1,180,410	MWh
Assume, for this calculation, that the Additional GA Energy Quantity (from CAISO meters) was:	0	MWh
And the calculated MGADF is:	<b>77.0%</b>	

So, the GA Shortfall Penalty =  $10\% \times \text{Average Energy Price} \times (0.85 - 0.8) \times (175 \text{ MW} \times 8760 \text{ hr} + 0 \text{ MWh}) = \$354,123.00$   
 and  $20\% \times \text{Average Energy Price} \times (0.80 - 0.77) \times (175 \text{ MW} \times 8760 \text{ hr} + 0 \text{ MWh}) = \$424,947.60$   
 For a total GA Shortfall Penalty of: **\$779,070.60**

Note: The Average Energy Price for the year is determined as per Section 3.4(c).



## Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.5 (a)

Monthly RA Capacity Payment - This calculation is necessary to determine the RA payment for each month.

**Example 1:**  
**175 MW in 2009**

Monthly RA Capacity Payment (\$) = [ $\$3.16/\text{kw-month} * \text{AARCQ} * 1000 \text{ kw/MW}$ ] - ARAA

where the,

AARCO = Aggregate Available RA Capacity Quantity which is determined as per Sections 3.5(d) or 3.5(e) part D.

ARAA = Aggregate RA Availability Adjustment determined in accordance with Section 3.5(e).

So for the Designated RA Quantity of 175 mw, with no scheduled outages during the month, the calculation is:

**Monthly RA Capacity Payment =  $\$3.16/\text{kw-month} * 175 \text{ MW} * 1000 \text{ kw/MW} - \$0 = \$553,000$**

Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.5 (b)

Designated Eligible Units and the Annual Aggregate RA Capacity Quantity for 2008 (beginning with the Energy Delivery Date)

Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.5 (d)

Excess Outage Test - This calculation is consistent with the methodology outlined in the CPUC RA protocols. It determines whether a planned outage in a month will adjust the capacity value for RA counting purposes

Example:

Assume Designated RA Capacity = 175 mw from Geysers Designated Units A, B, and C

	Designated RA Capacity	Days of approved scheduled outages during Month
Geysers A	= 55 mw	8
Geysers B	= 70 mw	2
Geysers C	= 50 mw	15

Summer (May through September)

	Designated RA Capacity	Days of approved scheduled outages during Month	Did days of approved scheduled outages exceed 25%?
Geysers A	= 55 mw	8	Yes
Geysers B	= 70 mw	2	No
Geysers C	= 50 mw	15	Yes

a) For a Designated Unit(s) with scheduled outage(s) exceeding 25% of the days, RA capacity is deemed not to have been provided:

**Geysers A Not Provided** Designated RA Capacity = 0 mw

b) For a Designated Unit(s) with scheduled outage(s) less than 25% of the days, RA capacity is deemed to have been provided:

No RA adjustment needed:

**Geysers B Deemed Provided** Designated RA Capacity = 70 mw

c) For a Designated Unit(s) with scheduled outage(s) exceeding 25% of the days, RA capacity is deemed not to have been provided:

**Geysers C Not Provided** Designated RA Capacity = 0 mw

So, the Aggregate Available RA Capacity Quantity for this month is = 0 mw + 70 mw + 0 mw = 70 mw

Non-Summer (October through April)

	Designated RA Capacity	Days of approved scheduled outages during Month	Did days of approved scheduled outages exceed 1 week?	Did days of approved scheduled outages fall between 1 week and 2 weeks?	Did days of approved scheduled outages exceed 2 weeks?
Geysers A	= 55 mw	8	Yes	Yes	No
Geysers B	= 70 mw	2	No	No	No
Geysers C	= 50 mw	15	Yes	No	Yes

a) For a Designated Unit(s) with scheduled outage(s) between 1 week and 2 weeks, the RA capacity deemed provided is calculated as (example shows calculation for a 31 day month):

$$= [1 - (\text{days of scheduled outages/days in month}) - 0.25] * \text{Designated RA Capacity affected by the scheduled outage}$$

**Geysers A** =  $[1 - (8/31) - 0.25] * 55 = 27.0565$  (Note: This 27.0565 mw is the amount "deemed provided" for the month)

b) For a Designated unit(s) with scheduled outage(s) less 1 week, RA capacity is deemed to have been provided:

No RA adjustment needed:

**Geysers B Deemed Provided** Designated RA Capacity = 70 mw

c) For a Designated Unit(s) with scheduled outage(s) exceeding 2 weeks, RA capacity is deemed not to have been provided:

**Geysers C Not Provided** Designated RA Capacity = 0 mw

So, the Aggregate Available RA Capacity Quantity for this month is = 27.06 mw + 70 mw + 0 mw = 97.06 mw

## Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.5 (e)

Geysers PPSA - Aggregate RA Availability Adjustment - This calculation is used to determine the payment adjustment when a de-rate has occurred to the RA capacity of a unit for the month.

### Example - 175 MW Contract Capacity:

1 When the Designated RA Capacity Quotient for the month is greater than or equal to 80%, the Aggregate RA Availability Adjustment is 0.

2 When the Designated RA Capacity Quotient is greater than or equal to 50%, but less than 80%, then the Aggregate RA Availability Adjustment equals:

$$\text{Aggregate RA Availability Adjustment} = (0.8 - \text{Designated RA Capacity Quotient}) * 0.5 * \$3.16/\text{kw-month [in 2009]} * \text{Annual Aggregate Capacity Quantity} * 1000 \text{ kw/MW}$$

For example, if the Contract Quantity is 175 MW and the Designated RA Capacity Quotient is 65% (113.75 MW), then the calculation is as follows:

$$\text{Aggregate RA Availability Adjustment} = (0.8 - 0.65) * 0.5 * \$3.16/\text{kw-month} * 175 \text{ MW} * 1000 \text{ kw/MW} = \$41,475.00$$

This ARAA would be subtracted in the calculation of 3.5(a).

3 When the Designated RA Capacity Quotient is less than 50%, but greater than 0, the Aggregate RA Availability Adjustment equals:

$$\text{Aggregate RA Availability Adjustment} = \{[(0.8 - 0.50) * .50] + [(0.50 - \text{Designated RA Capacity Quotient}) * 1.0]\} * \$3.16/\text{kw-month} * \text{Annual Aggregate RA Capacity Quantity} * 1000 \text{ I}$$

For example, if the Contract Quantity is 175 MW and the Designated RA Capacity Quotient is 40% (70 MW), then the calculation is as follows:

$$\text{Aggregate RA Availability Adjustment} = \{[(0.8 - 0.50) * .50] + [(0.50 - 0.40) * 1.0]\} * \$3.16/\text{kw-month} * 175 \text{ MW} * 1000 \text{ kw/MW} = \$138,250.00$$

This ARAA would be subtracted in the calculation of 3.5(a).

4 If the Designated RA Capacity Quotient is zero for the entire month, then the Aggregate Available RA Capacity Quantity is deemed to be zero.

Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.5 (i)

Reliability Must Run Contract Obligation - This set of examples outline the requirement to zero out payments for RMR on the Geysers units depending upon whether the CAISO is relying on the units designated for RA under this agreement to provide LAR. If the CAISO relies on a unit for LAR, then no RMR is likely to be allocated to the unit and so no double payment will occur. Calpine will zero out RMR payments on --- MW less the volume actually relied upon by the CAISO for LAR purposes.

Example #1

Assume that the Geysers is supplying 175 mw of RA to PG&E and that the CAISO relies on this RA commitment in its LAR determination and in making its RMR designations, including Geysers Unit 6 and 11 (which total 100 MW) shown below. Geysers would not revise the Fixed Option Payment Factor(s) in its FERC filing. Geysers would collect and retain all RMR payments associated with the designated RMR Units. Geysers 2, 1, 4, 19, and 16 relied on for LAR.

Geysers Main Schedule A-1		Geysers Main Schedule B-0		
<u>Unit</u>	<u>RMR (Y/N)</u>	<u>MNDC (MW)</u>	<u>RA Units for LAR</u>	<u>Fixed Option Payment Factor</u>
6	Y	40		0.5
11	Y	60		0.5
2	N	14.19	Y	
1	N	14.68	Y	
4	N	23.49	Y	
19	N	67.15	Y	
16	N	56.00	Y	

MNDC: Maximum Net Dependable Capacity of an RMR unit, in megawatts, as shown in GPC's Must Run filing, Schedule A-1.

Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.5 (k)

RA Confirm - Possible outcomes from regulatory change and the parties responsibility to provide product adjustments.

Each letter reflects an attribute (A, B, C, etc)

CAISO Call Rights Under RA		Non-RA Capacity	RMR Service	Description
Current	Future			
<b>Energy</b>	<b>Energy</b>			
A	A		A	Seller obligated to provide
B	B		B	Seller obligated to provide
C	C		C	Seller obligated to provide
D	D		D	Seller obligated to provide
			X	Item X is not part of current or future RA rights Seller has no obligation to offer such product to Buyer even though it is an RMR service
<b>A/S</b>	<b>A/S</b>			
E	E		E	Seller obligated to provide
F			F	Item F is no longer an RA product necessary under MRTU - no impact (no lost market opportunity claim by Seller) Calpine is free to sell this product in the market, if it has any value
		Y	Y	Item Y is a new capacity related product - however, not required for RA (PG&E would have Right of First Offer (ROFO))
	V		V	Part of the current RMR rights - Seller obligated to provide and no incremental payment
G	G		G	Parties will need to determine if G' is close enough to G to not warrant a price reopener
	H			Item H is a product necessary for RA in the future (not within MRTU) Product must be offered to Buyer at fair market value

## Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 3.5 (k)(i)

### Geysers PPSA - Regulatory Change (RA)

Note that while the RA Capacity Payment Rate in Section 3.5(a) is \$3.08/kw-month, the equivalent rate on a kilowatt-year basis is \$37/kw-year as shown in the "Current Contract Price" below.

Using the example of item H, a new product that PG&E must purchase to have RA that complies to the standard and is fully countable.

	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6
Market Price of H (Incremental Product)	\$ 2	\$ 2	\$ -	\$ 4	\$ 2	No mkt
Market Price of RA including H	\$ 40	\$ 46	\$ 41	\$ 43	\$ 39	\$ 43
Current Contract Price without H	\$ 37	\$ 37	\$ 37	\$ 37	\$ 37	\$ 37
Adjusted Contract Price with H	\$ 39	\$ 39	\$ 37	\$ 41	\$ 39	up to \$43

#### PRINCIPAL

Buyer pays the Incremental Market Price on top of Contract Price unless the market price of the full RA product is less than the contract price

In Case 1 the new RA product value is \$40 so PG&E will pay the additional \$2

In Case 2 the new RA product value exceeds the contract price so PG&E will pay the additional \$2

In Case 3 the incremental price is \$0 so there is no additional payment irrespective of total market price relative to contract price

In Case 4 the new RA product value is over the contract price so PG&E pays the full value of the incremental product

In Case 5 the new total RA product value is below the contract price but PG&E will pay the full value of the incremental product.

In Case 6 there is no market for the incremental product. The total RA product value is over the contract price so PG&E pays either an agreed upon value but the total cost cannot exceed the new market value





Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 4.3 (a)(ii)

Designated for March								Backup for March					
	Aidlin	Bear Canyon	Calistoga	West Ford Flat	Units 11	Unit 20	Sum	Unit 13	Unit 3	Unit 12	Unit 14	Unit 16	Other Eligible Renewable Resource
	100%	100%	100%	100%	100%	(as needed)		(if needed)	(if needed)	(if needed)	(if needed)	if needed	(if needed)
1-Mar 01:00	22	18	66	25	39	5	175						
02:00	22	18	66	25	39	5	175						
03:00	22	18	66	25	39	5	175						
04:00	22	18	66	25	39	5	175						
05:00	22	18	66	25	39	5	175						
06:00	22	18	66	25	39	5	175						
07:00	22	18	66	25	39	5	175						
08:00	22	18	66	25	39	5	175						
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**Geysers 175 MW - Power Purchase and Sale Agreement - Exhibit 4.3 (a)(iii)**

<b>Power Purchase and Sale Agreement</b> between Pacific Gas and Electric Company and Geysers Power Company, LLC <b>Baseload Renewable Product – QF Restructuring</b>		
<u><b>GA Tracking (Section 4.3(a)(iii)</b></u> <b>For the month of September 200x</b>		
Generating Units	Total Metered Amounts for Generating Facility Units (MWh)	Delivered GA Energy (MWh)
Calpine Geothermal Unit 1 (Aidlin)	12,306.4	12,306.4
Calpine Geothermal Unit 2 (Bear Canyon)	9,364.1	9,364.1
Calpine Geothermal Unit 3 (Sonoma)	26,306.8	
Calpine Geothermal Unit 4 (West Ford Flat)	17,409.5	17,409.5
Calpine Geothermal Units 5&6	59,008.2	
Calpine Geothermal Units 7&8	50,861.4	
Calpine Geothermal Unit 11	45,322.8	
Calpine Geothermal Unit 12	34,389.7	
Calpine Geothermal Unit 13	40,583.7	
Calpine Geothermal Unit 14	33,337.1	
Calpine Geothermal Unit 16	38,301.8	34,500.0
Calpine Geothermal Unit 17	35,366.9	
Calpine Geothermal Unit 18	33,412.5	3,573.8
Calpine Geothermal Unit 19 (Calistoga)	48,846.2	48,846.2
Calpine Geothermal Unit 20	29,535.7	
Other Eligible Renewable Energy Resource	0.0	
<b>Totals</b>	<b>514,352.6</b>	<b>126,000.0</b>

Two Agreement CoverWorksheet

**GEYSERS POWER COMPANY, LLC  
COVERWORKSHEET FOR ENERGY, EA/GA, AND RA PURCHASED  
for July 2008**

<b>Total Delivered Contract Energy Quantity under First PPSA:</b>	148,800
<b>Total Delivered EA Energy under First PPSA:</b>	148,800
<b>Total Delivered Contract Energy Quantity under QF Restructuring PPSA:</b>	130,200
<b>Total Delivered GA Energy under QF Restructuring PPSA:</b>	130,200

GPC certifies that it has followed the priority set forth in Section 6.3(b) of the QF Restructuring PPSA in preparing these invoices.

6.3 (b) Of the total MWhs of Delivered EA Energy (as defined in the First PPSA) and Delivered GA Energy (as defined herein) in any month, Seller shall invoice Buyer in accordance with the following priority: *first*, Delivered EA Energy for the entire Contract Energy Quantity (as defined in the First PPSA, e.g., 200 MWhs) and *second*, Delivered GA Energy for the entire Contract Energy Quantity (as defined herein, e.g., 175 MWhs) Scheduled under either the First PPSA or this Agreement notwithstanding how such Energy was Scheduled or tagged during the delivery month.

QF RESTRUCTURING PPSA

**GEYSERS POWER COMPANY, LLC  
INVOICE FOR ENERGY, GA AND RA PURCHASED**

<b>INVOICE DATE:</b>	8/7/2008	<b>DUE DATE: Not later than</b>	8/25/2008
<b>INVOICE #:</b>	PPSA072008QFR-GPCLC		
<b>SUMMARY OF PAYMENT CALCULATION</b>			
<b>Payment Period:</b>	7/1/08 - 7/31/08		
<b>Fixed Energy Payment:</b>	\$	7,025,115.84	
<b>Index Energy Payment:</b>	\$	3,053,376.00	
<b>GMM Adjustment:</b>	\$	<u>29,652.33</u>	
<b>Total Energy Payment:</b>			\$ 10,108,144.17
<b>GA Adjustment Payment:</b>			\$ 1,060,200.00
<b>RA Capacity Payment:</b>			
	= RA Capacity Flat Price * Designated RA Capacity * 1000		
	= \$3.08/kw-month * 119.5 * 1000		
			\$ 368,060.00
<b>Invoice Total</b>			\$ 11,536,404.17
<b>Less: Collateral Requirement (Section 8.3)</b>			
	GA Adjustment (50%)	\$ 530,100.00	
	RA Capacity Payment (50%)	<u>14,437.50</u>	
	Total Collateral Requirement for the Month		\$ 544,537.50
<b>Net Payment</b>			\$ 10,991,866.67
<b>Total Delivered Contract Energy (MWH):</b>			130,200
<b>Total Delivered GA Energy (MWH):</b>			130,200

Payment computations are in accordance with the QF Restructuring Power Purchase and Sale Agreement between Geysers Power Company, LLC and:

**Pacific Gas and Electric Company**  
Dated: 0x/xx/2008

Please direct any questions regarding the computations relating to this invoice or GPCLC's application of the provisions set forth in the Power Purchase and Sale Agreement to:

**Contact:** Sam Mason, Accounting Supervisor  
**Dept:** Accounts Receivable  
**Phone:** 707-431-6229  
**Fax:** 707-431-6148  
**Email:** [samm@calpine.com](mailto:samm@calpine.com)

**WIRE TRANSFER TO:**

Geysers Power Company, LLC  
c/o Union Bank of California  
ABA 122000496  
ACCT. 187-0034799

**MAILING ADDRESS:**

Geysers Power Company, LLC  
ATT: Sam Mason, Acctg Supervisor  
10350 Socrates Mine Road  
Middletown, CA 95461

First PPSA

**GEYSERS POWER COMPANY, LLC  
INVOICE FOR ENERGY, EA AND RA PURCHASED**

INVOICE DATE:	8/7/2008	DUE DATE: Not later than	8/25/2008
INVOICE #:	PPSA072008-GPCLC		
<b>SUMMARY OF PAYMENT CALCULATION</b>			
Payment Period:	7/1/08	-	7/31/08
Contract Energy Payment:	\$	9,587,888.00	
GMM Adjustment:	\$	<u>92,562.41</u>	
Total Energy Payment:			\$ 9,680,450.41
EA Adjustment Payment:			\$ 1,157,664.00
RA Capacity Payment:			\$ 684,426.00
	= RA Capacity Flat Price * Designated RA Capacity * 1000		
	= \$3.083/kw-month * 222 * 1000		
	=		
Invoice Total			\$ 11,522,540.41
Less: Collateral Requirement (Section 8.3)			
	EA Adjustment (50%)	\$ 578,832.00	
	RA Capacity Payment (50%)	<u>342,213.00</u>	
	Total Collateral Requirement for the Month		\$ 921,045.00
Net Payment			\$ 10,601,495.41
Total Delivered Contract Energy (MWH):			148,800
Total Delivered EA Energy (MWH):			148,800

Payment computations are in accordance with the Power Purchase and Sale Agreement between Geysers Power Company, LLC and:

**Pacific Gas and Electric Company**  
Dated: 10/12/06

Please direct any questions regarding the computations relating to this invoice or GPCLC's application of the provisions set forth in the Power Purchase and Sale Agreement to:

**Contact:** Sam Mason, Accounting Supervisor  
**Dept:** Accounts Receivable  
**Phone:** 707-431-6229  
**Fax:** 707-431-6148  
**Email:** [samm@calpine.com](mailto:samm@calpine.com)

**WIRE TRANSFER TO:**

Geysers Power Company, LLC  
c/o Union Bank of California  
ABA: 122000496  
ACCT: 187-0034799

**MAILING ADDRESS:**

Geysers Power Company, LLC  
ATT: Sam Mason, Acctg Supervisor  
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## Geysers 175 MW - Power Purchase and Sale Agreement

Geysers PPSA - Physical vs. Financial Settlement Under MRTU, pre-MRTU Alternatives per Section 3.3(b 4.3(b))

	Pre-MRTU	MRTU
Physical	NP15	Busbar
Financial	Busbar	EZ GEN Hub, adjusted by Wtd Avg Geysers

### Pre-MRTU

Pre-MRTU the physical delivery will take place at NP15, but the actual financial settlement will be at the interconnection point by virtue of the GMM adjustment clause in Section 3.3(j).  
For an example of the calculation of the GMM adjustment see Exhibit 3.3(j).

### MRTU

Subsequent to MRTU becoming effective the delivery point for the physical energy will be the interconnection points of the units, but the financial settlement will be the EZ Gen Hub. The LMP adjustment will adjust the financial settlement as if physical delivery occurred at the Weighted Average of the Geysers nodes, per Section 3.3(i).  
For an example of the calculation of the LMP adjustment see Exhibit 3.3(i).

### PG&E Customer Impact

Pre-MRTU the customer will pay for delivery at the busbar, while subsequent to MRTU the customer will effectively pay for delivery at the Load Aggregation Point as a result of PG&E's ability to allocate CRR's to the delivery of energy at the busbar, and the LMP adjustment creating a default to the weighted average Geysers.