

SECOND AMENDMENT TO CONFIRMATION LETTER GEYSERS UNIT 13

This Second Amendment (this "Second Amendment") to the Confirmation Letter (the "Confirmation"), dated November 14, 2002, by and between CALPINE ENERGY SERVICES, L.P., ("CES" or "Seller"), a Delaware limited partnership, and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E" or "Buyer"), a California corporation, for the purchase and sale of energy from GEYS13 7 Unit 13 ("Geysers Unit 13"), is entered into as of the first date on which both Parties have executed this Second Amendment as set forth on the signature page hereto (the "Execution Date"). CES and PG&E are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

A. PG&E and CES entered into a Master Power Purchase and Sale Agreement (the "Master Agreement"), and a Letter Agreement (the "Letter Agreement"), each dated November 5, 2002, and the Confirmation, for sale and delivery of up to 70.0 MW Unit-Firm Renewable Product Quantity from Geysers Unit 13. The Parties entered into the First Amendment (the "First Amendment"), dated November 4, 2003, pursuant to which CES began to make deliveries to PG&E in November 2003. The Master Agreement, Letter Agreement, Confirmation and the First Amendment are referred to collectively as the "Agreement."

B. In October 2004, it came to PG&E's attention that CES is unable to continuously deliver 70.0 MW of Product during the On-peak Hours to satisfy the hourly profile specified in Section 4 of the Confirmation.

C. CES has requested PG&E to allow CES to deliver up to 25.0 MW of supplemental Unit Firm renewable energy having Environmental Attributes from an additional Unit designated as GEYS18 7 Unit 18 ("Geysers Unit 18") to make up for the delivery shortfall from Geysers Unit 13.

AGREEMENT

THEREFORE, in consideration of the premises and the mutual agreements contained herein, the Parties agree as follows:

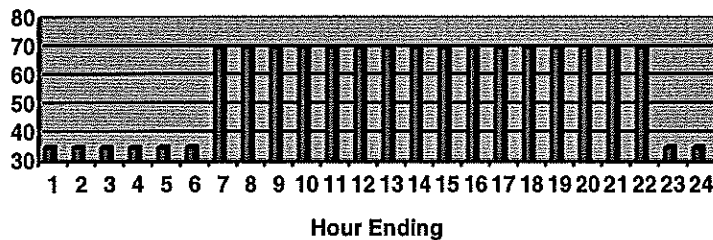
1. This Second Amendment shall become effective on the second Business Day following the Execution Date (the "Effective Date").

2. Seller may deliver up to 25.0 MW of Product (as defined below) from Geysers Unit 18 in addition to Product from Geysers Unit 13 to satisfy its delivery obligations set forth in the Agreement only if production from Geysers Unit 13 is insufficient to meet Seller's obligations under the Agreement. CES shall not deliver power to satisfy the Geysers Unit 13 hourly profile from any unit other than Geysers Units 13 and 18.

3. Section 4 of the Confirmation shall be deleted in its entirety and replaced with the following:

Product: The Product is Unit Firm energy having Environmental Attributes, including scheduling rights as provided hereunder, scheduled in accordance with then current CAISO tariffs in a scheduling coordinator to scheduling coordinator transaction. Seller to specify an hourly profile. Seller to provide all renewable energy from Geysers Unit 13, and up to 25.0 MW from Geysers Unit 18, to the extent necessary to meet the hourly profile. The hourly profile for this resource is 70 MW in all On-peak Hours and 35 MW in all Off-peak Hours. PG&E has no obligation to pay for deliveries that exceed the hourly profile. "On-peak Hours" are hour ending 0700 through 2200 on Monday through Saturday, excluding those days designated as holidays by the NERC. "Off-peak Hours" are hour ending 2300, 2400, and 0100 through 0600 on Monday through Saturday, all hours Sundays and those days designated as holidays by the NERC. All ramping shall be in accordance with CAISO tariff ramping requirements.

Geysers Unit 13 Hourly Profile



4. Product from each such designated Unit shall be delivered through a CAISO revenue quality meter at each Unit, and Seller shall use meter reads from such meter(s) to report and compute

hourly deliveries of Product on a monthly basis and to compute adjustments, if any are required, to monthly capacity payments under the Agreement.

5. CES shall grant PG&E access to CAISO's Operational Metering Analysis & Reporting system or its successor web site for Geysers Unit 13 and Geysers Unit 18 upon the Effective Date of this Second Amendment .

6. Geysers Units 13 and 18 shall each employ geothermal technology and qualify as an "eligible renewable energy resource" as defined in California Public Utilities Code Section 399.12.

7. Seller represents that Seller holds the rights to all Environmental Attributes associated with the Product to be delivered to Buyer pursuant to the terms of the Agreement. Seller agrees to convey and hereby conveys all such Environmental Attributes to Buyer as included in the delivery of the Product from the Units.

8. To the extent permitted pursuant to California Public Utilities Code, Section 399.15, Seller agrees to dedicate for sale to Buyer on terms set forth in the Agreement all Product that has been certified by the California Energy Commission as "incremental geothermal production" from the Units up to the amount that is necessary to satisfy Seller's Product delivery obligations in accordance with the hourly profile pursuant to Section 4 of the Confirmation (as revised herein).

9. Seller shall comply with all California Energy Commission requirements necessary to demonstrate that each Unit qualifies as an "eligible renewable energy resource," but shall not be obligated to comply with any California Energy Commission requirements necessary to obtain production incentives or supplemental energy payments.

10. If one or more provisions of this Second Amendment are held to be unenforceable under applicable law, the Parties agree to negotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Second Amendment, (ii) the balance of this Second Amendment shall be interpreted as if such provision were so excluded, and (iii) the balance of this Second Amendment shall be enforceable in accordance with its terms.

11. Seller's liability with respect to the failure to deliver Environmental Attributes as the result of Seller's failure to deliver all or part of the Unit Firm energy shall be limited as set forth in

Section 14 of the Confirmation, and such shall be Buyer's sole and exclusive remedy for Seller's failure to deliver Environmental Attributes.

12. This Second Amendment may only be amended by written agreement of the Parties.

13. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Agreement.

14. This Second Amendment shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of laws rules thereof.


15. This Second Amendment and the Agreement constitute the full and entire understanding and agreement between the Parties with regard to the subject matter hereof and thereof, and supercede any and all prior negotiations, correspondence, agreements and understandings between the Parties with respect to such subject matter.

16. Except as expressly modified by this Second Amendment, no provision of the Agreement is or shall be deemed to be modified, amended, waived, or otherwise affected by this Second Amendment. To the extent that this Second Amendment is inconsistent with any provision of the Agreement, this Second Amendment shall govern the rights and obligations of the Parties.

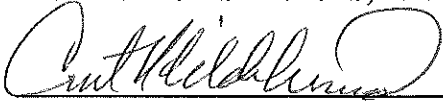
17. This Second Amendment may be executed in any number of counterparts, and signatures may be delivered by facsimile, all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Second Amendment to be executed by their duly authorized representatives.

PACIFIC GAS AND ELECTRIC COMPANY

By: 
Name: Frank De Rosa
Title: Director
Date: 6/8/05

CALPINE ENERGY SERVICES, L.P.

By: 
Name: Curt Hildebrand
Title: Vice President
Date: 6/7/05