

Execution Version

POWER PURCHASE AGREEMENT

Between

PACIFIC GAS AND ELECTRIC COMPANY
(as "Buyer")

and

PLACER COUNTY WATER AGENCY
(as "Seller")

POWER PURCHASE AGREEMENT

TABLE OF CONTENTS

PREAMBLE

GENERAL TERMS AND CONDITIONS

ARTICLE ONE: GENERAL DEFINITIONS 1

ARTICLE TWO: GOVERNING TERMS AND TERM 16

 2.1 Entire Agreement..... 16

 2.2 Interpretation 16

 2.3 Authorized Representatives 17

 2.4 Separation of Functions 17

 2.5 Conditions Precedent 17

 2.6 Term..... 18

 2.7 Binding Nature 19

 2.8 Seller’s CAISO Agreements 19

 2.9 Hell Hole CAISO Revenue Meter 19

ARTICLE THREE: OBLIGATIONS AND DELIVERIES 20

 3.1 Seller’s and Buyer’s Obligations 20

 3.2 Green Attributes 25

 3.3 Reliability Obligations..... 26

 3.4 Transmission and Scheduling 26

 3.5 Standards of Care..... 30

 3.6 Metering..... 30

 3.7 Outage Planning and Notification 31

 3.8 Operations Logs and Access Rights 33

ARTICLE FOUR: COMPENSATION; MONTHLY PAYMENTS..... 33

 4.1 Compensation 33

 4.2 Buyer Services List..... 37

 4.3 Additional Compensation 37

**ARTICLE FIVE: EVENTS OF DEFAULT; PERFORMANCE REQUIREMENT;
REMEDIES 37**

 5.1 Events of Default 37

 5.2 Declaration of Early Termination Date 38

 5.3 Calculation of Termination Payment 38

 5.4 Notice of Payment of Termination Payment 39

 5.5 Disputes With Respect to Termination Payment 39

 5.6 Rights And Remedies Are Cumulative..... 39

 5.7 Duty to Mitigate..... 39

ARTICLE SIX: PAYMENT	39
6.1 Billing and Payment	39
6.2 Disputes and Adjustments of Invoices.....	40
ARTICLE SEVEN: LIMITATIONS	41
7.1 Limitation of Remedies, Liability and Damages	41
ARTICLE EIGHT: FINANCIAL REPORTING REQUIREMENTS	41
8.1 Buyer Financial Information.....	41
8.2 Seller Financial Information	42
ARTICLE NINE: GOVERNMENTAL CHARGES	42
9.1 Cooperation	42
9.2 Governmental Charges	42
ARTICLE TEN: MISCELLANEOUS	42
10.1 Recording.....	42
10.2 Representations and Warranties	43
10.3 Covenants	44
10.4 Title and Risk of Loss.....	45
10.5 Indemnities	45
10.6 Assignment	46
10.7 Confidentiality	47
10.8 RPS Confidentiality	48
10.9 Audit	48
10.10 Insurance.....	48
10.11 [Reserved].....	48
10.12 Governing Law	48
10.13 General.....	49
10.14 Severability	49
10.15 Counterparts.....	49
10.16 Trading Desk Assistance	49
10.17 Change in FERC License Condition.....	49
10.18 Market Manipulation Provision	50
ARTICLE ELEVEN: TERMINATION EVENTS	50
11.1 [Reserved].....	50
11.2 Force Majeure Termination Event.....	50
ARTICLE TWELVE: DISPUTE RESOLUTION	50
12.1 Intent of the Parties.....	50
12.2 Management Negotiations	51
12.3 Mediation.....	51
12.4 Arbitration	51

ARTICLE THIRTEEN: NOTICES..... 53

SIGNATURES 54

APPENDICES

The following Appendices constitute a part of this Agreement and are incorporated into this Agreement by reference:

- Appendix I-A Minimum Reservoir Requirement as of the Execution Date
- Appendix II Buyer Services List
- Appendix III Illustrative Example of Energy and Ancillary Services Payment
- Appendix IV Project Description
- Appendix V Illustrative Example of Reservoir Requirement Payment
- Appendix VI [Reserved]
- Appendix VII Hydro Coordination Timeline and Information Sharing
- Appendix VIII Notification Requirements for Available Capacity and Project Outages
- Appendix IX [Reserved]
- Appendix X Resource Adequacy Requirements
- Appendix XI Notices List
- Appendix XII Initial Delivery Date Confirmation Letter
- Appendix XIII Illustrative Example of Section 4.1(a) Allocation
- Appendix XIV Monthly Allocation Factor Table
- Appendix XV Illustrative Example of Availability Calculation
- Appendix XVI Illustrative Example of Monthly Payment Amount Calculation
- Appendix XVII Form of Letter of Concurrence
- Appendix XVIII [Reserved]
- Appendix XIX Illustrative Examples of Renewable Energy Delivery Adjustment (REDA)
- Appendix XX Control Room Services

POWER PURCHASE AGREEMENT

PREAMBLE

This Power Purchase Agreement, together with the appendices and any other attachments referenced herein, is made and entered into between **Pacific Gas and Electric Company**, a California corporation (“Buyer” or “PG&E”), and **Placer County Water Agency**, a California local governmental entity organized under the Placer County Water Agency Act of 1957 (“Seller”), as of the Execution Date set forth on the signature page hereof. Buyer and Seller hereby agree to the following:

GENERAL TERMS AND CONDITIONS

ARTICLE ONE: GENERAL DEFINITIONS

- 1.1 “Actual Combined Reservoir Level” has the meaning set forth in Section 3.4(d)(iii).
- 1.2 “Affiliate” means, with respect to any person or entity, any other person or entity (other than an individual) that (a) directly or indirectly, through one or more intermediaries, controls, or is controlled by such person or entity or (b) is under common control with such person or entity. 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.
- 1.3 “Agreement” means this Power Purchase Agreement between Buyer and Seller, which is comprised of the Preamble, these General Terms and Conditions, and all appendices, schedules and any written supplements attached hereto and incorporated herein by reference, as well as all written and signed amendments and modifications thereto. For purposes of Section 10.12, the word “agreement” shall have the meaning set forth in this definition. For the purposes of Section 3.1(j)(viii), the word “contract” shall have the meaning set forth in this definition.
- 1.4 “Ancillary Services” has the meaning set forth in the CAISO Tariff.
- 1.5 “Arbitration” has the meaning set forth in Section 12.4.
- 1.6 “Availability” has the meaning set forth in Section 4.1(b)(ii).
- 1.7 “Availability Adjustment” has the meaning set forth in Section 4.1(b)(iii).
- 1.8 “Availability Standards” has the meaning set forth in Section 40.9 of the CAISO Tariff.
- 1.9 “Available Capacity” means the amount of Energy production capability that is available to Buyer for dispatch from a Unit taking into consideration any Planned Outages, Forced Outages, or unavailability due to Force Majeure, or any other reason that would limit the Energy production capability from the Unit.
- 1.10 “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 and such case filed against it is not dismissed in ninety (90) days, (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.

1.11 "Bid" means an offer for the supply of any Product to any of the CAISO markets, including but not limited to Energy and Ancillary Services, which may be in the form of Self-Schedules or be price-based.

1.12 "Bid Cost Recovery" has the meaning set forth in the CAISO Tariff.

1.13 "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.

1.14 "Buyer" has the meaning set forth in the Preamble with the limitations specified in Section 2.4 ("Separation of Functions").

1.15 "Buyer's WREGIS Account" has the meaning set forth in Section 3.1(j)(i).

1.16 "CAISO" means the California Independent System Operator Corporation or any successor entity performing similar functions.

1.17 "CAISO Agreements Notice Date" has the meaning set forth in Section 2.8.

1.18 "CAISO Grid" means the system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the CAISO's operational control.

1.19 "CAISO Tariff" means the California Independent System Operator Corporation, Fifth Replacement FERC Electric Tariff (Open Access Transmission Tariff), 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 California State Senate Bills 1038 and 1078, codified in California Public Utilities Code Sections 399.11 through 399.20 and California Public Resources Code Sections 25740 through 25751, as such provisions are amended or supplemented from time to time.

1.21 "Capacity Attributes" means any current or future defined characteristic, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific as to the location or any other attribute of the Project or a given Unit, intended to value any aspect of the capacity of the Project or a given Unit to produce Energy or Ancillary Services, including, but not limited to, any accounting construct so that the full Contract Capacity of the Project or a given Unit, as applicable, may be counted toward a Resource Adequacy Requirement or any other measure by the CPUC, the CAISO, the FERC, or any other entity invested with the authority under federal or state Law, to require Buyer to procure, or to procure at Buyer's expense, Resource Adequacy or other such products.

1.22 “Capacity Test” means a test of a Unit’s capacity performed in accordance with the Capacity Test Procedures and Section 3.1(e)(ii) and includes, without limitation, the Initial Capacity Test, any Seller’s Initial Capacity Re-test, and any Capacity Tests performed during the Delivery Term.

1.23 “Capacity Test Procedures” has the meaning set forth in Section 3.1(e)(ii)(D).

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

1.25 “CEC Certification and Verification” means that the CEC has certified that the ERR Resources are each an ERR for purposes of the California Renewables Portfolio Standard and that all Energy produced by the ERR Resources qualifies as generation from an ERR.

1.26 “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 or expiration of this Agreement.

1.27 “Condition Precedent” means each of, or one of, the conditions set forth in Section 2.5(a) and “Conditions Precedent” shall refer to all of the conditions set forth in Section 2.5(a).

1.28 “Contract Capacity” has the meaning set forth in Section 3.1(e).

1.29 “Contract Year Price” means the price to be paid by Buyer to Seller for the purchase of all Products from the Units with the exception of Energy and Ancillary Services, as specified in Section 4.1(a).

1.30 “Contract Year” means (i) the period starting from the Initial Delivery Date and continuing until the end of December 31, 2013 for the first Contract Year, and (ii) the period of twelve (12) consecutive months from January 1 through the end of December 31 for Contract Years two (2) through five (5).

1.31 “Control Center Facility” is the location selected in PG&E’s sole discretion from which the Project is remotely controlled by PG&E.

1.32 “Control Center Services” has the meaning as set forth in Appendix XX.

1.33 “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 in entering into new arrangements which replace the Terminated Transaction; and (b) all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of the Transaction.

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

1.35 “CPUC Application” has the meaning set forth in Section 2.5(b).

1.36 "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.

To the extent procurement is from a non-ERR Resource, item (b) above shall not apply.

1.37 "CPUC Approval Notice Date" has the meaning set forth in Section 2.5(e).

1.38 "Curtailed Order" means any of the following:

(a) the CAISO, Reliability Coordinator, Balancing Authority or any other entity having similar authority or performing similar functions during the Delivery Term, orders, directs, alerts, or provides notice to a Party to curtail Energy deliveries for reasons including, but not limited to, (i) any system emergency, as defined in the CAISO Tariff ("System Emergency"), or (ii) any warning of an anticipated System Emergency, or warning of an imminent condition or situation, which jeopardizes the CAISO's electric system integrity or the integrity of other systems to which the CAISO is connected;

(b) a curtailment ordered by the Participating Transmission Owner, distribution operator (if interconnected to distribution or sub-transmission system), or any other entity having similar authority or performing similar functions during the Delivery Term, for reasons including, but not limited to, (i) any situation that affects normal function of the electric system including, but not limited to, any abnormal condition that requires action to prevent circumstances such as equipment damage, loss of load, or abnormal voltage conditions, or (ii) any warning, forecast or anticipation of conditions or situations that jeopardize the Participating Transmission Owner's electric system integrity or the integrity of other systems to which the Participating Transmission Owner is connected;

(c) scheduled or unscheduled maintenance or construction on the Participating Transmission Owner's or distribution operator's transmission or distribution facilities that prevents (i) Buyer from receiving or (ii) Seller from delivering Delivered Energy at a Delivery Point; or

(d) a curtailment in accordance with Seller's obligations under its interconnection agreement with the Participating Transmission Owner or distribution operator.

1.39 "Curtailed Period" means the period of time during which Seller reduces generation from the Project or any Unit pursuant to a Curtailed Order.

- 1.40 “Day Ahead Market” has the meaning set forth in the CAISO Tariff.
- 1.41 “Day-Ahead Schedule” has the meaning set forth in the CAISO Tariff.
- 1.42 “Declared Contract Capacity” means the total generation capacity designated for a given Unit. Appendix IV specifies the Declared Contract Capacity for each respective Unit as of the Execution Date.
- 1.43 “Defaulting Party” means the Party that is subject to an Event of Default.
- 1.44 “Delivered Energy” means all Energy produced from a given Unit as measured in MWh by the CAISO revenue meter for the Unit based on a power factor of precisely one (1) and net of Electrical Losses.
- 1.45 “Delivery Point” means the point at which Buyer receives Seller’s Product from a given Unit, as identified for each respective Unit in Section 3.1(d).
- 1.46 “Delivery Term” has the meaning set forth in Section 3.1(c).
- 1.47 “Disclosing Party” has the meaning set forth in Section 10.7.
- 1.48 “Disclosure Order” has the meaning set forth in Section 10.7.
- 1.49 “Distribution Upgrades” has the meaning set forth in the CAISO Tariff.
- 1.50 “DUNS” means the Data Universal Numbering System, which is a unique nine character identification number provided by Dun and Bradstreet.
- 1.51 “Early Termination Date” has the meaning set forth in Section 5.2.
- 1.52 “Effective Date” means the date on which all of the Conditions Precedent set forth in Section 2.5(a) have been satisfied or waived in writing by both Parties.
- 1.53 “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 a Delivery Point; and (b) distribution losses, if applicable.
- 1.54 “Electric System Upgrades” means any Network Upgrades, Distribution Upgrades, or Interconnection Facilities that are determined to be necessary by the CAISO or Participating Transmission Owner, as applicable, to (i) physically and electrically interconnect the Project to the Participating Transmission Owner’s electric system for receipt of Energy at the Point of Interconnection if connecting to the CAISO Grid, or the point of interconnection as defined in the Participating TO’s tariff, if the applicable portion of the Participating TO’s electric system is not part of the CAISO Grid, and (ii) ensure the delivery of Product from each Unit to Buyer as contemplated under this Agreement.
- 1.55 “Eligible Renewable Energy Resource” or “ERR” has the meaning set forth in California Public Utilities Code Section 399.12 and California Public Resources Code Section 25741, as either code provision is amended or supplemented from time to time.
- 1.56 “ERR Resources” means the following powerhouses: the Oxbow Powerhouse, the French Meadows Powerhouse, and the Hell Hole Powerhouse.

1.57 “Energy” means three-phase, 60-cycle alternating current electric energy measured in MWh and net of auxiliary loads and station electrical uses (unless otherwise specified). In the definition of “Green Attributes,” the word “energy” shall have the meaning set forth in this definition.

1.58 “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.

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

1.60 “Execution Date” means the latest signature date found on the signature page of this Agreement.

1.61 “Executive(s)” has the meaning set forth in Section 12.2(a).

1.62 “Expected MRR MWh” means the product of the MRR Capacity and the Cumulative Declining Balance of Hours specified in Appendix 1-A (Table 1, Column 5), as may be updated by the Parties in accordance with this Agreement.

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

1.64 “FERC License Condition Change” has the meaning set forth in Section 3.4(d)(iii).

1.65 “FERC Reservoir Requirement” has the meaning set forth in Appendix I-A, as may be modified by Seller in accordance with this Agreement.

1.66 “Final True-Up” means the final payment made pursuant to this Agreement settling all invoices by the Party with an outstanding net amount due to the other Party for the Products delivered prior to the end of the Delivery Term or other amounts due pursuant to this Agreement incurred prior to the end of the Delivery Term.

1.67 “Force Majeure” means any event or circumstance which wholly or partly prevents or delays the performance of any material 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 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 or the failure of, or caused by, the Party seeking to have its performance obligations excused thereby.

(a) Subject to the foregoing, events that could qualify as Force Majeure include, but are not limited to, the following:

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

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

(iii) except as set forth in subsection (b)(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

(iv) emergencies declared by the Transmission Provider or any other authorized successor or regional transmission organization or any state or federal regulator or legislature requiring a forced curtailment of the Project or making it impossible for the Transmission Provider to transmit Energy, including Energy to be delivered pursuant to this Agreement; provided that, if a curtailment of the Project pursuant to this subsection (a)(iv) would also meet the definition of a Curtailment Period, then it shall be treated as a Curtailment Period for purposes of Section 3.1(i).

(b) Force Majeure shall not be based on:

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

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

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

(iv) Seller's inability to obtain sufficient fuel, power or materials to operate the 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)(i) through (a)(iv) 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)(i) through (a)(iv) above;

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

(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)(i) through (a)(iv) above; or

(ix) a Party's inability to pay amounts due to the other Party under this Agreement, except if such inability is caused solely by a Force Majeure event that disables physical or electronic facilities necessary to transfer funds to the payee Party.

1.68 "Force Majeure Project Failure" has the meaning set forth in Section 11.2(a).

1.69 "Forced Outage" means any unplanned reduction or suspension of the electrical output from, or unavailability of, a given Unit in whole or in part 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 given Unit for operation, in whole or in part, for maintenance or repair that is not a Planned Outage and not the result of Force Majeure.

1.70 "French Meadows Powerhouse" means the French Meadows Unit described in Appendix IV.

1.71 "Full Capacity Deliverability Status" has the meaning set forth in the CAISO Tariff.

1.72 "Full Capacity Deliverability Status Finding" shall mean a finding by the CAISO that each Unit meets the CAISO's requirements for deliverability at such Unit's Full Capacity Deliverability Status.

1.73 "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, determined in a commercially reasonable manner, subject to Section 5.3 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 platforms (e.g., NYMEX), all of which should be calculated for the remaining Delivery Term to determine the value of the Product.

1.74 "Generally Accepted Accounting Principles" means the standards for accounting and preparation of financial statements established by the Federal Accounting Standards Advisory Board (or its successor agency) or any successor standards adopted pursuant to relevant SEC rule.

1.75 "Good Utility Practice" has the meaning provided in the CAISO Tariff.

1.76 "Governmental Approval" means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any governmental entity and shall include those siting and operating permits and licenses, and any of the foregoing under any applicable environmental Law, that are required for the construction, use and operation of the Project or a given Unit.

1.77 "Governmental Authority" means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, having jurisdiction as to the matter in question.

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

1.79 “Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere;¹ (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Project, (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits. If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project.

1.80 “Grid Management Charges” has the meaning set forth in the CAISO Tariff.

1.81 “Hell Hole Meter” has the meaning set forth in Section 2.9.

1.82 “Hell Hole Powerhouse” means the Hell Hole Unit described in Appendix IV.

1.83 “Hours of Operation” refers to those Hours of Operation specified in Appendix 1-A (Table 1), as may be updated by the Parties in accordance with this Agreement.

1.84 “Initial Capacity Test” means a Capacity Test performed prior to the Initial Delivery Date pursuant to Section 3.1(e)(ii)(A).

1.85 “Initial Delivery Date” has the meaning set forth in Section 3.1(c).

¹ Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

- 1.86 “Initial MRR” has the meaning set forth in Section 3.4(d)(iii).
- 1.87 “Initial Negotiation End Date” has the meaning set forth in Section 12.2(a).
- 1.88 “Instructed Operation” means (i) an Operational Order or (ii) a mandatory direction of the Transmission Provider, or a requirement under Seller’s CAISO Participating Generator Agreement (explicitly incorporating Section 5 of the CAISO Tariff as in effect as of the Execution Date or any revision thereof), in order to meet emergencies and reliability needs including voltage support.
- 1.89 “Interconnection Customer’s Interconnection Facilities” has the meaning set forth in the CAISO Tariff.
- 1.90 “Interconnection Facilities” has the meaning set forth in the CAISO Tariff.
- 1.91 “Intercontinental Exchange (ICE)” means the financial company that operates an internet-based marketplace which trade futures and over-the-counter energy and commodity contracts as well as derivative financial products.
- 1.92 “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.
- 1.93 “JAMS” means JAMS, Inc. or its successor entity, a judicial arbitration and mediation service.
- 1.94 “Large Hydro Units” means the Middle Fork Powerhouse and the Ralston Powerhouse.
- 1.95 “Law” means any statute, law, treaty, rule, regulation, CEC guidance document, ordinance, code, permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction, including any of the foregoing that are enacted, amended, or issued after the Execution Date, and which becomes effective after the Execution Date; or any binding interpretation of the foregoing. For purposes of the definitions of “CPUC Approval” and “Green Attributes” and for Section 10.2(b), “Seller Representations and Warranties”, and Section 10.12 “Governing Law”, the term “law” shall have the meaning set forth in this definition.
- 1.96 “LGIA” means the Large Generator Interconnection Agreement and associated documents (or any successor agreement and associated documentation approved by FERC) by and among Seller, the Participating Transmission Owner, and the CAISO governing the terms and conditions of Seller’s interconnection with the Participating TO’s Transmission System, including any description of the plan for interconnecting to Participating TO’s Transmission System.
- 1.97 “LGIP” means the Large Generator Interconnection Procedures set forth in the CAISO Tariff and associated documents; provided that if the LGIP is replaced by such other successor procedures approved by FERC governing interconnection (a) to the Participating TO’s Transmission System or (b) of generating facilities with an expected net capacity equal to or greater than the Project’s Contract Capacity, the term “LGIP” shall then apply to such successor procedure.

1.98 “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, determined in a commercially reasonable manner, subject to Section 5.3 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 platforms (e.g. NYMEX), all of which should be calculated for the remaining term of the Transaction to determine the value of the Product. If the Non-Defaulting Party is the Seller, then “Losses” shall exclude any loss of Production Tax Credits, Energy Investment Tax Credits, or other federal or state tax credits, grants, or benefits related to the Project or generation therefrom.

1.99 “Master File” has the meaning set forth in the CAISO Tariff.

1.100 “Manager” has the meaning set forth in Section 12.2(a).

1.101 “Meter Service Agreement” has the meaning set forth in the CAISO Tariff.

1.102 “Major Maintenance” means an extended outage taken by a Unit that complies with the hourly outage limitations set forth in Section 3.7(b).

1.103 “Middle Fork Powerhouse” means the Middle Fork facility, including Middle Fork Unit 1 and Middle Fork Unit 2, described in Appendix IV.

1.104 “Minimum Reservoir Requirement” or “MRR” has the meaning set forth in Appendix I-A (Table 2), as may be modified by the Parties in accordance with this Agreement.

1.105 “Modified Capacity” has the meaning set forth in Section 4.1(b)(ii).

1.106 “Monthly Payment Amount” has the meaning set forth in Section 4.1(b)(i).

1.107 “MRR Capacity” means, for the Project, two hundred thirty-seven (237) MW.

1.108 “MRR Updated for RA” has the meaning set forth in Section 3.4(d)(iii).

1.109 “MW” means megawatt (AC).

1.110 “MWh” means megawatt-hour.

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

1.112 “Net Rated Output Capacity” means, for each Unit, the Energy production capability as measured at the CAISO revenue meter in any test of capacity inclusive of deductions for all applicable Electrical Losses.

1.113 “Network Upgrades” has the meaning set forth in the CAISO Tariff.

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

1.115 "Non-Summer Months" means the calendar months of January, February, March, April, October, November, and December.

1.116 "Notice," unless otherwise specified in the Agreement, means written communications by a Party to be delivered by hand delivery, United States mail, overnight courier service, facsimile or electronic messaging (e-mail). Appendix XI contains the names and addresses to be used for Notices.

1.117 "Obligor" means the Party breaching the terms of this Agreement.

1.118 "Operating Day" shall mean the day when the Real Time Market runs and Energy is supplied to meet load.

1.119 "Operational Order" means a mandate or order issued by a Governmental Authority to Seller requiring Seller to offer or provide Product or to start up, shut down, curtail or operate the Project or any Unit for a specified period of time and for a specified purpose. An Operational Order includes, for example, a mandate issued by the U.S. Secretary of Energy to offer capacity or Energy or to operate the Project or any Unit during a declared governmental emergency. In contrast, by way of further example, a legal obligation to test the Project or any Unit for the purpose of maintaining any respective Governmental Approval is not an Operational Order.

1.120 "Outage Notification Procedures" means the procedures specified in Appendix VIII, attached hereto. PG&E reserves the right to revise or change the procedures upon written Notice to Seller.

1.121 "Oxbow Powerhouse" means the Oxbow Unit described in Appendix IV.

1.122 "Participating Generator Agreement" has the meaning set forth in the CAISO Tariff.

1.123 "Participating Transmission Owner" or "Participating TO" means an entity that (a) owns, operates and maintains transmission lines and associated facilities and/or has entitlements to use certain transmission lines and associated facilities and (b) has transferred to the CAISO operational control of such facilities and/or entitlements to be made part of the CAISO Grid. For purposes of this Agreement, the Participating Transmission Owner is Pacific Gas and Electric Company.

1.124 "Party" means the Buyer or Seller individually, and "Parties" means both collectively. For purposes of Section 10.12, Governing Law, the word "party" or "parties" shall have the meaning set forth in this definition.

1.125 "Physical Scheduling Plant" or "PSP" has the meaning set forth in the CAISO Tariff, which defines a group of two or more related Units, each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single Unit.

1.126 "Planned Outage" means, for a given Unit, the removal of Unit equipment from service availability for inspection and/or general overhaul of one or more major equipment groups. To qualify as a Planned Outage, the maintenance (a) must actually be conducted during the Planned Outage schedule for the given Unit and comply with Section 3.7, and in Seller's sole

discretion must be of the type that is necessary to reliably maintain the Unit, and (b) cannot be reasonably conducted during Project operations.

1.127 "PNode" means the resource specific pricing node for each Unit, which may be modified or changed by the CAISO from time to time. Appendix IV specifies the PNode for each Unit as of Execution Date.

1.128 "Point of Interconnection" has the meaning set forth in the CAISO Tariff.

1.129 "Preamble" means the paragraph that precedes Article One: General Definitions to this Agreement.

1.130 "Product" means all of the Energy, capacity, and all ancillary products, services, or attributes similar to the foregoing which are or can be produced by or associated with the Project or any Unit, as applicable, including, without limitation, renewable attributes, Renewable Energy Credits, Capacity Attributes, and Green Attributes.

1.131 "Project" means the Middle Fork Powerhouse, the Ralston Powerhouse, the French Meadows Powerhouse, the Oxbow Powerhouse, and the Hell Hole Powerhouse, together with the other assets, tangible and intangible, that compose each such powerhouse, including but not limited to the assets used to connect each powerhouse to its respective Point of Interconnection, all as more particularly described in Appendix IV. For purposes of the definition of "Green Attributes," the word "project" shall have the meaning set forth in this definition.

1.132 "Project's Contract Capacity" means the sum total of each Unit's Contract Capacity when added together.

1.133 "RA Capacity" means the maximum megawatt amount that the CAISO recognizes from a Unit that qualifies for Buyer's Resource Adequacy Requirements and is associated with the Unit's Capacity Attributes.

1.134 "Ralston Powerhouse" means the Ralston Unit described in Appendix IV.

1.135 "Real Time Market" has the meaning set forth in the CAISO Tariff.

1.136 "Referral Date" has the meaning set forth in Section 12.2(a).

1.137 "Reliability Coordinator" has the meaning set forth in the CAISO Tariff.

1.138 "Reliability Reserve Level" has the meaning set forth in Appendix I-A (Table 1 and 2), as may be modified by Buyer in accordance with this Agreement.

1.139 "Renewable Energy Credit" has the meaning set forth in California Public Utilities Code Section 399.12(f) and CPUC Decision 08-08-028, as may be amended from time to time or as further defined or supplemented by Law.

1.140 "Renewable Energy Delivery Adjustment" ("REDA") has the meaning set forth in Section 4.1(a)(iii).

1.141 "Replacement Capacity Rules" means a program set forth in the CAISO Tariff, as it may be amended, supplemented or replaced (in whole or in part) from time to time, setting forth certain requirements to replace Resource Adequacy capacity on planned outages.

1.142 "Reservoir Deficient Month" has the meaning set forth in Section 3.4(d)(iii).

1.143 "Reservoir Requirement Payment" has the meaning set forth in Section 4.1(c).

1.144 "Resource Adequacy" means the procurement obligation of load serving entities, including Buyer, as such obligations are described in CPUC Decisions D.04-10-035 and D.05-10-042 and subsequent CPUC decisions addressing Resource Adequacy issues, as those obligations may be altered from time to time in the CPUC Resource Adequacy Rulemakings (R.) 04-04-003 and (R.) 05-12-013 or by any successor proceeding, and all other Resource Adequacy obligations established by any other entity, including the CAISO.

1.145 "Resource Adequacy Requirements" has the meaning set forth in Section 3.3.

1.146 "Satisfaction Date" has the meaning set forth in Section 2.6.

1.147 "Schedule" has the meaning set forth in the CAISO Tariff.

1.148 "Scheduling Coordinator" or "SC" means an entity certified by the CAISO as qualifying as a Scheduling Coordinator pursuant to the CAISO Tariff, for the purposes of undertaking the functions specified in "Responsibilities of a Scheduling Coordinator", of the CAISO Tariff, as amended from time to time.

1.149 "Scheduling Coordinator Identification" or "SCID" has the meaning set forth in Section 3.4(b)(ii).

1.150 "SEC" means the U.S. Securities and Exchange Commission.

1.151 "Section 22 Approval" has the meaning set forth Section 2.5(a)(iv).

1.152 "Section 22 Application" has the meaning set forth in Section 2.5(c).

1.153 "Self-Schedule" has the meaning set forth in the CAISO Tariff.

1.154 "Seller" has the meaning set forth in the Preamble.

1.155 "Seller Excuse Hours" means those hours during which Seller is unable to meet a Unit's Contract Capacity as a result of: (a) a Planned Outage that complies with Section 3.7; (b) Buyer's failure to perform; or (c) a Curtailment Order directly affecting that Unit; provided that, Seller is only excused from making available the portion of the Unit's Contract Capacity affected by such excused event.

1.156 "Seller's Initial Capacity Re-test" has the meaning set forth in Section 3.1(e)(ii)(A).

1.157 "Seller-modified Bids" has the meaning set forth in Section 3.4(e)(ii).

1.158 "Seller's WREGIS Account" has the meaning set forth in Section 3.1(j)(i).

1.159 "Settlement Amount" means the amount in US\$ equal to the sum of Losses, Gains, and Costs, which the Non-Defaulting Party incurs as a result of the termination of this Agreement.

1.160 "Settlement Interval" means any one of the six ten (10) minute time intervals beginning on any hour and ending on the next hour (e.g. 12:00 to 12:10, 12:10 to 12:20, etc.), as may be modified by the CAISO during the Delivery Term.

1.161 "SLIC" means "Scheduling and Logging for the ISO of California" and refers to a logging application that allows market participants to notify the CAISO when a Unit's properties change due to physical problems.

1.162 "Site" means the location of the Project as described in Appendix IV.

1.163 "Small Hydro Units" means the French Meadows Powerhouse, the Oxbow Powerhouse, and the Hell Hole Powerhouse.

1.164 "SOCRATES" means Buyer's current hydrological model or any successor hydrological model selected by Buyer in its sole discretion.

1.165 "Summer Months" means the calendar months of May, June, July, August, and September.

1.166 "System Emergency" has the meaning provided in subsection (a) of the definition of "Curtailed Order".

1.167 "Term" has the meaning provided in Section 2.6.

1.168 "Terminated Transaction" means the Transaction terminated in accordance with Section 5.2 of this Agreement.

1.169 "Termination Payment" means the payment amount equal to the sum of (a) and (b), where (a) is the Settlement Amount and (b) is the sum of all amounts owed by the Defaulting Party to the Non-Defaulting Party under this Agreement, less any amounts owed by the Non-Defaulting Party to the Defaulting Party determined as of the Early Termination Date.

1.170 "Third-Party SC" means a qualified third party designated by Buyer to provide the Scheduling Coordinator functions for the Project pursuant to this Agreement.

1.171 "Transaction" means the particular transaction described in its entirety in Section 3.1(b) of this Agreement.

1.172 "Transmission Provider" means any entity or entities transmitting or transporting the Product on behalf of Seller or Buyer to or from a Delivery Point. For purposes of this Agreement the Transmission Providers are the Participating TO and the CAISO.

1.173 "Unit" means the Middle Fork Powerhouse, the Ralston Powerhouse, the French Meadows Powerhouse, the Oxbow Powerhouse, or the Hell Hole Powerhouse, as applicable, together with the other assets, tangible and intangible, that compose each such powerhouse, including but not limited to the assets used to connect the powerhouse to its respective Point of Interconnection, as more particularly described in Appendix IV.

1.174 "Unit Allocation Factor" means the percentage of the Monthly Fixed Payment attributed to each Unit Group, as specified in Section 4.1(b)(i).

1.175 "Unit Group" means a grouping of Units in the Project. There are only two Unit Groups for the purposes of this Agreement: Large Hydro Units and Small Hydro Units.

1.176 "Updated MRR" has the meaning set forth in Section 3.4(d)(iii).

1.177 "Water Year Type" has the meaning set forth in Appendix 1-A (Table 3), as may be modified by the Parties in accordance with this Agreement.

1.178 "WECC" means the Western Electricity Coordinating Council or successor agency.

1.179 "WREGIS" means the Western Renewable Energy Generation Information System or any successor renewable energy tracking program.

1.180 "WREGIS Certificate Deficit" has the meaning set forth in Section 3.1(j)(v).

1.181 "WREGIS Certificates" has the same meaning as "Certificate" as defined by WREGIS in the WREGIS Operating Rules and are designated as eligible for complying with the California Renewables Portfolio Standard.

1.182 "WREGIS Deficient Month" has the meaning set forth in Section 3.1(j)(v).

1.183 "WREGIS Operating Rules" means those operating rules and requirements adopted by WREGIS as of June 4, 2007, as subsequently amended, supplemented or replaced (in whole or in part) from time to time.

1.184 "Work" means (a) work or operations performed by a Party or on a Party's behalf, and (b) materials, parts or equipment furnished in connection with such work or operations.

ARTICLE TWO: GOVERNING TERMS AND TERM

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

2.2 Interpretation. The following rules of interpretation shall apply in addition to those set forth in Section 10.13:

(a) The term "month" shall mean a calendar month unless otherwise indicated, and a "day" shall be a 24-hour period beginning at 00:00:00 Pacific Prevailing Time and ending at 24:00:00 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 existing 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 or attachment in or to this Agreement.

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

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

(h) 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.

(i) Except where the context otherwise requires, "or" shall have the inclusive meaning frequently designated by "and/or".

(j) Examples shall not be construed to limit, expressly or by implication, the matter they illustrate.

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 Separation of Functions. PG&E is required to maintain the separation of its transmission and merchant functions pursuant to FERC's Standard of Conduct. The Parties acknowledge that this Agreement is between (a) Seller and (b) Buyer in its capacity as a purchaser of Products and supplier of other marketing and management services, as distinct from the function of PG&E as a transmission owner or a gas local distribution company. Accordingly, the Parties further acknowledge that they have no rights against each other or obligations to each other under this Agreement with respect to any relationship between the Parties in which PG&E is acting in its capacity as owner or provider of electrical interconnection or transmission service or as a gas local distribution company.

2.5 Conditions Precedent.

(a) Conditions Precedent. Subject to Section 2.7 hereof, the Term shall not commence until the occurrence of all of the following:

- (i) This Agreement has been duly executed by the authorized representatives of each of Buyer and Seller;
- (ii) CPUC Approval has been obtained;
- (iii) Buyer has received a final and non-appealable order of the CPUC that finds that Buyer's entry into this Agreement is reasonable and that payments to be made by Buyer hereunder are recoverable in rates; and
- (iv) Subject to Section 2.5(c) below, Seller has received FERC's approval or consent under Federal Power Act Section 22 ("Section 22 Approval") to sell the Project's output to Buyer.

(b) Buyer's Reasonable Efforts. Buyer shall make commercially reasonable efforts to file this Agreement for CPUC Approval ("CPUC Application") within thirty (30) days following the Execution Date.

(c) Section 22 Application. Seller shall file an application for Section 22 Approval ("Section 22 Application") within ninety (90) days following the Execution Date. If Seller fails to timely file a Section 22 Application, then Seller shall be deemed to have waived the Condition Precedent in Section 2.5(a)(iv) above. In the event Seller timely files a Section 22 Application, Buyer shall file an intervention with FERC in support of Seller's Section 22 Application.

(d) Failure to Meet Certain Conditions Precedent. If the Conditions Precedent set forth in Section 2.5(a)(ii) and Section 2.5(a)(iii) are not satisfied or waived in writing by both Parties on or before January 31, 2013, then either Party may terminate this Agreement effective upon receipt of Notice by the other Party. Neither Party shall have any obligation or liability to the other, including for a Termination Payment or otherwise, by reason of such termination.

(e) CPUC Approval Notice Date. If the applicable order or orders issued by the CPUC pursuant to the CPUC Application constitute CPUC Approval, then Buyer shall notify Seller that the CPUC Approval has been obtained promptly following the date that the applicable order or orders have become final and non-appealable ("CPUC Approval Notice Date").

2.6 Term.

(a) The term shall commence upon the satisfaction of the Conditions Precedent as set forth in Section 2.5 of this Agreement and shall remain in effect until the conclusion of the Delivery Term unless terminated sooner pursuant to Section 2.5(d), Section 5.2 or Section 11.2 (the "Term"); provided that, this Agreement shall thereafter remain in effect (i) until the Parties have fulfilled all obligations with respect to the Transaction arising prior to the termination, including payment in full of amounts due pursuant to the Final True-Up, the Settlement Amount, or other damages whether directly or indirectly such as through set-off or netting (the "Satisfaction Date") or (ii) in accordance with the survival provisions set forth in subpart (b) below.

(b) Notwithstanding anything to the contrary in this Agreement, (i) all rights under Section 10.5 (Indemnities) and any other indemnity rights shall survive the Satisfaction Date or the end of the Term (whichever is later) for an additional twelve (12) months; and (ii) all rights and obligations under Section 10.7 (Confidentiality) shall survive the Satisfaction Date or the end of the Term (whichever is later) for an additional two (2) years.

2.7 Binding Nature.

(a) Upon Execution Date. This Agreement shall be effective and binding as of the Execution Date only to the extent required to give full effect to, and enforce, the rights and obligations of the Parties under:

- (i) Sections 5.1(a)(iv)-(v);
- (ii) Section 5.1(a)(ii) only with respect to Section 10.2, and Section 5.1(a)(iii) only with respect to the Sections identified in this Section 2.7;
- (iii) Sections 5.2 through 5.7;
- (iv) [Reserved]
- (v) Sections 10.2, 10.6 through 10.8, and Sections 10.12 through 10.15; and
- (vi) Articles One, Two, Seven, Twelve and Thirteen.

(b) Upon Effective Date. This Agreement shall be in full force and effect, enforceable and binding in all respects, upon occurrence of the Effective Date.

2.8 Seller's CAISO Agreements.

(a) No later than February 1, 2013, the following CAISO agreements shall be in full force and effect between the CAISO and Seller:

- (i) a CAISO Participating Generator Agreement (or successor or similar form of agreement providing for interconnected operation with the CAISO) for the Project;
- (ii) a CAISO Meter Service Agreement (or successor or similar form of agreement) for the Project; and
- (iii) a CAISO Large Generator Interconnection Agreement (LGIA) (or successor or similar form of agreement) for the Project and any other required agreements with the CAISO to allow for interconnection of the Project.

(b) Seller shall notify Buyer that each of the CAISO agreements in Section 2.8(a) has been obtained and is effective with the CAISO promptly following the date upon which all such agreements become effective ("CAISO Agreements Notice Date").

2.9 Hell Hole CAISO Revenue Meter. No later than February 1, 2013, a CAISO revenue meter shall be installed for the Hell Hole Powerhouse that complies with the CAISO's requirements for such a meter ("Hell Hole Meter"). Seller shall notify Buyer that the Hell Hole Meter has been installed and is operational promptly following the date that the Hell Hole Meter commences operation.

ARTICLE THREE: OBLIGATIONS AND DELIVERIES

3.1 Seller's and Buyer's Obligations.

(a) Product. Seller shall deliver and sell the Product to Buyer and Buyer shall receive and purchase the Product from Seller pursuant to the terms and conditions of this Agreement.

(b) Transaction. Unless specifically excused by the terms of this Agreement during the Delivery Term, Seller shall sell and deliver, or cause to be delivered, and Buyer shall purchase and receive, or cause to be received, the Product associated with each Unit at such Unit's Delivery Point, and Buyer shall pay Seller for the Product delivered in accordance with the terms of this Agreement. In no event shall Seller have the right (i) to procure any element of the Product from sources other than the Project or any Unit for sale or delivery to Buyer under this Agreement or (ii) sell Product from the Project or any Unit to a third party. Seller shall be responsible for any costs or charges imposed on or associated with the Product or its delivery of the Product up to and at each Delivery Point. Buyer shall be responsible for any costs or charges imposed on or associated with the Product from each Delivery Point. Each Party agrees to act in good faith in the performance of its obligations under this Agreement.

(c) Delivery Term.

(i) As used herein, "Delivery Term" shall mean the period beginning on the Initial Delivery Date and continuing until and ending at 24:00:00 on December 31, 2017, unless earlier terminated as provided by the terms of this Agreement.

(ii) As used herein, the "Initial Delivery Date" shall be May 1, 2013 at 00:00:00 provided that the following have been satisfied: (A) Seller has obtained the requisite CEC Certification and Verification for the ERR Resources; and (B) all of the applicable Conditions Precedent in Section 2.5(a) of the Agreement have been satisfied or waived in writing. As evidence of the Initial Delivery Date, the Parties shall execute and exchange the "Initial Delivery Date Confirmation Letter" attached hereto as an Appendix XII on or no later than two (2) calendar days following the occurrence of the Initial Delivery Date.

(d) Delivery Points. The Delivery Point for each Unit shall be the Point of Interconnection for that Unit. The Point of Interconnection for each Unit as of the Execution Date is specified in Appendix IV. As of the Execution Date, the Middle Fork Powerhouse and the Ralston Powerhouse have more than one Point of Interconnection and such Points of Interconnection are at different voltages. Each Point of Interconnection for the Middle Fork Powerhouse and the Ralston Powerhouse, respectively, shall separately and collectively be the Delivery Point for such powerhouse.

(e) Contract Capacity / Net Rated Output Capacity.

(i) Contract Capacity. The Contract Capacity of each Unit shall be the lower of the following: (A) the Declared Contract Capacity of the Unit as specified in Appendix IV; or (B) the Net Rated Output Capacity of the Unit as determined pursuant to Section 3.1(e)(ii) below. Throughout the Delivery Term, Seller shall sell all Product produced by the Project or any Unit solely to Buyer.

(ii) Capacity Testing.

(A) Initial Tests. Following the Execution Date and within the one hundred eighty (180) day period prior to the Initial Delivery Date, Seller shall conduct an Initial Capacity Test of each Unit at Seller's expense. Seller shall have the right to perform a re-test of the Initial Capacity Test of any Unit ("Seller's Initial Capacity Re-test"), at Seller's expense, no later than thirty (30) days following the Initial Capacity Test date for such Unit, which may occur after the Initial Delivery Date. Buyer shall decide the date for the Initial Capacity Tests and any Seller's Initial Capacity Re-test, subject to Section 3.1(e)(ii)(D).

(B) Delivery Term Tests. During the Delivery Term, Seller shall conduct a Capacity Test of a given Unit at Seller's expense if requested by Buyer, provided that Seller shall only be required to do so once each Contract Year for a given Unit. Buyer shall decide the date for any such test, subject to Section 3.1(e)(ii)(D).

(C) Additional Tests. Notwithstanding clauses (A) and (B) of this subsection (ii), either Party may request one (1) additional Capacity Test of a given Unit each Contract Year, at its expense; provided that, a Seller's Initial Capacity Re-test of a Unit shall be deemed to be such an additional Capacity Test for that Unit. Buyer shall decide the date for any additional Capacity Tests, subject to Section 3.1(e)(ii)(D).

(D) Test Procedure and Timing. No later than thirty (30) days prior to Buyer's scheduled date for the Initial Capacity Tests, the Parties shall develop and agree upon test procedures ("Capacity Test Procedures") to be used for the Initial Capacity Tests and for all subsequent Capacity Tests. If the Parties cannot agree upon such Capacity Test Procedures by the deadline provided herein, then the Initial Capacity Tests and all subsequent Capacity Tests shall be conducted in accordance with ASME Performance Test Code 18. A Capacity Test shall only be conducted during periods in which hydrological conditions are reasonably expected to produce an accurate measurement of the tested Unit's capacity.

(E) Buyer's Witness of Tests. Buyer shall have the right to access the Site and witness the conduct of any Capacity Test, including the Initial Capacity Tests. Seller shall provide Notice to Buyer at least five (5) Business Days prior to the test day of Seller's test schedule.

(F) Capacity Test Results. Seller shall provide Buyer with the results of each Capacity Test no later than five (5) Business Days after completion of the test. The results of the Initial Capacity Tests and all subsequent Capacity Tests shall include supporting data sufficient to verify the validity of the test results. The results of the Initial Capacity Tests or of the most recent undisputed Capacity Test shall set, effective as of the date of Buyer's receipt of the applicable test results, the Net Rated Output Capacity of the respective Unit for the purpose of determining the Unit's Contract Capacity.

(f) Project.

(i) All Product provided by Seller pursuant to this Agreement shall be supplied from the Project and the respective Units only. The Project and each Unit is further described in Appendix IV.

(ii) Seller shall not make any alteration or modification to the Project or any Unit which results in any loss of the CEC certification of the ERR Resources each as an ERR, or the qualification of the output from each such powerhouse under the requirements of the California Renewables Portfolio Standard, without advance written approval of Buyer. In instances that do not affect the CEC certification of the ERR Resources or the qualification of their output under the California Renewables Portfolio Standard, Seller shall notify Buyer in writing prior to making any alteration or modification to the Project or any Unit which results in any change to the Project's Contract Capacity or the Contract Capacity of any Unit.

(iii) Seller shall not relinquish its possession or demonstrable exclusive right to control the Project or the respective Units without the prior written consent of Buyer, except under circumstances provided in Section 10.6 or as required by Law, such consent shall not be unreasonably withheld, conditioned or delayed.

(g) Interconnection Facilities and Seller Obligations. Seller shall (A) arrange and pay independently for any and all necessary costs under any interconnection agreement with the Participating Transmission Owner; (B) cause the Interconnection Customer's Interconnection Facilities, including any metering facilities, to be maintained; (C) comply with the procedures set forth in the LGIP and applicable agreements or procedures provided under the LGIP in order to obtain any applicable Electric System Upgrades; and (D) obtain Electric System Upgrades, as needed, in order to ensure the safe and reliable delivery of Product from the Project and each Unit up to and including quantities that can be produced utilizing all of the Project's Contract Capacity.

(h) Performance Excuses.

(i) Seller Excuses. Seller shall be excused from making a Unit's Contract Capacity available for the applicable time period during Seller Excuse Hours and Planned Outages as set forth in Section 3.7.

(ii) Buyer Excuses. The performance of Buyer to receive and/or pay for the Product shall be excused only (A) during periods of Force Majeure and (B) by Seller's failure to perform.

(iii) Curtailment. Notwithstanding Section 3.1(b) and this Section 3.1(h), Seller shall reduce output from a Unit during any Curtailment Period.

(iv) No Excuse. Except for a failure or curtailment resulting from a Force Majeure or during a Curtailment Period, the failure of electric transmission or distribution service shall not excuse performance with respect to either Party for the delivery or receipt of Product to be provided under this Agreement.

(i) Greenhouse Gas Emissions Reporting. During the Term, Seller acknowledges that a Governmental Authority may require Buyer to take certain actions with respect to greenhouse gas emissions attributable to the generation of Energy, including, but not limited to, reporting, registering, tracking, allocating for or accounting for such emissions. Promptly following Buyer's written request, Seller agrees to take all commercially reasonable actions and execute or provide any and all documents, information or instruments with respect to generation by the Project or any Unit reasonably necessary to permit Buyer to comply with such requirements, if any.

(j) WREGIS. Seller shall, at its sole expense, take all actions and execute all documents or instruments necessary to ensure that all WREGIS Certificates associated with all Renewable Energy Credits corresponding to all Delivered Energy of the ERR Resources are issued and tracked for purposes of satisfying the requirements of the California Renewables Portfolio Standard and transferred in a timely manner to Buyer for Buyer's sole benefit. Seller shall transfer the Renewable Energy Credits for all such Delivered Energy to Buyer. Seller shall comply with all Laws, including, without limitation, the WREGIS Operating Rules, regarding the certification and transfer of such WREGIS Certificates to Buyer and Buyer shall be given sole title to all such WREGIS Certificates. Seller shall be deemed to have satisfied the warranty in Section 3.1(j)(viii), provided that Seller fulfills its obligations under Sections 3.1(j)(i) through (vii) below. In addition:

(i) Prior to the Initial Delivery Date, Seller shall register the ERR Resources with WREGIS and establish an account with WREGIS ("Seller's WREGIS Account"), which Seller shall maintain until the end of the Delivery Term. Seller shall transfer the WREGIS Certificates using "Forward Certificate Transfers" (as described in the WREGIS Operating Rules) from Seller's WREGIS Account to the WREGIS account(s) of Buyer or the account(s) of a designee that Buyer identifies by Notice to Seller ("Buyer's WREGIS Account"). Seller shall be responsible for all expenses associated with registering the ERR Resources with WREGIS, establishing and maintaining Seller's WREGIS Account, paying WREGIS Certificate issuance and transfer fees, and transferring WREGIS Certificates from Seller's WREGIS Account to Buyer's WREGIS Account.

(ii) Seller shall cause Forward Certificate Transfers to occur on a monthly basis in accordance with the certification procedure established by the WREGIS Operating Rules. Since WREGIS Certificates will only be created for whole MWh amounts of Energy generated, any fractional MWh amounts (i.e., kWh) will be carried forward until sufficient generation is accumulated for the creation of a WREGIS Certificate.

(iii) Seller shall, at its sole expense, ensure that the WREGIS Certificates for a given calendar month correspond with the Delivered Energy of the ERR Resources for such calendar month as evidenced by the ERR Resources' metered data.

(iv) Due to the ninety (90) day delay in the creation of WREGIS Certificates relative to the timing of invoice payment under Article 6, Buyer shall make an invoice payment for a given month in accordance with Article 6 before the WREGIS Certificates for such month are formally transferred to Buyer in accordance with the WREGIS Operating Rules and this Section 3.1(j). Notwithstanding this delay, Buyer shall have all right and title to all such WREGIS Certificates upon payment to Seller in accordance with Article 6.

(v) A "WREGIS Certificate Deficit" means any deficit or shortfall in WREGIS Certificates delivered to Buyer for a calendar month as compared to the Delivered Energy of the ERR Resources for the same calendar month ("WREGIS Deficient Month"). If a WREGIS Certificate Deficit in any month is caused, or the result of any action or inaction by Seller, then Seller shall deliver WREGIS Certificates in the amount of the WREGIS Certificate Deficit to Buyer's WREGIS Account as soon as possible; provided that, if either Party finds that there exists a WREGIS Certificate Deficit one hundred twenty (120) or more days after the end of the calendar year in which such deficit pertains, then regardless of the cause of the deficit Seller shall reimburse Buyer the greater of (X) \$45.00 for each MWh of the WREGIS Certificate Deficit or (Y) Buyer's replacement cost for procuring WREGIS Certificates in the amount of the WREGIS Certificate Deficit. Any amount owed by Seller to Buyer because of a WREGIS

Certificate Deficit shall be made as an adjustment to Seller's next monthly invoice to Buyer in accordance with Article 6, and Buyer shall net such amount against Buyer's subsequent payment(s) to Seller pursuant to Article 6.

(vi) Without limiting Seller's obligations under this Section 3.1(j), if a WREGIS Certificate Deficit is caused solely by an error or omission of WREGIS, the Parties shall cooperate in good faith to cause WREGIS to correct its error or omission.

(vii) If WREGIS changes the WREGIS Operating Rules after the Execution Date or applies the WREGIS Operating Rules in a manner inconsistent with this Section 3.1(j) after the Execution Date, the Parties promptly shall modify this Section 3.1(j) as reasonably required to cause and enable Seller to transfer to Buyer's WREGIS Account a quantity of WREGIS Certificates for each given calendar month that corresponds to the Delivered Energy of the ERR Resources in the same calendar month.

(viii) Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.

(k) Access to Data, Communications Links and Installation.

(i) Commencing on the Initial Delivery Date and continuing throughout the Delivery Term, Seller shall provide to Buyer, in a form reasonably acceptable to Buyer, the data and communications links set forth below on a real-time basis. Seller shall make and bear the cost of any changes to any of the data delivery and communications link provisions below, as reasonably requested by Buyer, which changes Buyer determines are necessary to satisfy CAISO requirements or instructions or for Buyer to perform its Scheduling Coordinator, Control Center Services or settlement functions under this Agreement:

(A) read-only access to meteorological measurements from existing systems;

(B) read-only access to energy output information collected by the supervisory control and data acquisition (SCADA) system for each Unit; provided that, if Buyer is unable to access a Unit's SCADA system, then upon written request from Buyer, Seller shall provide energy output information to Buyer in 1-minute intervals in the form of a flat file to Buyer through a secure file transport protocol (FTP) system with an e-mail back up for each flat file submittal;

(C) read-only access to each Unit's CAISO revenue meter and all meter data for each Unit; and

(D) net plant electrical output of each Unit at the applicable CAISO revenue meter.

(ii) Installation, Maintenance and Repair.

(A) Seller, at its own expense, shall maintain a secure communication link in order to provide Buyer with access to the data required in Section 3.1(k)(i) of this Agreement. As of the Execution Date, the following links were in place:

- a. Foresthill microwave station to Buyer's microwave station at Sacramento St, Auburn, CA; and
- b. Foresthill Remote Intelligent Gateway facility to CAISO through secure ECN network connection.

(B) Seller shall maintain the telecommunications path, hardware, and software necessary to provide accurate data to Buyer or Third-Party SC (as applicable). Seller shall promptly repair and replace as necessary such telecommunication path, hardware and software and shall notify Buyer as soon as Seller learns that any such telecommunication path, hardware and software are providing faulty or incorrect data.

(C) If Buyer notifies Seller of the need for maintenance, repair or replacement of any meteorological stations, telecommunications path, hardware or software, Seller shall maintain, repair or replace such equipment as necessary within five (5) days of receipt of such Notice.

(D) For any occurrence in which Seller's telecommunications system is not available or does not provide quality data and Buyer notifies Seller of the deficiency or Seller becomes aware of the occurrence, Seller shall transmit data to Buyer through any alternate means of communication (i.e., cellular communications from onsite personnel, facsimile, blackberry or equivalent mobile e-mail) until the telecommunications link is re-established.

(iii) Data from Third Parties. Seller agrees and acknowledges that Buyer may seek and obtain from third parties any information relevant to its duties as SC for Seller, including from the Participating Transmission Operator. Seller hereby voluntarily consents to allow the Participating Transmission Operator to share Seller's information with Buyer in furtherance of Buyer's duties as SC for Seller, and agrees to provide the Participating Transmission Owner with written confirmation of such voluntary consent at least ninety (90) days prior to the Initial Delivery Date. Except for data from the CAISO or Participating Transmission Operator, all information requests by the Buyer to any third parties made in accordance with this clause shall be made known to Seller.

(l) Prevailing Wage. Seller shall ensure compliance with California Labor Code section 1771; which requires that for all contracted work performed on public projects over one thousand dollars (\$1,000), workers shall be paid not less than the general prevailing rate of per diem wages and not less than the general prevailing rate of per diem wages for holiday and overtime work, as such rates are established by the Director of Industrial Relations, recognizing that, as set forth in section 1771, the requirement does not apply to work conducted by public agencies, such as Seller, using their own forces.

(m) Obtaining and Maintaining CEC Certification and Verification. Seller shall take all necessary steps including, but not limited to, making or supporting timely filings with the CEC to obtain and maintain CEC Certification and Verification throughout the Term.

3.2 Green Attributes. Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project.

3.3 Reliability Obligations.

(a) Resource Adequacy. During the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all of the Project's Contract Capacity, including Capacity Attributes, from the Project to enable Buyer to meet its Resource Adequacy or successor program requirements, as the CPUC, CAISO or other regional entity may prescribe ("Resource Adequacy Requirements"). Seller agrees that during the Delivery Term Seller shall, at a minimum, comply with the terms set forth in Appendix X to enable Buyer to use all of the capacity, including Capacity Attributes, to be committed by Seller to Buyer pursuant to this Agreement to meet Buyer's Resource Adequacy Requirements. Compliance with the foregoing shall include a Full Capacity Deliverability Status Finding by the CAISO for each Unit. In the event that the CAISO establishes a centralized market for capacity and, in doing so, imposes additional administrative obligations for meeting Resource Adequacy Requirements, then as between Buyer and Seller, Seller shall only be required to perform those administrative obligations that the CAISO directs or requests generators to perform.

(b) [Reserved]

(c) [Reserved]

(d) Buyer shall be responsible for all costs, charges, expenses, penalties, and obligations resulting from any Replacement Capacity Rules regarding Planned Outages; provided that Seller has given Buyer Notice of any scheduled outages subject to the Replacement Capacity Rules at least sixty (60) days before the first day of the month for which the Planned outage will occur. If Seller fails to provide such Notice, then Seller shall be responsible for all costs, charges, expenses, penalties, and obligations resulting from the Replacement Capacity Rules for such outage.

(e) To the extent Seller has an exemption from the Replacement Capacity Rules under the CAISO Tariff, Section 3.3(d) above shall not apply. If Seller would like to request an exemption for this Agreement from the CAISO, Seller shall provide to Buyer, as Seller's Scheduling Coordinator, Notice specifically requesting that Buyer seek certification or approval of this Agreement as an exempt contract pursuant to the CAISO Tariff; provided that Buyer's failure to obtain such exemption shall not be an Event of Default and Buyer shall not have any liability to Seller for such failure.

3.4 Transmission and Scheduling.

(a) Transmission.

(i) Seller's Transmission Service Obligations. During the Delivery Term:

(A) Seller shall arrange and pay independently for any and all necessary electrical interconnection, distribution and/or transmission (and any regulatory approvals required for the foregoing), sufficient to allow Seller to deliver the Product to each Delivery Point for sale pursuant to the terms of this Agreement. Seller's interconnection, distribution and/or transmission arrangements shall provide for Full Capacity Deliverability Status for each Unit as of the Initial Delivery Date and throughout the Delivery Term.

(B) Seller shall bear all risks and costs associated with such transmission service, including, but not limited to, any transmission outages or curtailment to each Delivery Point.

(C) Seller shall fulfill all contractual, metering and applicable interconnection requirements, including those set forth in the Participating Transmission Owner's applicable tariffs, the CAISO Tariff and implementing CAISO standards and requirements, so as to be able to deliver Energy from each Unit to the Delivery Point for that Unit.

(ii) Buyer's Transmission Service Obligations. During the Delivery Term:

(A) Buyer shall arrange and be responsible for transmission service at and from each Delivery Point.

(B) Buyer shall bear all risks and costs associated with such transmission service, including, but not limited to, any transmission outages or curtailment from each Delivery Point.

(C) Buyer shall Schedule or arrange for Scheduling Coordinator services with its Transmission Providers to receive the Product at each Delivery Point.

(D) Subject to Section 4.1(a), Buyer shall be responsible for all CAISO costs and charges, electrical transmission losses and congestion at and from each Delivery Point.

(b) Scheduling Coordinator. Buyer shall act as the Scheduling Coordinator for the Project during the Delivery Term. In that regard, Buyer and Seller shall agree to the following:

(i) Designation as Scheduling Coordinator.

(A) At least ninety (90) days before the Initial Delivery Date, if requested by Buyer, Seller shall take all actions and execute and deliver to Buyer all documents necessary to authorize or designate Buyer, or Third-Party SC, as Seller's Scheduling Coordinator, and Buyer or Third-Party SC, as applicable, shall take all actions and execute and deliver to Seller or CAISO all documents necessary to become and act as Seller's Scheduling Coordinator. If Buyer designates a Third-Party SC, then Buyer shall give Seller Notice of such designation at least ten (10) Business Days before the Third-Party SC assumes Scheduling Coordinator duties hereunder, and Seller shall be entitled to rely on such designation until it is revoked or a new Third-Party SC is appointed by Buyer upon similar Notice. Buyer shall be fully responsible for all acts and omissions of Third-Party SC and for all costs, charges and liabilities incurred by Third-Party SC to the same extent that Buyer would be responsible under this Agreement for such acts, omissions, costs, charges and liabilities if taken, omitted or incurred by Buyer directly.

(B) Seller shall not authorize or designate any other party to act as Scheduling Coordinator, nor shall Seller perform, for its own benefit, the duties of Scheduling Coordinator during the Delivery Term.

(ii) Seller's Scheduling Coordinator Identification (SCID).

(A) Buyer (as Seller's SC) shall secure from the CAISO a unique SCID for the Project, and shall make commercially reasonable efforts to apply for such an SCID with the CAISO as soon as practicable after the Effective Date. Buyer shall promptly notify Seller that the SCID for the Project is active promptly following the date when such SCID becomes active.

(B) Buyer shall grant to Seller read-only access to information that the CAISO makes available to Buyer under the unique SCID for systems related to bidding and scheduling, settlements, metering, outages, and dispatch instructions for the Project for Seller's use and access.

(iii) Replacement of Scheduling Coordinator.

(A) At least ninety (90) days prior to the end of the Delivery Term, or as soon as practicable before the date of any termination of this Agreement prior to the end of the Delivery Term, Seller shall take all actions necessary to terminate the designation of Buyer or the Third-Party SC, as applicable, as Seller's SC. These actions include (I) submitting to the CAISO a designation of a new SC for Seller to replace Buyer or the Third-Party SC (as applicable); (II) causing the newly-designated SC to submit a letter to the CAISO accepting the designation; and (III) informing Buyer and the Third-Party SC (if applicable) of the last date on which Buyer or the Third-Party SC (as applicable) will be Seller's SC.

(B) Buyer shall submit, or if applicable cause the Third-Party SC to submit, a letter to the CAISO identifying the date on which Buyer (or Third-Party SC, as applicable) resigns as Seller's SC on the first to occur of either (I) thirty (30) days prior to the end of the Delivery Term or (II) the Early Termination Date.

(c) Control Center Services. Buyer shall provide Control Center Services for the Project pursuant to Appendix XX.

(d) Coordinated Planning & Operations.

(i) Buyer and Seller shall cooperate to develop coordinated operations schedules and forecasts in accordance with Appendix VII. Seller shall operate and maintain the Project in accordance with Good Utility Practice, applicable NERC reliability criteria, and all FERC, environmental and other regulatory permit and license terms and conditions.

(ii) Buyer and Seller shall share hydrologic information applicable to the Project, including precipitation, temperature, and runoff data and forecasts when available, with the content and in the format specified in Appendix VII, which format may be modified by Buyer from time to time. Buyer shall provide Seller with flow forecasts for the Project from its proprietary hydrological operations model(s) (SOCRATES and/or successor models) on an annual, monthly, and intra-month basis (if necessary), as detailed in Appendix VII. If either Party receives information through the CAISO or directly from the Participating Transmission Owner regarding maintenance that will directly affect the ability to deliver Energy from the Project or any Unit, it will provide this information promptly to the other Party.

(iii) Seller shall have final authority to establish the bidding, scheduling and dispatch of the Project or any Unit, subject to the terms and conditions of this Agreement. Seller

shall maintain sufficient reservoir storage at the French Meadows and Hell Hole reservoirs to meet the Minimum Reservoir Requirement ("MRR") for a particular Water Year Type, which shall be determined by summing the Reliability Reserve Level and the FERC Reservoir Requirement by month as initially set forth in the column entitled Minimum Reservoir Requirement in Table 2 of Appendix I-A ("Initial MRR"). The MRR may be modified during the Delivery Term as follows:

(A) to account for any change to the FERC license issued under the Federal Power Act for the Project requiring Seller to comply with reservoir requirements that differ from the values specified in Appendix I-A (Table 2) in the column entitled FERC Reservoir Requirement and the number and specifications of Water Year Types as defined in Table 3 and used in Table 2 of Appendix I-A ("FERC License Condition Change"). Seller shall notify Buyer of any modification to such column no later than thirty (30) days after the effective day of a FERC License Condition Change and the Parties shall calculate an updated MRR to reflect this change in the FERC Reservoir Requirement ("Updated MRR"); or

(B) to reflect any change to the Resource Adequacy Requirements requiring hydrological resources to be able to operate for an increased number of hours above the Hours of Operation used to establish a portion of the Initial MRR ("MRR Updated for RA").

Each modification to either the FERC Reservoir Requirement or Reliability Reserve Level in which a new MRR is to be calculated shall be incorporated into a new appendix to this Agreement which shall be identified sequentially from Appendix I-A (e.g., Appendix I-B). During each month of the Delivery Term, Buyer shall calculate the sum of the measured reservoir storage levels (in acre-feet) of the French Meadows and Hell Hole reservoirs measured at 0100 hour on the first day of each month, or the reading made nearest to the 0100 hour on the first day of each month if the 0100 hour reading is unavailable ("Actual Combined Reservoir Level"). If in any particular month, the Actual Combined Reservoir Level falls below the most recently calculated MRR for that Water Year Type ("Reservoir Deficient Month"), a Reserve Requirement Payment shall apply pursuant to Section 4.1(c).

(e) Bidding and Scheduling Procedures and Timelines.

(i) Commencing on the Thursday before the Initial Delivery Date, and on every Thursday during the Delivery Term, Buyer will notify Seller (via email) of proposed Day Ahead Market Energy and Ancillary Services Bids for the Units for the period of Monday through Sunday of the following week in the format specified in Appendix VII-1. The format of Appendix VII-1 may be modified by Buyer from time to time.

(ii) Prior to 5:00AM of each day, Seller has the option to electronically send to Buyer updates to the Day Ahead Market Energy and Ancillary Services Bids ("Seller-modified Bids") previously noticed for any Unit, and Buyer shall submit the modified Bids prior to the Day Ahead Market deadline; provided that the Seller-modified Bids must be in the format specified by Buyer. If the Seller-modified Bids do not satisfy the foregoing requirements, Buyer will not have the obligation to submit the Seller-modified Bids and will use the Bids as proposed by Buyer in Section 3.4(e)(i).

(iii) Unless market or hydrological conditions change, Buyer shall use the Bids submitted in the Day Ahead Market as the Real Time Market Bids for the Units, with adjustments as Buyer deems reasonably necessary considering the combination of operational constraints and the results of the Day Ahead Market awards for the Units. Seller has the option to

modify the Real Time Market Bids for any Unit provided that any such modified bid is electronically noticed to Buyer no later than three (3) hours prior to the CAISO scheduling deadline for the Real Time Market. Once Seller's new, long-term FERC license for the Project is effective, electronic notification of updated Real Time Market Bids to Buyer for the Oxbow Powerhouse shall be permitted no later than two (2) hours prior to the scheduling deadline of the Real Time Market. Any change by Seller to the Real Time Market Bids for any of the other Units shall be noticed no later than three (3) hours prior to the CAISO scheduling deadline for the Real Time Market. Any modification by Seller to the Real Time Market Bids for any of the Units shall be in the format specified by Buyer.

(iv) Seller shall independently gain access to CAISO systems required to view the Day Ahead Market and Real Time Market Bids and Day Ahead Market and Real Time Market awards by using CAISO systems in which Seller shall have access pursuant to Section 3.4(b)(ii); however, if Seller is prevented from viewing Day Ahead Market awards due to technical difficulties, upon Seller's notice to Buyer, Buyer shall send Seller (via email) the final Day Ahead Market awards for the Units no earlier than three (3) hours after the CAISO publication of the Day Ahead Market awards. Buyer shall have no obligation to notify Seller of Real Time Market awards electronically.

(v) Any Seller-modified Bids will need to be in compliance with all Resource Adequacy Requirements pursuant to Section 40 of the CAISO Tariff. If Seller-modified Bids are not in compliance with such Resource Adequacy Requirements, Buyer (or the CAISO) shall have the right to adjust the Bids to ensure compliance.

(vi) Should CAISO market operations or deadlines change, the Parties agree to work in good faith to modify those parts of this Section 3.4(e) that require modification.

(f) CAISO Master File Changes. Buyer shall facilitate the submittal to the CAISO of Seller's CAISO Master File data changes pertaining to the Units one time each quarter, unless otherwise agreed by the Parties. Any such changes shall comply with the CAISO Tariff and be subject to CAISO approval.

3.5 Standards of Care.

(a) General Operation. Seller shall comply with all applicable requirements of Law, the CAISO, NERC and WECC relating to the Project (including those related to construction, ownership and/or operation of the Project and those required by Law to be performed by generators).

(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) Reliability Standard. Seller agrees to abide by (i) CPUC General Order No. 167, "Enforcement of Maintenance and Operation Standards for Electrical Generating Facilities", and (ii) all applicable requirements regarding interconnection of the Project and each Unit, including the requirements of the interconnected Participating Transmission Owner.

3.6 Metering. All Energy from each Unit of the Project must be delivered through a Unit's respective CAISO revenue meter and that meter must be dedicated exclusively to the respective

Unit. All Energy purchased under this Agreement must be measured by a given Unit's CAISO revenue meter to be eligible for payment under this Agreement. Seller shall bear all costs relating to all metering equipment installed to accommodate the Project and each Unit. In addition, Seller hereby agrees to provide all meter data to Buyer in a form acceptable to Buyer, and consents to Buyer obtaining from the CAISO the CAISO meter data applicable to the Project and each Unit 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 meter(s) at each Unit. 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.

3.7 Outage Planning and Notification.

(a) CAISO Approval of Outage(s). Buyer is responsible for securing CAISO approval for Project or Unit outages, including securing changes in its outage schedules when CAISO disapproves Buyer's proposed outage schedule or cancels previously approved outages. Buyer shall put forth commercially reasonable efforts to secure and communicate to CAISO approvals for Unit outages in a timely manner to Seller. Buyer is responsible for entering Unit outages in the Scheduling and Logging System for the CAISO (SLIC).

(b) Planned Outages Notification and Restrictions. During the Delivery Term, Seller shall notify Buyer of its proposed Planned Outage schedule for the Project, in accordance with Appendix VIII, as follows:

(i) Seller shall provide Notice of the Planned Outage Schedule for the next calendar year, no later than July 1st of the prior calendar year, commencing on July 1, 2013 and every calendar year in the Delivery Term thereafter,

(ii) Seller shall confirm or provide Notice of any updates to the Planned Outage Schedule for the next twelve (12) months that overlap with the Delivery Term starting with the subject calendar month no later than ninety (90) days prior to the commencement of each calendar month during the Delivery Term; and

(iii) Seller shall provide Notice of any intra-month changes to the Planned Outage Schedule no later than 10:00 A.M. of the day of the request and no later than the earlier of fourteen (14) Business Days prior to the Operating Day of the outage or two (2) Business Days prior to the CAISO deadline for submitting CAISO planned outages, of which can be approved or denied by Buyer.

All Planned Outage schedules proposed by Seller shall be subject to Buyer's approval, which approval may not be unreasonably withheld or conditioned. To the extent that Notice of any update or change is not provided in accordance with the timeline in this Section 3.7(b), the applicable Unit shall be deemed unavailable for the purposes of calculating Availability pursuant to Section 4.1(b), regardless of the CAISO's approval of such outage as a CAISO planned outage. Seller shall not conduct Planned Outages during the Summer Months, and is restricted to a Contract Year maximum of (i) 840 hours for each of the Ralston Powerhouse, the Middle Fork Powerhouse and the Oxbow Powerhouse and maintenance on each such powerhouse shall be conducted concurrently to the extent practicable, (ii) 150 hours for the Hell Hole Powerhouse,

and (iii) 504 hours for the French Meadows Powerhouse during non-Major Maintenance years. Major Maintenance shall only be allowed to take place one time during the Delivery Term for a given Unit and the Contract Year hourly maximum for a Major Maintenance year shall be no more than 2,160 hours for all Units. The 2,160-hour maximum on Major Maintenance hours shall be allocated for each Unit individually and maintenance shall be conducted concurrently to the extent practicable. Buyer may provide exceptions to the foregoing restrictions if Buyer believes such Outages are required and cannot be delayed to another date. Seller shall contact Buyer with any requested changes to the Planned Outage schedule if Seller believes the Project must be shut down to conduct maintenance that cannot be delayed until the next scheduled Planned Outage consistent with Good Utility Practices. Seller shall make reasonable efforts to complete Work during periods of Outages in the shortest possible time in order to return the affected Units to normal operation. Seller shall not change its Planned Outage schedule without Buyer's prior approval, not to be unreasonably withheld or conditioned. Seller shall not substitute Energy from any other source for the output of the Project or any Unit during a Planned Outage. Subject to Section 3.7, after any Planned Outage has been scheduled, at any time up to the commencement of work for the Planned Outage, Buyer may direct that Seller change its outage schedule as ordered by CAISO. For non-CAISO ordered changes to a Planned Outage schedule requested by Buyer, Seller shall notify Buyer of any incremental costs associated with such schedule change and an alternative schedule change, if any, that would entail lower incremental costs. If Buyer agrees to pay the incremental costs, Seller shall use commercially reasonable efforts to accommodate Buyer's request.

(d) Forced Outages. Seller shall orally notify the Control Center Facility of a Forced Outage within ten (10) minutes of Seller's awareness of the Forced Outage if such discussion regarding the Forced Outage has not already taken place between the Parties. Forced Outage notification shall be made in accordance with the notification procedures set forth in Appendix VIII. Buyer shall put forth commercially reasonable efforts to submit such outages to CAISO.

(e) Available Capacity. Seller shall notify Buyer of changes in the availability of any Unit not previously noticed in the Planned Outage Schedule as soon as practicable in accordance with the notification provisions in Appendix VIII.

(f) Force Majeure. Prior to the expiration of the second full Business Day subsequent to the commencement of an event of Force Majeure, the non-performing Party shall provide the other Party with 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 Notice in the form of a letter describing in detail the particulars of the occurrence giving rise to the Force Majeure claim, including the expected duration and effect of such event of Force Majeure. Failure to provide timely Notice constitutes a waiver of a Force Majeure claim. Promptly, but in any event within ten (10) days after a Notice is given as described above, the Parties shall meet to discuss the basis and terms upon which the arrangements set out in this Agreement shall be continued taking into account the effects of such Force Majeure event. Seller shall not substitute Product from any other source for the output of the Project or any Unit during an outage resulting from Force Majeure. 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. Each Party suffering a Force Majeure event shall take, or cause to be taken, such action as may be necessary to void, or nullify, or otherwise to mitigate, in all material respects, the effects of such Force Majeure event. The Parties shall take all reasonable steps to ensure resumption of normal performance under this Agreement after the cessation of any Force Majeure event. 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.

(g) Communications with CAISO. Buyer or Third-Party SC, in coordination with 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.

(h) Changes to Operating Procedures. Notwithstanding any language to the contrary contained in Sections 3.4, 3.6, 3.7 or 3.8 or Appendix VIII, Seller understands and acknowledges that the specified access to data and installation and maintenance of weather stations, transmission and scheduling mechanisms, metering requirements, Outage Notification Procedures and operating procedures described in the above-referenced sections are subject to change by Buyer from time to time and, upon receipt of Notice of any such changes, Seller agrees to work in good faith to implement any such changes as reasonably deemed necessary by Buyer; provided that any such change does not result in an increase in the cost of performance to Seller hereunder other than *de minimis* amounts.

3.8 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. Such log shall include, but not be limited to, information on power production, 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. Buyer, its authorized agents, employees and inspectors shall have the right of ingress to and egress from the Project and each Unit and all related facilities on reasonable advance notice and accompanied by Seller's representative 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 (if PG&E is the Participating Transmission Owner), 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 Project operator. Seller shall keep Buyer advised of current procedures for contacting the Project operator's Safety and Security Departments.

ARTICLE FOUR: PRODUCT COMPENSATION

4.1 Compensation.

(a) Payment for Product.

(i) The Contract Year Price for all Product except for Energy and Ancillary Services for each Contract Year shall be as follows:

<u>Contract Year</u>	<u>Date</u>	<u>Contract Year Price</u>
1	May 2013 - Dec 2013	\$14,500,000.00
2	Jan 2014 - Dec 2014	\$14,500,000.00
3	Jan 2015 - Dec 2015	\$14,500,000.00

4	Jan 2016 - Dec 2016	\$14,500,000.00
5	Jan 2017 - Dec 2017	\$14,500,000.00

The Contract Year Price shall be paid by Buyer to Seller in accordance with Article 6 on a monthly basis as a “Monthly Payment Amount” pursuant to Section 4.1(b). Appendix XIII provides an illustrative example of the allocation of Contract Year Price on a monthly basis.

(ii) Payment for Energy and Ancillary Services delivered from the Project during the Delivery Term shall be equal to ninety-seven percent (97%) times the net revenue or loss from the following: (i) the CAISO Day Ahead Market Energy and Ancillary Services revenues, costs, and charges for all Units at their respective PNode or APNode (pursuant to Appendix IV), (ii) the Real-Time Market Energy and Ancillary Services revenues, costs and charges for all Units at their respective PNode or APNode (pursuant to Appendix IV), (iii) any Bid Cost Recovery payments from the CAISO for the Units, (iv) any CAISO penalties incurred for the Units due to bidding or scheduling of Product in the CAISO Day Ahead and intra-day markets, (v) all Grid Management Charges assessed for the Units, and (vi) any fees or charges related to the CAISO Scheduling Coordinator ID specifically designated for the Project; provided that, if the calculated value of (i) through (vi) results in a net loss, then Seller shall pay Buyer ninety-seven percent (97%) of the calculated net loss in accordance with Article 6.

(A) Notwithstanding Section 4.1(a)(ii), Seller shall assume all liabilities and reimburse Buyer for any and all CAISO charges and penalties incurred by Buyer because of Seller’s failure to perform any covenant or obligation set forth in this Agreement. Buyer shall assume all liability and reimburse Seller for any and all CAISO charges and penalties incurred by Seller as a result of Buyer’s actions including those resulting from Buyer’s failure to perform any Control Center Services pursuant to Appendix XX.

(B) Seller shall not be liable for costs and charges incurred by the CAISO nor receive any revenues or benefits that Buyer receives with respect to Availability Standards, with the following CAISO charge codes in existence as of the Execution Date, but subject to change from time to time: 8820, 8824, 8826, 8821, 8825, 8827.

(iii) Renewable Energy Delivery Adjustment. A Renewable Energy Delivery Adjustment (“REDA”) shall be calculated on the first month after the end of each Contract Year, based on Delivered Energy for all months of the prior Contract Year from the ERR Resources, as follows (with an illustrative example in Appendix XIX):

(A) Energy Deliveries Within Threshold. If the sum of Delivered Energy from the ERR Resources is between 40,000 MWh and 80,000 MWh (for Contract Year 1) or between 70,000 and 110,000 MWh (for Contract Year 2, 3, 4 or 5), then REDA shall be zero;

(B) Energy Deliveries Above Threshold. If the sum of Delivered Energy from the ERR Resources is greater than 80,000 MWh (for Contract Year 1) or 110,000 MWh (for Contract Year 2, 3, 4 or 5), REDA shall be \$45 multiplied by the difference between (a) the sum of Delivered Energy from the ERR Resources for the subject Contract Year, and (b) 80,000 MWh (for Contract Year 1) or 110,000 MWh (for Contract Year 2, 3, 4 or 5), paid by Buyer to Seller on the first month following the end of the Contract Year in accordance with Article 6;

(C) Energy Deliveries Below Threshold. If the sum of Delivered Energy from the ERR Resources is less than 40,000 MWh (for Contract Year 1) or 70,000 MWh

(for Contract Year 2, 3, 4 or 5), REDA shall be calculated as: \$45 multiplied by the difference between (a) 40,000 MWh (for Contract Year 1) or 70,000 MWh (for Contract Year 2, 3, 4 or 5), and (b) the sum of Delivered Energy from the ERR Resources for the subject Contract Year. If the REDA calculated in this Section is greater than the sum of the Availability-adjusted Monthly Payment Amount attributed to the ERR Resources for the subject Contract Year calculated pursuant to Section 4.1(b), then REDA for the subject Contract Year shall be reduced to the sum of the Availability-adjusted Monthly Payment Amount attributed to the ERR Resources for the subject Contract Year, payable from Seller to Buyer on the first month following the end of the subject Contract Year in accordance with Article 6.

(b) Monthly Payment Amount and Availability.

(i) Monthly Payment Amount. During each month of the Delivery Term, Buyer shall pay Seller, in arrears, a Monthly Payment Amount (“MPA”), as full payment for all Product except for Energy and Ancillary Services as follows (with an illustrative example in Appendix XVI); provided that, the Monthly Payment Amount for any month that is an Reservoir Deficient Month shall be reduced to zero pursuant to Section 4.2(c)(i).

$$MPA_m = [CP_Y * MAF_m * UAF_{LH} * AA_{m,LH}] + [CP_Y * MAF_m * UAF_{SH} * AA_{m,SH}]$$

MPA_m is the Monthly Payment Amount for the subject month *m*;

CP_Y is the Contract Year Price for Contract Year *y*, as specified in Section 4.1(a);

UAF_{LH} is the Unit Allocation Factor for Large Hydro Units equal to 70%;

UAF_{SH} is the Unit Allocation Factor for Small Hydro Units equal to 30%;

MAF_m is the Monthly Allocation Factor set forth in Appendix XIV for month *m*;

AA_{m,LH} is the monthly Availability Adjustment for Large Hydro Units for month *m*, calculated pursuant to Section 4(b)(ii);

AA_{m,SH} is the monthly Availability Adjustment for Small Hydro Units for month *m*, determined pursuant to Section 4(b)(ii);

(ii) Calculation of Availability. Availability (as defined below) shall be calculated on a monthly basis for the two Unit Groups by Seller using availability data as reasonably specified by Buyer and subject to audit by Buyer on a monthly basis. To the extent any Unit was unavailable to Buyer due to Instructed Operations or a Planned Outage that complies with the requirements of Section 3.7, the Unit shall be deemed available for the purpose of determining Availability. “Availability” shall be measured as a percentage and determined as follows:

$$Availability_{m,g} = [\sum \text{Min} (MC_{h,g}, TC_{m,g})] / [TC_{m,g} * N]$$

Where summation is from *h*=1 to *N* (the number of hours in month *m*)

Availability_{m,g} is the Availability for month *m* for the subject Unit Group *g*.

$TC_{m,g}$ is the Threshold Capacity for Unit Group g for month m .

Threshold Capacity (Large Hydro Units, Summer Months) = 205MW
Threshold Capacity (Large Hydro, Non-Summer Months) = 200MW
Threshold Capacity (Small Hydro, all months) = 20MW

$MC_{h,g}$ is the Modified Capacity of Unit Group g during hour h . Modified Capacity shall be the total sum of the Contract Capacities of the Units in the respective Unit Group minus capacity unavailable to Buyer due to (i) any Forced Outage (whether full or partial derates), (ii) any Planned Outage to the extent it does not comply with Section 3.7, or (iii) any failure of Seller to notify Buyer of a Unit's availability, (iv) a Force Majeure event, (v) any failure of Seller to notify Buyer of any outage by the deadline specified in Section 3.7, or (vi) failure of Seller to meet the MRR Updated for RA pursuant to Section 4.1(c)(ii)(I) provided that for this element only the quantity of RA capacity unavailable to Buyer shall be used to determine Modified Capacity in the calculation. Modified Capacity shall be adjusted proportionally downward for partial derates and partial hour availability.

(iii) Availability Adjustment (AA). During each month of the Delivery Term, the Availability Adjustment ("AA") for each Unit Group to be used in the determination of the Monthly Payment Amount, measured as a percentage, shall be determined as follows:

If Availability is equal to or greater than 100%, then AA = 100%.
If Availability is less than 100% and greater than or equal to 50% then AA = Availability calculated in accordance with Section 4.1(b)(ii); and
If Availability is less than 50% then AA = 0%.

Unavailability shall not result in a breach or Event of Default hereunder except as provided in Section 5.1(b)(ii).

(iv) During each month of the Delivery Term, Buyer shall pay Seller for all Energy and Ancillary Services from the Units as provided for and determined pursuant to Section 4.1(a)(ii) and in accordance with Article 6.

(c) Reservoir Requirement Payment. The Reservoir Requirement Payment means and refers to subsections (i) and (ii) of this Section 4.1(c).

(i) If there is no MRR Updated for RA, then for any month that Buyer deems to be a Reservoir Deficient Month, the following shall apply:

(A) Seller shall pay to Buyer the product of the following: (v) \$70/kw-year, (x) the Monthly Allocation Factor applicable to the Reservoir Deficient Month, (y) the Project's Contract Capacity (in MW), and (z) 1,000 KW/MW, conversion factor; and

(B) the Monthly Payment Amount for such Reservoir Deficient Month pursuant to Section 4.1(b) shall be reduced to zero.

(ii) If there is an MRR Updated for RA, then for any month that Buyer deems to be a Reservoir Deficient Month, the following shall apply:

(A) If the Actual Combined Reservoir Level is less than the MRR Updated for RA but greater than the Initial MRR or Updated MRR (if it exists), then the

Reservoir Requirement Payment shall only be based on the amount of MRR capacity unavailable to Buyer for the month as a result of Seller not meeting the MRR Updated for RA. The reduction shall be calculated as the difference between the MRR Capacity and the reduced level of capacity from the Units available to Buyer under the Actual Combined Reservoir Level as illustrated in Appendix V (Scenario 3A). Such reduction in capacity available to Buyer shall be accounted for in the calculation of Modified Capacity for the Large Hydro Units pursuant to Section 4.1(b)(ii) and a reduction to Monthly Payment Amount for the Reservoir Deficient Month shall result.

(B) If the Actual Combined Reservoir Level is below both the MRR Updated for RA and either the Initial MRR or Updated MRR (if it exists), then Section 4.1(c)(i) shall apply as the Reservoir Requirement Payment.

Appendix V contains illustrative examples of the Reservoir Requirement Payment pursuant to this Section 4.1(c).

4.2 Buyer Services List. During the Delivery Term, Buyer shall make the services listed in Appendix II available to Seller to the extent that Buyer performs such services for its own operations; provided that, the terms and conditions for the provision of and payment for any such services shall be specified in and subject to a mutually agreeable separate agreement.

4.3 Additional Compensation. To the extent not otherwise provided for in this Agreement, in the event that Seller is compensated by a third party for any Product produced by the Project or any Unit, including, but not limited to, compensation for Resource Adequacy, Ancillary Services or Green Attributes, Seller shall remit all such compensation directly to Buyer; provided that for avoidance of doubt, nothing herein precludes Seller from retaining credits related to Electric System Upgrades contemplated in Section 3.1(g)(i).

ARTICLE FIVE: EVENTS OF DEFAULT

5.1 Events 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 (A) is false or misleading in any material respect when made or (B) with respect to Section 10.2(b), becomes false or misleading in any material respect during the Delivery Term; provided that, if a change in Law occurs after the Execution Date that causes the representation and warranty made by Seller in Section 10.2(b) to be materially false or misleading, such breach of the representation or warranty in Section 10.2(b) shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in Law during the Delivery Term in order to make the representation and warranty no longer false, or misleading;

(iii) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default), if such failure is not remedied within thirty (30) days after Notice;

(iv) such Party becomes Bankrupt; or

(v) 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.

(b) with respect to Seller as the Defaulting Party, the occurrence of any of the following:

(i) if at any time during the Term of this Agreement, Seller delivers or attempts to deliver to any Delivery Point for sale under this Agreement Energy that was not generated by the Project or a Unit; or

(ii) The Availability, calculated pursuant to Section 4.1(b), of the Project is less than sixty percent (60%) of the Project's Contract Capacity for twelve (12) consecutive months for reasons other than Seller Excuse Hours.

5.2 Declaration of Early Termination Date. If an Event of Default with respect to a Defaulting Party shall have occurred and is continuing, the other Party ("Non-Defaulting Party") shall have the following rights:

(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") as of which the Settlement Amount shall be calculated;

(b) accelerate all amounts owing between the Parties, terminate the Transaction and end the Delivery Term effective as of the Early Termination Date;

(c) withhold any payments due to the Defaulting Party under this Agreement;

(d) suspend performance; and

(e) exercise any other rights or remedies available at Law or in equity to the extent otherwise permitted under this Agreement.

5.3 Calculation of Termination Payment.

(a) 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. 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 PNodes (as selected by the Non-Defaulting Party from the respective PNodes for the Units), (d) for the remaining Delivery Term, and (e) any other commercially reasonable manner.

(b) If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of the Terminated Transaction, the Settlement Amount shall be zero.

(c) 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, provided that a true-up of the payment obligation pursuant to Section 4.1(a)(ii) may be performed after the Early Termination Date as part of the Final True-Up but no later than twelve months after the Satisfaction Date or the end of the Term (whichever is later).

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. Disputes regarding the Termination Payment shall be determined in accordance with Article Twelve.

5.6 Rights And Remedies Are Cumulative. 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.

5.7 Duty to Mitigate. Buyer and Seller shall each have a duty to mitigate damages pursuant to this Agreement, and each shall use reasonable efforts to minimize any damages it may incur as a result of the other Party's non-performance of this Agreement, including with respect to termination of this Agreement.

ARTICLE SIX: PAYMENT

6.1 Billing and Payment. On or about the tenth (10th) day of each month beginning with the second month of the first Contract Year, and every month thereafter, and continuing through the first month following the end of the Delivery Term, Seller shall provide to Buyer, in the format specified by Buyer, the following:

(a) records of metered data, including CAISO metering and transaction data sufficient to document and verify the generation of Product by the Project for any CAISO settlement time interval during the preceding months;

(b) an invoice for the Monthly Payment Amount pursuant to Section 4.1(b) in arrears for the subject month including adequate detail of the calculation of the Monthly Payment amount;

(c) an invoice pursuant to Section 4.1(a)(ii) in arrears for the subject month, provided that the calculation of such payment shall be based on the latest available CAISO settlement statements and shall be subject to a true-up in later months if required (the timeline of such true-ups to be determined by mutual agreement); and

(d) an invoice pursuant to Section 4.1(a)(iii) ("REDA") if any such amounts are owed from Buyer to Seller.

The invoices from Seller to Buyer for Sections 6.1(b) through (d) can be combined into one statement. Buyer shall provide to Seller an invoice if any such amounts are owed to Buyer from Seller pursuant to Section 4.1(a)(ii), Section 4.1(a)(iii) ("REDA"), Section 3.1(j)(v), Section 4.1(c) ("Reservoir Requirement Payment"), or as otherwise provided by the terms of this Agreement. If each Party is required to pay the other Party in the same month under this Agreement, then the Party owing the greater aggregate amount shall pay to the other Party the difference between the undisputed amount of such invoices on or before the later of the twenty-fifth (25th) day of each month and fifteen (15) 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 following Business Day. Seller shall continue to provide to Buyer an invoice each month for any amounts owed to Seller from Buyer until the date of the Final True-Up. 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 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 3.6, 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 Product delivered under the Transaction during the period of inaccuracy. At Seller's request, Buyer shall submit disputes concerning CAISO's settlement statements in payment for Energy and Ancillary services delivered from the Units if (i) the disputed amount exceeds the dollar threshold that Buyer at the time uses as its standard for disputes with the CAISO, and (ii) Seller provides written notice to Buyer of the dispute at least two (2) Business Days prior to the CAISO deadline for submitting such disputes. 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) days of such resolution along with interest accrued at the Interest Rate from and including the due date, 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, 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. 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.

ARTICLE SEVEN: LIMITATIONS

7.1 Limitation of Remedies, Liability and Damages. 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 EXCEPT TO THE EXTENT PART OF AN EXPRESS REMEDY OR MEASURE OF DAMAGES HEREIN.

UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF SECTION 10.5 (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 REPORTING REQUIREMENTS

8.1 Buyer Financial Information. If requested by Seller, Buyer shall deliver to Seller (a) within one hundred twenty (120) 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 (60) 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. Buyer shall be deemed to have satisfied such delivery requirement if the applicable report is publicly available on www.pge-corp.com or on the SEC EDGAR information retrieval system; provided however, 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.

8.2 Seller Financial Information. If requested by Buyer, Seller shall deliver to Buyer (a) within one hundred twenty (120) days following the end of each fiscal year, a copy of Seller's annual report containing unaudited consolidated financial statements for such fiscal year (or audited consolidated financial statements for such fiscal year if otherwise available). In all cases the statements shall be for the most recent accounting year and shall be prepared in accordance with Generally Accepted Accounting Principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation, such delay shall not be an Event of Default so long as such Party diligently pursues the preparation, and delivery of the statements.

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 Authority ("Governmental Charges") on or with respect to the Product or the Transaction arising at each 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 each 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. A Party that is exempt at any time and for any reason from one or more Governmental Charges bears the risk that such exemption shall be lost or the benefit of such exemption reduced; and thus, in the event a Party's exemption is lost or reduced, each Party's responsibility with respect to such Governmental Charge shall be in accordance with the first four sentences of this Section.

ARTICLE TEN: MISCELLANEOUS

10.1 Recording. Unless a Party expressly objects to a recording at the beginning of a telephone conversation, each Party consents to the creation of a tape or electronic recording of all telephone conversations between Buyer's employees or representatives performing a Scheduling Coordinator function as provided in Section 3.4(b) and any representative of Seller. The Parties agree 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.

10.2 Representations and Warranties.

(a) General Representations and Warranties. On the Execution Date, each Party represents and warrants to the other Party that:

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

(ii) it has all regulatory authorizations necessary for it to perform its obligations under this Agreement, except for (A) CPUC Approval in the case of Buyer, and (B) all permits necessary to install, operate and maintain the Project and the Section 22 Approval, if applicable, in the case of Seller;

(iii) 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 Laws applicable to it;

(iv) 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;

(v) 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;

(vi) 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;

(vii) 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;

(viii) 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; and

(ix) 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.

(b) Seller Representations and Warranties. Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the ERR Resources of the Project qualify and are certified by the CEC each as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be

materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. 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.

(c) Supplement to Seller Representations and Warranties. To the extent a change in Law occurs after execution of this Agreement that causes the representation and warranty set forth in Section 10.2(b) above to be materially false or misleading, Seller shall be deemed to have made commercially reasonable efforts to comply with such change in Law if Seller takes all actions to comply with or implement any change or improvement to the Project to maintain such certification or qualification ("RPS Qualification Improvement") which would require Seller to incur, in the aggregate, costs up to \$250,000.00 over the Term of this Agreement ("RPS Qualification Expenditure Maximum") If after such change in Law has occurred, Seller determines that it will exceed the RPS Qualification Expenditure Maximum to implement the RPS Qualification Improvement, Seller shall notify Buyer and provide documentation and calculations to support the expected exceedence ("RPS Qualification Improvement Notice"). Buyer shall then have sixty (60) days after receipt of the RPS Qualification Improvement Notice to verify or dispute Seller's documentation and calculation. The Parties shall then have thirty (30) days to agree in writing (such agreement not to be unreasonably withheld, conditioned or delayed) on the amount by which Seller will exceed the RPS Qualification Expenditure Maximum in order to satisfy the RPS Qualification Improvement ("RPS Qualification Improvement Amount Agreement"). Buyer may then:

(i) elect to pay Seller the amount set forth in the RPS Qualification Improvement Amount Agreement and notify Seller of such election, subject to CPUC Approval (if required), within ten (10) Business Days of the effective date of the RPS Qualification Improvement Amount Agreement. If Buyer so elects, Seller shall, upon receipt of payment from Buyer, implement the RPS Qualification Improvement; or

(ii) elect not to pay Seller for the amount set forth in the RPS Qualification Improvement Amount Agreement and notify Seller of such decision within ten (10) Business Days of the effective date of the RPS Qualification Improvement Amount Agreement, in which case this Agreement shall continue in full force and effect and Seller shall not be required to implement any further or additional RPS Qualification Improvement.

10.3 Covenants.

(a) General Covenants. Each Party covenants that throughout the Delivery Term:

(i) it shall continue to be duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation;

(ii) 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; and

(iii) 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.

(b) Seller Covenants.

(i) Seller covenants throughout the Delivery Term that it will take no action or permit any other person or entity (other than Buyer or a Governmental Authority with jurisdiction) to take any action that would impair in any way Buyer's ability to rely on the Project and each Unit in order to satisfy its Resource Adequacy Requirements.

(ii) Seller covenants that it shall comply with all CAISO Tariff requirements applicable to an Interconnection Customer (as defined in the CAISO Tariff) and shall take any other necessary action, including but not limited to payment of fees and submission of requests, applications or other documentation, to promote the completion of the Electric System Upgrades prior to the Initial Delivery Date or as soon as practicable thereafter.

(iii) Seller covenants that throughout the Delivery Term it shall provide complete and honest disclosures to PG&E personnel in such personnel's capacity as Control Center Facility operators or Scheduling Coordinators of the Project.

10.4 Title and Risk of Loss. Title to and risk of loss related to the Product shall transfer from Seller to Buyer at each 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 or entity arising prior to or at each Delivery Point.

10.5 Indemnities.

(a) Indemnity by Seller. Seller shall release, indemnify and hold harmless Buyer or Buyers' respective directors, officers, agents, representatives and employees 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 up to and at each Delivery Point, (ii) Seller's ownership, operation, maintenance and/or reconstruction of the Project, any Unit or any related facility, (iii) the physical failure of the Project, any Unit, or any related facility, and (iv) Seller's actions or inactions (including the failure to make disclosures to Buyer) with respect to this Agreement and/or compliance with any FERC licensing requirements or applicable requirements of Law relating to the ownership, status, operation, maintenance and/or reconstruction of the Project, any Unit, or any related facility including, without limitation, any loss, Claim, action or suit, for or on account of injury to, bodily or otherwise, 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 Affiliates, or Buyers' and Affiliates' respective agents, employees, directors, or officers, and provided further that Buyer shall assume all liability and reimburse Seller for any and all CAISO charges and penalties incurred by Seller as a result of Buyer's failure to perform any covenant or obligation set forth in this Agreement.

(b) Indemnity by Buyer. Buyer shall release, indemnify and hold harmless Seller, its directors, officers, agents, representatives and employees 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 each Delivery Point, including, without limitation, any loss, Claim, action or suit, for or on account of injury to, bodily or otherwise, 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 Affiliates, or Seller's and Affiliates' respective agents, employees, directors or officers, and provided further that Seller shall assume all liability and reimburse Buyer for any and all CAISO charges and penalties incurred by Buyer because of Seller's failure to perform any covenant or obligation set forth in this Agreement.

(c) No Dedication. Without limitation of each Party's obligations under Sections 10.5(a) and 10.5(b) herein, 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 or entity 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.

10.6 Assignment.

(a) General Assignment. Except as provided in Sections 10.6 (b) and (c), 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 so long as among other things (i) the assignee assumes the transferring Party's payment and performance obligations under this Agreement, (ii) the assignee agrees in writing to be bound by the terms and conditions hereof, (iii) the transferring Party delivers evidence satisfactory to the non-transferring Party of the proposed assignee's technical and financial capability to fulfill the assigning Party's obligations hereunder, and (iv) the transferring Party delivers such tax and enforceability assurance as the other Party may reasonably request. Notwithstanding the foregoing and except as provided in Section 10.6(b), consent shall not be required for an assignment of this Agreement where the assigning Party remains subject to liability or obligation under this Agreement, provided that (i) the assignee assumes the assigning Party's payment and performance obligations under this Agreement, (ii) the assignee agrees in writing to be bound by the terms and conditions hereof, and (iii) the assigning Party provides the other Party hereto with at least thirty (30) days' prior written notice of the assignment.

(b) Assignment to Financing Providers. Seller shall be permitted to assign this Agreement as collateral for any financing or refinancing of the Project with the prior written consent of the Buyer, which consent shall not be unreasonably withheld. If Buyer gives its consent, then such consent shall be in a form substantially similar to the Form of Consent to Assignment attached hereto as Appendix XII provided that (i) Buyer shall not be required to consent to any additional terms or conditions beyond those contained in Appendix XII, including but not limited to extension of any cure periods or additional remedies for financing providers, and (ii) Seller shall be responsible at Buyer's request for Buyer's reasonable costs associated with the review, negotiation, execution and delivery of documents in connection with such assignment, including without limitation attorneys' fees.

(c) Assignment in Connection with a Change in Control. Any direct or indirect change of control of Seller (whether voluntary or by operation of Law) shall be deemed an

assignment and shall require the prior written consent of Buyer, which consent shall not be unreasonably withheld.

(d) Unauthorized Assignment. Any assignment or purported assignment in violation of this Section 10.6 is void.

10.7 Confidentiality.

(a) Neither Party shall disclose the non-public terms or conditions of this Agreement to a third party, other than as follows:

(i) to the currently elected officials, officers, employees, advisors or agents of the public agencies that constitute the Middle Fork Project Finance Authority who have a need to know such information and have agreed to keep such terms confidential;

(ii) to the Party's Affiliates, the Party's or its Affiliates' respective employees, lenders, investors, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential;

(iii) for disclosure to Buyer's Procurement Review Group, as defined in CPUC Decision D. 02-08-071, subject to a confidentiality agreement;

(iv) to the CPUC under seal for purposes of review;

(v) for disclosure of those certain terms specified in and pursuant to Section 10.8 of this Agreement;

(vi) 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 (vii); or

(vii) in order to comply with *any* applicable regulation, rule, or order of the CPUC, CEC, or the FERC.

(b) If a Party is required to disclose confidential information in order to satisfy an obligation pursuant to subsection (a)(vi) above ("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 and insure that confidential information is only disclosed publicly to the extent required by Law. After using such reasonable efforts, the Disclosing Party shall not be: (y) prohibited from complying with a Disclosure Order or (z) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. 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. Buyer acknowledges that Seller, as a public entity, is subject to the California Public Records Act ("CPRA"). In addition to the foregoing, Seller shall provide timely Notice to Buyer of any request for disclosure under the CPRA of any of the non-public terms or conditions of this Agreement. If Buyer requests that Seller deny any such CPRA request, Buyer shall indemnify, pay all defense costs and hold Seller harmless for any and all loss incurred by Seller because of its denial of the CPRA request.

(c) Notwithstanding the provisions in subsection (b) above, the Parties are permitted to disclose information related to the bidding and negotiation process as follows: (i) to PG&E's Procurement Review Group, as defined in California Public Utilities Commission ("CPUC") Decision (D) 02-08-071, subject to a confidentiality agreement, (ii) to the CPUC (including CPUC staff) under seal for purposes of review (if such seal is applicable to the nature of the Confidential Information), (iii) to the Independent Evaluator, as defined and specified in the PG&E RPS Solicitation Protocol dated May 11, 2011 ("Protocol"), and (iv) to FERC (including FERC staff) in a redacted form agreed to by the Parties, as part of the Section 22 Application.

(d) The Parties agree that the confidentiality provisions under this Section 10.7 are separate from, and shall not impair or modify the confidentiality agreement dated March 2, 2012 in place between the Parties; provided however, that the confidentiality provisions of this Section 10.7 shall govern confidential treatment of all information exchanged between the Parties under this Agreement as of and after the Execution Date.

10.8 RPS Confidentiality.

(a) Notwithstanding Section 10.7 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 those terms required by the CPUC in its then-current advice letter template, including the following: Party names, resource type, Delivery Term, Project location, capacity factor, Contract Capacity, Delivery Point, and applicability of the Energy Investment Tax Credit or Production Tax Credit.

(b) Seller and Buyer acknowledge and agree that pursuant to CPUC Decision D.06-06-066, which implements Senate Bill (SB) No. 1488 (2004 Cal. Stats., Ch. 690 (Sept. 22, 2004)), this Agreement may be publicly available as provided therein. Seller and Buyer further acknowledge that the CPUC's rules regarding confidential treatment of this Agreement are subject to change and therefore the timing and extent of disclosure is subject to amendment pursuant to CPUC order, rule or regulation.

10.9 Audit. Each Party has the right, at its sole expense and during normal working hours, after reasonable Notice, 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 Energy from any Unit. 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.

10.10 Insurance. Throughout the Term, Seller shall, at its sole cost and expense, obtain and/or maintain insurance coverage at least equal to the levels of insurance extant on the Execution Date in accordance with Good Utility Practice.

10.11 [Reserved]

10.12 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.

10.13 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. 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 and delivering an original document; provided, however, that the execution and delivery of this Agreement and its counterparts shall be subject to Section 10.13. This Agreement shall be binding on each Party's successors and permitted assigns. Nothing in this Agreement shall in any way restrict or otherwise limit the rights of either Party under Sections 205 and 206 of the Federal Power Act.

10.14 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.

10.15 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 or email transmitting a PDF or similar image will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this Agreement by facsimile or email 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.

10.16 Trading Desk Assistance. Seller may request Buyer's limited assistance in setting up its own trading desk for trading forward Intercontinental Exchange (ICE) NP15 financial products; provided that such assistance is limited to (i) Buyer providing Seller contact information for certain ICE representatives, (ii) Buyer providing one Business Day of on-site training to Seller on the mechanisms of executing a trade using the ICE web-based platform, and (iii) Buyer providing additional support through phone conversations related to the foregoing items, not to exceed ten (10) hours during the Delivery Term. For the avoidance of doubt, the Parties agree and acknowledge that Buyer will not provide to Seller any strategic trading advice and that Seller is liable for all costs and expenses incurred in setting up and establishing its trading desk.

10.17 Change in FERC License Condition. If at any time during the Delivery Term the conditions of Seller's FERC license are changed or a new FERC license is issued to Seller and such changed conditions or new license conditions decrease the Project's Contract Capacity and the resultant decrease is greater than 10% of the existing total RA Capacity from the Project, the Parties will negotiate in good faith to determine an appropriate adjustment to the Monthly Fixed Payment.

10.18 Market Manipulation Provision. If at any time during the Delivery Term, the CAISO or FERC reports or initiates an investigation into the CAISO market Bids of the Units, then Buyer may relinquish its role as Scheduling Coordinator provided that the Parties must meet and confer prior to Buyer taking any such action. If after such meeting Buyer chooses to exercise this option, the Parties will work together to designate a Third Party to perform the Scheduling Coordinator role for the remainder of the Delivery Term.

ARTICLE ELEVEN: TERMINATION EVENTS

11.1 [Reserved]

11.2 Force Majeure Termination Event. Buyer shall have the right, but not the obligation, to terminate this Agreement if after the Initial Delivery Date:

(a) the Project's Availability, pursuant to Section 4.1(b), is less than sixty percent (60%) of the Project's Contract Capacity for twelve (12) consecutive months following a Force Majeure event that materially and adversely impacts the Project ("Force Majeure Project Failure") and Buyer has notified Seller of such failure; provided that if Seller within forty-five (45) days of receipt of Notice from Buyer regarding the Force Majeure Project Failure, presents Buyer with a plan for mitigation of the effect of the Force Majeure within a period not to exceed six (6) months from above-mentioned Notice date, which plan is commercially reasonable and satisfactory to Buyer, as evidenced by Buyer's written acknowledgement of such plan, then Buyer shall not have the right to terminate this Agreement pursuant to this Section 11.2(a) until the expiration of the additional period deemed necessary by Seller to repair the Project (not to exceed six (6) months); provided that Seller diligently pursues such mitigation plan throughout said additional period, and after which time Buyer may terminate unless the Project has been repaired, and the Seller has resumed and is satisfying its performance obligations under this Agreement; or

(b) the Project is destroyed or rendered inoperable by a Force Majeure caused by a catastrophic natural disaster; provided that Seller shall have up to ninety (90) days following such Force Majeure event to obtain a report from an independent, third party engineer stating whether the Project is capable of being repaired or replaced within twenty-four (24) additional months or less from the date of the report and provide Buyer a copy of the engineer's report, at no cost to Buyer; provided further that if such engineer's report concludes that the Project is capable of being repaired or replaced within such twenty-four (24) month period and Seller undertakes and continues such repair or replacement with due diligence, then Buyer shall not have the right to terminate this Agreement pursuant to this Section 11.2(b) until the expiration of the period deemed necessary by the engineer's report (not to exceed twenty-four (24) months), after which time, Buyer may terminate unless the Project has been repaired or replaced, as applicable, and the Seller has resumed and is satisfying its performance obligations under this Agreement.

ARTICLE TWELVE: DISPUTE RESOLUTION

12.1 Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement is the dispute resolution procedure set forth in this Article Twelve. The only exceptions to the foregoing are that (i) claims or disputes arising under Appendix XX shall be resolved as provided in Appendix XX, and (ii) either Party may seek an injunction in Superior Court in Sacramento County, California, if such action is necessary to prevent irreparable harm, in which case both Parties nonetheless will continue to pursue resolution of all other aspects 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 by prompt negotiations between the Parties' Authorized Representatives or other representatives of the Parties appointed in writing for the purpose (each a "Manager"). Either Manager may request a meeting, to be held 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 (15) 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 to meet, which date shall not be greater than thirty (30) days from the Referral Date. 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 deemed confidential and subject to the confidentiality provisions of this Agreement. All such communication and writing shall be inadmissible as evidence such that it cannot be used or referred to in any subsequent binding adjudicatory process between the Parties, whether with respect to this dispute or any other, except as may be necessary to enforce an agreement reached as a result of this informal resolution process.

(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 Section 12.2(a), refuses or does not meet within the ten (10) Business Day period specified in Section 12.2(a), either Party may request mediation of the controversy or claim according to the terms of the following Section 12.3.

12.3 Mediation. If the dispute cannot be resolved by negotiation as set forth in Section 12.2 above, then either Party may request mediation. If mediation is agreed to by both Parties, unless the Parties agree on other procedures to govern the mediation, the mediation shall be conducted by an individual selected by the Parties who has experience in mediation and expertise in the electric utility industry, and the location of the mediation sessions shall alternate between the business offices of the two Parties. The mediator shall not have the authority to require, and neither Party may be compelled to engage in, any form of discovery prior to or in connection with the mediation. If within sixty (60) days after the Parties agreed to mediate, or such longer period to which the Parties mutually agree, the mediation does not result in resolution of the dispute, then the Parties shall resolve such controversy through Arbitration pursuant to Section 12.4.

12.4 Arbitration. Any dispute that has not been resolved pursuant to the foregoing negotiating and/or mediation procedures shall be finally resolved by binding arbitration before a panel of three arbitrators ("Arbitral Tribunal") in accordance with the Commercial Arbitration Rules of JAMs then in effect, except as modified herein ("Arbitration"). Each Party understands that it will not be able to bring a lawsuit concerning the dispute, except as necessary to enforce this Section 12.4 or an arbitration award.

(a) The Party initiating the arbitration shall prepare and submit a written request for arbitration (the "Demand"), which will include statements of the facts and circumstances surrounding the dispute, the legal obligation breached by the other Party, the amount in controversy and the requested relief. The Demand shall be accompanied by all relevant supporting documents.

(b) The Parties shall each select one arbitrator within ten (10) days of the receipt of the Demand, or if a Party fails to make such selection within ten (10) days from the receipt of the Demand, JAMs shall make such appointment upon the written request of the other Party. The two arbitrators thus appointed shall select the third arbitrator, who shall act as the chairman of the panel. If the two arbitrators fail to agree on a third arbitrator within thirty (30) days of the selection of the second arbitrator, JAMs shall make such appointment. Each arbitrator 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.

(c) At the request of a Party, the Arbitral Tribunal shall have the discretion to order depositions of witnesses to the extent the Arbitral Tribunal deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) 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 Arbitral Tribunal, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the Arbitral Tribunal for good cause shown. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary and confidential information. The Arbitral Tribunal shall also have discretion to order the Parties to exchange relevant documents. The Arbitral Tribunal shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.

(d) The Arbitral Tribunal's award shall be in writing (stating the award and the reasons therefor) and shall be final and binding upon the Parties, and shall be the sole and exclusive remedy regarding any claims, counterclaims, issues, or accountings presented to the Arbitral Tribunal. The award of the Arbitral Tribunal shall be subject to the limitations set forth in Article VII. The Arbitral Tribunal shall have no authority to modify this Agreement.

(e) The Arbitral Tribunal's award shall be made within nine (9) months of the filing of the Demand and the members of the Arbitral Tribunal 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 Arbitral Tribunal, if necessary. The California Superior Court of the County of Sacramento 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 Arbitral Tribunal to that of a Superior Court judge enforcing California Law.

(f) Each Party shall share equally in the costs of the Arbitral Tribunal and the administrative fees of arbitration, and shall bear its own costs and expenses of the arbitration, unless otherwise decided by the Arbitral Tribunal. The Arbitral Tribunal shall be authorized in its discretion to (i) grant pre-award and post-award interest and/or (ii) award the prevailing Party its costs and reasonable attorneys' fees.

(g) The Arbitral Tribunal shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the Arbitral Tribunal concludes that there is no material issue of fact.

(h) 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.

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 herein; provided, however, that notices of outages or other scheduling or dispatch information or requests, as provided in Appendix VIII, shall be provided in accordance with the terms set forth in the relevant section of this Agreement. Notices 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 Notice of such change to the other Party.

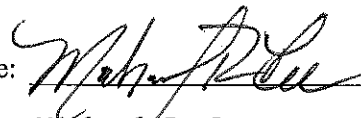
SIGNATURES

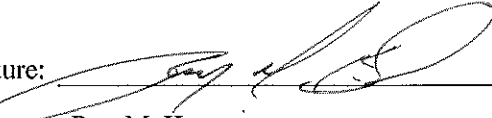
Agreement Execution

In WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the dates provided below:

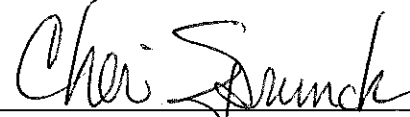
**PLACER COUNTY WATER AGENCY, a
California local governmental entity**

**PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation**

Signature: 
Name: Michael R. Lee
Title: Chair, Board of Directors
Date: 4/19/12

Signature: 
Name: Roy M. Kuga
Title: Vice President, Energy Supply Mgmt
Date: 4/6/12

ATTEST:


Cheri Sprunck
Clerk to the Board
Placer County Water Agency



**APPENDIX I-A
MINIMUM RESERVOIR REQUIREMENT AS OF THE EXECUTION DATE**

Pursuant to Section 3.4(d)(iii) of the Agreement, any permitted modification to this Appendix I-A shall be reflected in a new appendix to this Agreement and such new appendix shall be identified sequentially from Appendix I-A (e.g., Appendix I-B).

Table 1 below shows the required Reliability Reserve Level (total for the Project) in Hours of Operation that Seller shall maintain for Buyer's Resource Adequacy Requirements. The Reliability Reserve Level specified in Table 1 shall not be subject to any decrease or downward adjustment for any reason.

The MRR Capacity for the Project shall be two hundred thirty-seven (237) MW.

Table 1. Reliability Reserve Level for the Project.

Month	Hours of Operation	Cumulative Declining Balance (in Hours)	Reliability Reserve Level (in acre feet) -	Expected MRR MWh [MRR Capacity x Cumulative Balance of Hours]
Apr	12	294	24,500	69,678
May	30	282	23,500	66,834
Jun	40	252	21,000	59,724
Jul	40	212	17,667	50,244
Aug	60	172	14,333	40,764
Sep	40	112	9,333	26,544
Oct	12	72	6,000	17,064
Nov	12	60	5,000	14,220
Dec	12	48	4,000	11,376
Jan	12	36	3,000	8,532
Feb	12	24	2,000	5,688
Mar	12	12	1,000	2,844
Total	294			

Applicable conversion factor: 12 Hours of Operation = 1,000 acre-feet

Table 2 below shows the total Minimum Reservoir Requirement (Column 4) taking into consideration the FERC minimum required reservoir level for the Project ("FERC Reservoir Requirement") and the Reliability Reserve Level. The Minimum Reservoir Requirement (Column 4) shall be used to determine whether any given month in the Delivery Term shall be deemed to be a "Reservoir Deficient Month".

Table 2. Minimum Reservoir Requirement, (TAF = 1,000 Acre-feet)

Month	Reliability Reserve (Acre-feet)	FERC Reservoir Requirement (Acre-feet)	Minimum Reservoir Requirement (Acre-feet)
Dry Year (unimpaired runoff is less than 1,200 TAF)			
Apr	24,500	14,200	38,700
May	23,500	14,200	37,700
Jun	21,000	54,000	75,000
Jul	17,667	54,000	71,667
Aug	14,333	54,000	68,333
Sep	9,333	54,000	63,333
Oct	6,000	14,200	20,200
Nov	5,000	14,200	19,200
Dec	4,000	14,200	18,200
Jan	3,000	14,200	17,200
Feb	2,000	14,200	16,200
Mar	1,000	14,200	15,200
Total:			
Wet Year (unimpaired runoff is > 2,000 TAF)			
Apr	24,500	100,000	124,500
May	23,500	100,000	123,500
Jun	21,000	130,000	151,000
Jul	17,667	130,000	147,667
Aug	14,333	130,000	144,333
Sep	9,333	130,000	139,333
Oct	6,000	100,000	106,000
Nov	5,000	100,000	105,000
Dec	4,000	100,000	104,000
Jan	3,000	100,000	103,000
Feb	2,000	100,000	102,000
Mar	1,000	100,000	101,000
Avg Year (unimpaired runoff is between 1,200 and 2,000 TAF)			
Apr	24,500	50,000	74,500
May	23,500	50,000	73,500
Jun	21,000	130,000	151,000
Jul	17,667	130,000	147,667
Aug	14,333	130,000	144,333
Sep	9,333	130,000	139,333
Oct	6,000	50,000	56,000
Nov	5,000	50,000	55,000
Dec	4,000	50,000	54,000
Jan	3,000	50,000	53,000
Feb	2,000	50,000	52,000
Mar	1,000	50,000	51,000

Table 3. Water Year Type.

The definitions for the water year types reflected in Table 3 below are based on the water year types as defined in the current FERC license for the Project as of the Execution Date. Determination of the applicable hydrological condition type year for purposes of this Agreement (“Water Year Type”) shall be based on the California Department of Water Resource’s (DWR) Bulletin 120 or its successor. For purposes of this Agreement, a water year runs from June 1 of a given calendar year through May 31 of the next calendar year. A water year shall be determined by the total forecasted and/or actual (if available) unimpaired seasonal runoff of the American River at Folsom from October 1 of the prior calendar year to September 30 of the current calendar year, as set forth in the April 1 DWR’s Bulletin 120 dated on or about April 1 of each year. For example, to determine the Water Year Type for the water year of June 1, 2013 through May 31, 2014, the Parties shall refer to the DWR Bulletin 120 published on or around April 1, 2013. Forecasted unimpaired seasonal runoff from October 2012 through September 30, 2013 at American River from the April 1 report shall be used to determine the water year using the table below.

Water Year Type	DWR Forecast Annual Unimpaired Inflow at American River (1,000 acre-feet)
Dry	Less than 1,200
Average	Between 1,200 and 2,000 (inclusive)
Wet	Greater than 2,000

DWR’s Bulletin 120 website:
<http://cdec.water.ca.gov/snow/bulletin120/index2.html>

APPENDIX II BUYER SERVICES LIST

Water Management

- Snowmelt Runoff Forecasting
- Water Routing (Socrates)
- HYDSTRA hydrographic program support
- Powerhouse efficiency testing
- Water release and generation data and analysis

Hydro Engineering

- Civil and E&M engineering
- Specification preparation

Operations & Maintenance

- Maintenance Specialist Support
- Operations Specialist operations audits
- Power Generation Bulletins
- Communication / Elect Tech support
- New technology transfer
- SCADA support
- Procurement (access to PG&E suppliers and pricing)
- Compliance Consultation

Project Management

- Project management services

Applied Technology Services

- Vibration Analysis
- Corrosion Analysis
- Arc Flash Analysis
- Rotating machine alignment

SCADA Operations

- 24/7 Operations
- 24/7 EAP monitoring

Hydro Construction (Civil and E&M)

- Emergency Response
- Flood
- Equipment Breakdown
- Landslide
- Major Projects
- Dam safety
- Generator Rewinds
- Transformers/switchgear
- Tunnel/Confined Spaces
- Penstocks/hillside stability
- Sediment Removal
- Cost estimating
- Contractor Inspection
- Materials Testing

Information Systems and Technology Services

- Communications engineering
- FCC Frequency Coordination

Insulation and Coating

- Penstock painting
- StacWrap
- Asbestos abatement

Environmental Services

- Hazardous Material/Waste handling
- Environmental Training
- Spill remediation
- Compliance Consultation/Audits

Safety Health and Claims

- Safety training
- Confined spaces
- Safety at Heights - Fall protection

Miscellaneous

- Insurance Consultation/Claims support
- Crafts training (i.e., operator, tech, rigging, welding, etc.)
- Out-of area factory inspection

APPENDIX III

ILLUSTRATIVE EXAMPLE OF ENERGY AND ANCILLARY SERVICES PAYMENT

Table 1. Example of CAISO Day Ahead and Real Time market revenues and costs for Middle Fork and Ralston for 6/1/2011. Data shown is only a subset of the full day and is used to illustrate calculation of payment. Charges codes shown are not a comprehensive list.

Charge Code	Market	Settlement Period	Energy Type	Start Date and Time (H.E.)	Transaction Point	Qty (MWs)	Price	Amount
6011	DA	Hourly	Energy	6/1/2011 1:00	MDFKRL_2_PROJECT	215	7.69	\$1,653.35
6011	DA	Hourly	Energy	6/1/2011 2:00	MDFKRL_2_PROJECT	215	3.86	\$829.90
6011	DA	Hourly	Energy	6/1/2011 3:00	MDFKRL_2_PROJECT	215	0.05	\$10.75
6011	DA	Hourly	Energy	6/1/2011 4:00	MDFKRL_2_PROJECT	215	0.05	\$10.75
6011	DA	Hourly	Energy	6/1/2011 5:00	MDFKRL_2_PROJECT	215	4.50	\$967.50
6011	DA	Hourly	Energy	6/1/2011 6:00	MDFKRL_2_PROJECT	215	6.99	\$1,502.85
6011	DA	Hourly	Energy	6/1/2011 7:00	MDFKRL_2_PROJECT	215	24.07	\$5,175.05
6011	DA	Hourly	Energy	6/1/2011 8:00	MDFKRL_2_PROJECT	215	40.44	\$8,694.60
6011	DA	Hourly	Energy	6/1/2011 9:00	MDFKRL_2_PROJECT	215	39.53	\$8,498.95
6011	DA	Hourly	Energy	6/1/2011 10:00	MDFKRL_2_PROJECT	215	38.79	\$8,339.85
6011	DA	Hourly	Energy	6/1/2011 11:00	MDFKRL_2_PROJECT	215	40.66	\$8,741.90
6011	DA	Hourly	Energy	6/1/2011 12:00	MDFKRL_2_PROJECT	215	43.10	\$9,266.50
6011	DA	Hourly	Energy	6/1/2011 13:00	MDFKRL_2_PROJECT	215	41.81	\$8,989.15
6011	DA	Hourly	Energy	6/1/2011 14:00	MDFKRL_2_PROJECT	215	36.84	\$7,920.60
6011	DA	Hourly	Energy	6/1/2011 15:00	MDFKRL_2_PROJECT	215	30.43	\$6,542.45
6011	DA	Hourly	Energy	6/1/2011 16:00	MDFKRL_2_PROJECT	215	28.83	\$6,198.45
6011	DA	Hourly	Energy	6/1/2011 17:00	MDFKRL_2_PROJECT	215	29.00	\$6,235.00
6011	DA	Hourly	Energy	6/1/2011 18:00	MDFKRL_2_PROJECT	215	28.09	\$6,039.35
6011	DA	Hourly	Energy	6/1/2011 19:00	MDFKRL_2_PROJECT	215	28.17	\$6,056.55
6011	DA	Hourly	Energy	6/1/2011 20:00	MDFKRL_2_PROJECT	215	34.08	\$7,327.20
6011	DA	Hourly	Energy	6/1/2011 21:00	MDFKRL_2_PROJECT	215	41.68	\$8,961.20
6011	DA	Hourly	Energy	6/1/2011 22:00	MDFKRL_2_PROJECT	215	35.70	\$7,675.50
6011	DA	Hourly	Energy	6/1/2011 23:00	MDFKRL_2_PROJECT	215	25.94	\$5,577.10
6475	RT	10 Min	Uninstructed Ene.	6/1/2011 0:10	MDFKRL_2_PROJECT	-0.49123	\$16.72	(\$8.21)
6475	RT	10 Min	Uninstructed Ene.	6/1/2011 0:20	MDFKRL_2_PROJECT	-0.45563	\$15.18	(\$6.92)
6475	RT	10 Min	Uninstructed Ene.	6/1/2011 0:30	MDFKRL_2_PROJECT	-0.69793	\$6.87	(\$4.79)
6470	RT	10 Min	Instructed Ene.	6/1/2011 0:40	MDFKRL_2_PROJECT	-1.14813	(\$0.01)	\$0.01
6475	RT	10 Min	Uninstructed Ene.	6/1/2011 0:40	MDFKRL_2_PROJECT	0.2695	(\$0.01)	(\$0.00)
6470	RT	10 Min	Instructed Ene.	6/1/2011 0:50	MDFKRL_2_PROJECT	-5.04438	(\$0.01)	\$0.05
6475	RT	10 Min	Uninstructed Ene.	6/1/2011 0:50	MDFKRL_2_PROJECT	2.76955	(\$0.01)	(\$0.03)
6170	RT	10 Min	A/S Spin	6/1/2011 1:00	MDFKRL_2_PROJECT	5	\$1.28	\$6.40
6270	RT	10 Min	A/S Non Sp	6/1/2011 1:00	MDFKRL_2_PROJECT	5	\$0.37	\$1.85
4535	RT	Daily	GMC	6/1/2011 0:00	MDFKRL_2_PROJECT	45	\$0.37	\$16.65
4536	RT	Daily	GMC	6/1/2011 0:00	MDFKRL_2_PROJECT	13	\$0.37	\$4.81

Net Profit from CAISO Markets:	\$131,224.32
Variable Payment Rate:	97%
Payment from Buyer to Seller:	\$127,287.59

APPENDIX III - Continued

Table 2. CAISO market charge codes included in calculation of payment to Seller for Energy and Ancillary Services. This is not a comprehensive list and may change from time to time.

Market/Category	CC Description	Charge Code
Day Ahead	DA Generation Load Settlement	6011
Day Ahead	Payment for DA Spin Award	6100
Day Ahead	Payment for DA Non Spin Award	6200
Day Ahead	Payment for DA Reg Up Award	6500
Day Ahead	Payment for DA Reg Down Award	6600
Real Time	RT Instructed Energy Payment/Charge	6470
Real Time	RT Uninstructed Energy Payment/Charge	6475
Real Time	No Pay Spin Charge	6124
Real Time	No Pay Non Spin Charge	6224
Real Time	Payment for RT Spin Award	6170
Real Time	Payment for RT Non Spin Award	6270
Real Time	Payment for RT Reg Up Award	6570
Real Time	Payment for RT Reg Down Award	6670
Grid Management Charges	Energy Transmission Services Deviation	4506
Grid Management Charges	Forward Scheduling	4511
Grid Management Charges	Market Usage Ancilliary Services	4534
Grid Management Charges	Market Usage Instructed Energy	4535
Grid Management Charges	Market Usage Uninstructed Energy	4536
Grid Management Charges	Market Usage Forward Energy	4537

APPENDIX IV PROJECT DESCRIPTION

PROJECT DESCRIPTION

Project Name: Middle Fork Project
Project Site Name: Middle Fork American River near Foresthill, California
Project physical address: 5825 Sunset Drive Foresthill, CA 95631

UNIT DESCRIPTIONS

Unit Name: Middle Fork and Ralston Physical Scheduling Plant (PSP)

Technology Type: **Hydro**

CAISO Resource ID: **MDFKRL_2_PROJECT**

APNode for the PSP: **MDFKRL_2_PROJECT-APND**

Declared Contract Capacity: **218.39 MW**

Comprised of Units:

1. Middle Fork Unit 1, individual PNode **MIDFRK_7_UNIT 1**
2. Middle Fork Unit 2, individual PNode **MIDFRK_7_UNIT 2**
3. Ralston Powerhouse, individual PNode **RALSTN_7_UNIT 1**

Interconnection Details:

Congestion Zone: **NP15**

Physical Point of Interconnection: the physical points of interconnection are described below, and on the drawing titled PG&E Drawing No. 50651. Both Middle Fork and Ralston have two points of interconnection, one at 230 kV and one at 60 kV.

Middle Fork Units:

1. Middle Fork 60kV – between Disconnect Switch 23 and Pole 13/0 on the French Meadows-Middle Fork 60 kV Line, and between Disconnect Switch 33 and Pole 0/1 on the Middle Fork-Weimer 60 kV Line.
2. Middle Fork 230kV – between Disconnect Switch 215 and just outside the Middle Fork Sub.

Ralston Unit:

3. Ralston 60kV – between Disconnect Switch 25 and Pole 7/15 on the Middle Fork-Weimer 60kV Line.
4. Ralston 230kV – between Pole 8/2 of the Middle Fork-Gold Hill 230kV Line and just outside the Ralston Sub

Ramp Rate for PSP:

Maximum Operational Ramp Rate: **20.4 MW/min**

AGC Ramp Rate (if applicable): **20/MW/min**

Ancillary Services (if applicable): **Spin, Non-Spin, Regulation**

Other Operational Restrictions:

	MF/Ralston PSP
Pmax (mw)	218.39
Min Dispatch Level (mw)	0.01
Min on Time (min)	20
Min off Time (min)	20
Max starts/day	10
Ramp rate (mw/min)	20.4
Spin capacity (mw)	215
Non-spin Capacity (mw)	82

Unit Name: French Meadows Powerhouse

CAISO Resource ID: **FMEADO_7_UNIT**

PNode: **FRNCHMD_7_B1**

Declared Contract Capacity: **18 MW**

Interconnection Details:

Congestion Zone: **NP15**

Physical Point of Interconnection: the physical points of interconnection are described below, and on the drawing titled PG&E Drawing No. 50651.

1. French Meadows – between Pole 0/1 and 0/3, both on the French Meadows-Middle Fork 60kV Line.

Ramp Rate:

Maximum Operational Ramp Rate: 3.2MW/min

AGC Ramp Rate (if applicable): None

Ancillary Services (if applicable): **Spin, Non-Spin**

Other Operational Restrictions:

	French Meadows
Pmax (mw)	18
Min Dispatch Level (mw)	0.01
Min on Time (min)	60
Min off Time (min)	60
Max starts/day	5
Ramp rate (mw/min)	3.2
Spin capacity (mw)	18
Non-spin Capacity (mw)	4

Unit Name: Oxbow Powerhouse

CAISO Resource ID: **OXBOW_6_DRUM**

PNode: **OXBOWF_7_B1**

Declared Contract Capacity: **6 MW**

Interconnection Details:

Congestion Zone: **NP15**

Physical Point of Interconnection: the physical points of interconnection are described below, and on the drawing titled PG&E Drawing No. 50651.

1. Oxbow - at the Oxbow 60kV Tap, between Pole 9/60 on the Middle Fork-Weimer 60kV Line and the tee connection point of Disconnect Switches 43 and 45.

Ramp Rate:

Maximum Operational Ramp Rate: **1 MW/min**

AGC Ramp Rate (if applicable): None

Ancillary Services (if applicable): None

Other Operational Restrictions:

	Oxbow
Pmax (mw)	6
Min Dispatch Level (mw)	0.01
Min on Time (min)	60
Min off Time (min)	60
Max starts/day	1
Ramp rate (mw/min)	1
Spin capacity (mw)	--
Non-spin Capacity (mw)	--

Unit Name: Hell Hole Powerhouse

CAISO Resource ID: **FMEADO_6_HELLHL**

PNode: **FRNCHMS_6_N005**

Declared Contract Capacity: **0.6 MW**

Interconnection Details:

Congestion Zone: **NP15**

Physical Point of Interconnection: the physical points of interconnection are described below, and on the drawing titled PG&E Drawing No. 50651.

1. Hell Hole – between Air Switch 75 and Pole 0/3 on the French Meadows-Middle Fork 60kV Line.

Ramp Rate:

Maximum Operational Ramp Rate: **1 MW/min**

AGC Ramp Rate (if applicable): None

Ancillary Services (if applicable): None

Other Operational Restrictions: None

APPENDIX V
ILLUSTRATIVE EXAMPLE OF RESERVOIR REQUIREMENT PAYMENT

Scenario 1: On November 1, 2013 0100, the actual reservoir levels measured at French Meadows and Hell Hole reservoirs are the following:

French Meadows Reservoir: 46,000 acre-feet
 Hell Hole Reservoir: 10,000 acre-feet
 Actual Combined Reservoir Level: 56,000 acre-feet

November 2013 was determined to be an Average water month per DWR's Bulletin 120 published on or around April 1, 2013. Per Appendix I-A, the Minimum Reservoir Requirement in a November average water month is 55,000 acre-feet. Since the Actual Combined Reservoir Level of 56,000 acre-feet is above the Minimum Reservoir Requirement for that month, November 2013 is not a Reservoir Deficient Month and there is no Reservoir Requirement Payment to Seller.

Scenario 2: On November 1, 2013 0100, the actual reservoir level measured at French Meadows and Hell Hole reservoirs is the following:

French Meadows Reservoir: 44,000 acre-feet
 Hell Hole Reservoir: 10,000 acre-feet
 Actual Combined Reservoir Level: 54,000 acre-feet

November 2013 was determined to be an Average water month per DWR's Bulletin 120 published on or around April 1, 2013. Per Appendix I, the Minimum Reservoir Requirement in a November average water year is 55,000 acre-feet. Since the Actual Combined Reservoir Level of 54,000 acre-feet falls below the Minimum Reservoir Requirement for that month, November 2013 is considered a Reservoir Deficient Month. The Monthly Payment Amount for November 2013 shall be reduced to zero and the Reservoir Requirement Payment is calculated as follows:

$$(\$70/\text{kw-year}) \times (0.07) \times (218.39 \text{ MW} + 18 \text{ MW} + 6 \text{ MW} + 0.6 \text{ MW}) \times (1,000 \text{ KW/MW})$$

$$= \$1,190,651.00 \text{ (due from Seller to Buyer)}$$

Scenario 3: At the end of March 2014, the CPUC issued a decision that increased the Resource Adequacy Requirement such that hydrological resources will now be required to maintain a total of 300 Hours of Operation for the year (an increase from the existing 294 hours total in the year). The permitted modifications reflecting the new Reliability Reserve and Minimum Reservoir Requirement for April are incorporated into a new Appendix 1-B (assuming no changes in the FERC Reservoir Requirement), as set forth below:

Appendix 1-B. Table 1. Reliability Reserve Level for the Project after MRR Updated for RA.

Month	Hours of Operation	Cumulative Declining Balance (in Hours)	Reliability Reserve Level (in acre feet)	Expected MRR MWh MRR Capacity x Cumulative Balance of Hours
Apr	12	300	25,000	71,100
May	30	288	24,000	68,256
Jun	40	258	21,500	61,146
Jul	40	218	18,167	51,666
Aug	60	178	14,833	42,186
Sep	40	118	9,833	27,956
Oct	13	78	6,500	18,486
Nov	13	65	5,417	15,405
Dec	13	52	4,333	12,324
Jan	13	39	3,250	9,243
Feb	13	26	2,167	6,162
Mar	13	13	1,083	3,081
Total	300			

* conversion factor: 12 Hours of Operation = 1,000 acre-feet of Reliability Reserve

Appendix 1-B. Table 2. Minimum Reservoir Requirement after MRR Updated for RA.

Month	Reliability Reserve (Acre-feet)	FERC Reservoir Requirement (Acre-feet)	Minimum Reservoir Requirement (Acre-feet)
Dry Year (unimpaired runoff is less than 1,200 TAF)			
Apr	25,000	14,200	39,200
May	24,000	14,200	38,200
Jun	21,500	54,000	75,500
Jul	18,167	54,000	72,167
Aug	14,833	54,000	68,833
Sep	9,833	54,000	63,833
Oct	6,500	14,200	20,700
Nov	5,417	14,200	19,617
Dec	4,333	14,200	18,533
Jan	3,250	14,200	17,450
Feb	2,167	14,200	16,367
Mar	1,083	14,200	15,283
Total:			
Wet Year (unimpaired runoff is > 2,000 TAF)			
Apr	25,000	100,000	125,000
May	24,000	100,000	124,000
Jun	21,500	130,000	151,500
Jul	18,167	130,000	148,167
Aug	14,833	130,000	144,833
Sep	9,833	130,000	139,833
Oct	6,500	100,000	106,500
Nov	5,417	100,000	105,417
Dec	4,333	100,000	104,333
Jan	3,250	100,000	103,250
Feb	2,167	100,000	102,167
Mar	1,083	100,000	101,083
Avg Year (unimpaired runoff is between 1,200 and 2,000 TAF)			
Apr	25,000	50,000	75,000
May	24,000	50,000	74,000
Jun	21,500	130,000	151,500
Jul	18,167	130,000	148,167
Aug	14,833	130,000	144,833
Sep	9,833	130,000	139,833
Oct	6,500	50,000	56,500
Nov	5,417	50,000	55,417
Dec	4,333	50,000	54,333
Jan	3,250	50,000	53,250
Feb	2,167	50,000	52,167
Mar	1,083	50,000	51,083

TAF = 1,000 Acre-feet

A. On April 1, 2014 0100, the actual reservoir levels measured at French Meadows and Hell Hole reservoirs are the following:

French Meadows Reservoir: 30,000 acre-feet
Hell Hole Reservoir: 9,000 acre-feet
Actual Combined Reservoir Level: 39,000 acre-feet

April 2014 was determined to be a dry water month per DWR's Bulletin 120 published on or around April 1, 2013. Per the updated Appendix I-B, the MRR Updated for RA in April is 39,200 acre-feet. April 2014 is considered a Reservoir Deficient Month because the Actual Combined Reservoir Level of 39,000 acre-feet falls below the MRR Updated for RA but is greater than the Initial MRR of 38,700 acre-feet. There is no Updated MRR. The quantity of RA Capacity unavailable to Buyer shall be calculated as follows:

MRR shortage (in acre-feet):

$$(39,200 \text{ acre-feet}) - (39,000 \text{ acre-feet}) = 200 \text{ acre-feet}$$

Shortage (in hours):

$$200 \text{ acre-feet} \times (12 \text{ hour} / 1,000 \text{ acre-feet}) = 42.4 \text{ hours}$$

MRR MWh available due to shortage:

$$237 \text{ MW} \times (300 \text{ hours} - 2.4 \text{ hours}) = 70,531.2 \text{ MWh}$$

MW unavailable to Buyer:

$$237 \text{ MW} - (70,531.2 \text{ MWh} / 300 \text{ hour}) = 1.9 \text{ MW}$$

300 hour is the new cumulative declining balance (in Hours of Operation) required

1.9 MW is unavailable for all hours of the Reservoir Deficient Month to be applied to the Large Hydro Units

Pursuant to Section 4.1(b), an illustrative example of the Availability Adjustment for this scenario is shown in Appendix XV, Example 3.

B. On April 1, 2014 0100, the actual reservoir level measured at French Meadows and Hell Hole reservoirs are the following:

French Meadows Reservoir: 28,000 acre-feet
Hell Hole Reservoir: 9,000 acre-feet
Actual Combined Reservoir Level: 37,000 acre-feet

April 2014 was determined to be a dry water month per DWR's Bulletin 120 published on or around April 1, 2013. Per the new Appendix I-B, the Updated Minimum Reservoir Requirement in April is 39,200 acre-feet. Since the Actual Combined Reservoir level of 37,000 acre-feet falls below both the MRR Updated for RA and the Initial MRR, April 2014 shall be considered a Reservoir Deficient Month. The Monthly Payment Amount for the month of April 2014 will be reduced to zero and Seller will owe Buyer the following pursuant to Section 4.1(c)(i):

$$(\$70/\text{kw-year}) \times (0.04) \times (218.39 \text{ MW} + 18 \text{ MW} + 6 \text{ MW} + 0.6 \text{ MW}) \times (1,000 \text{ KW/MW}) \\ = \$680,372.00 \text{ (due from Seller to Buyer)}$$

**APPENDIX VI
RESERVED**

APPENDIX VII
HYDRO COORDINATION TIMELINE AND INFORMATION SHARING

Semi-annual meeting – The Parties will meet to review general operations including Planned Outages for the next water year, carry-over storage, snowmelt run-off forecast, and monthly storage targets. The semi-annual meetings shall be held in October and April (or as mutually agreed up on between the Parties) corresponding to the beginning of the water year and the spring period in which the water year conditions have been established, respectively. Buyer shall provide a flow forecast from the operations model (SOCRATES or successor model) which will include a recommended allocation of water use in each calendar month for the planning horizon to meet year-end or other required targets. Seller shall have the option to endorse Buyer’s recommendation or propose changes which shall be accepted by Buyer if the proposed changes are consistent with the terms of this Agreement.

Monthly update – Buyer shall perform monthly runs using SOCRATES (or successor model) with the latest hydrological, precipitation, and economic forecasts and will share model output pertaining to the Project with Seller within the first fifteen (15) days of the calendar month. To facilitate the transition, Buyer will begin to share SOCRATES output data relating to the Project with Seller three (3) months prior to the Initial Delivery Date when model outputs are available, if the Effective Date has been achieved. During the Delivery Term, Seller will have the option of revising water targets or forecasted flows recommended by Buyer and proposed changes will be accepted by Buyer if the proposed changes are consistent with the terms of this Agreement.

Intra-month update – Buyer may perform or Seller may request intra-month runs, up to a maximum of two (2) requests per month, using SOCRATES (or successor model) and shall notify Seller of any change in flow forecasts pertaining to the Project. Seller will have the option of revising water targets or forecasted flows and Buyer will accommodate proposed changes (given sufficient Notice) provided that the proposed changes are consistent with the terms of this Agreement.

Information Sharing – Buyer will share the following information with Seller:

1. Run-off forecasts for French Meadows and Hell Hole reservoirs as available.
2. Weather and precipitation forecasts when available (Appendix VII, Table 2)
3. SOCRATES (or successor model) flow forecasts (Table 3 below) in the timeline provided for in this Appendix.

APPENDIX VII – Continued

Table 1. Sample of Energy and AS Energy Bid format in which Bids for the Units shall be communicated between the Parties. Buyer reserves the right to modify this format upon Notice to Seller. Buyer will only accept updated Bids from Seller in the format specified by Buyer.

Operating Date:
 Resource: MF/Ralston
 CalISO Market Day-ahead

Hour	Energy					Ancillary Services											
	Preferred Energy Schedule (mw)	Inc Price (\$/mw)	Inc Quantity (mw)	Dec Price (\$/mw)	Dec Quantity (mw)	Self-scheduled Reg-up (mw)	Reg-up Price (\$/mw)	Reg-up Quantity (mw)	Self-scheduled Reg-dn (mw)	Reg-dn Price (\$/mw)	Reg-dn Quantity (mw)	Self-scheduled Spin (mw)	Spin Price (\$/mw)	Spin Quantity (mw)	Self-scheduled Non-spin (mw)	Non-spin Price (\$/mw)	Non-spin Quantity (mw)
HE 1																	
HE 2																	
HE 3																	
HE 4																	
HE 5																	
HE 6																	
HE 7																	
HE 8																	
HE 9																	
HE 10																	
HE 11																	
HE 12																	
HE 13																	
HE 14																	
HE 15																	
HE 16																	
HE 17																	
HE 18																	
HE 19																	
HE 20																	
HE 21																	
HE 22																	
HE 23																	
HE 24																	

APPENDIX VII – Continued

Table 2: Sample of Weather and Precipitation Forecast Data

ke	PG&E ID	Data Item	Units	Gen %ave	127.2%	6/20/2011	6/21/2011	6/22/2011	6/23/2011	6/24/2011	6/25/2011	6/26/2011	6/27/2011	6/28/2011	6/29/2011
						Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Monday	Tuesday	Wednesday
Pit 5	2149	Minimum	°F			43	44	52	51	48	50	50	52	54	56
Pit 5	2149	Maximum	°F			53	63	68	68	67	84	86	82	85	88
Pit 5	2149	Est Precip	Inches			0.20	0.05	0.20	0.30	1.00	0.00	0.00	0.00	0.00	0.00
Pit 5	2149	Snow Level	Feet			3500	6500	7500	8500	8000	9000	9000	8000	9000	9500
Almanor	2018	Minimum	°F			32	32	40	43	40	34	32	34	36	36
Almanor	2018	Maximum	°F			45	59	58	61	62	66	67	63	66	72
Almanor	2018	Est Precip	Inches			0.40	0.05	0.25	0.30	0.50	0.10	0.00	0.10	0.00	0.00
Almanor	2018	Snow Level	Feet			4000	7000	8000	8500	8500	9500	9500	8500	9500	10000
Spaulding	2152	Minimum	°F			32	34	40	42	38	36	38	38	40	42
Spaulding	2152	Maximum	°F			42	52	54	60	62	64	66	64	66	74
Spaulding	2152	Est Precip	Inches			0.15	0.00	0.25	0.50	0.75	0.00	0.00	0.00	0.00	0.00
Spaulding	2152	Snow Level	Feet			5000	7500	8500	8500	9000	9500	10000	9000	10000	10500
Pinecrest	2153	Minimum	°F			30	30	38	39	38	32	34	36	37	38
Pinecrest	2153	Maximum	°F			47	55	56	60	62	65	69	67	70	72
Pinecrest	2153	Est Precip	Inches			0.00	0.00	0.25	0.25	0.75	0.00	0.00	0.00	0.00	0.00
Pinecrest	2153	Snow Level	Feet			5500	8000	8500	8500	9500	10000	10500	9500	10500	11000
Wishon	2154	Min	°F			28	28	35	36	32	31	34	36	38	38
Wishon	2154	Max	°F			50	58	54	55	55	60	66	64	67	70
Wishon	2154	Est Precip	Inches			0.00	0.00	0.15	0.25	0.75	0.00	0.00	0.00	0.00	0.00
Wishon	2154	Snow Level	Feet			6000	8500	9000	8500	10000	10000	11000	10000	11000	11500
Potter Vly	2054	Min	°F			41	40	50	51	47	41	44	41	45	48
Potter Vly	2054	Max	°F			55	61	64	67	68	76	79	75	78	80
Potter Vly	2054	Est Precip	Inches			0.15	0.50	1.00	0.50	0.20	0.00	0.00	0.00	0.00	0.00
Potter Vly	2054	Snow Level	Feet			5500	7000	8000	7000	8500	9000	10000	9000	10000	10500

Appendix VII – Continued

Table 3. Illustrative Sample of Hydro model (SOCRATES) Forecast Output

M_American_PCWA-

Run id 15219, Run Start Date 07/19/2011
 Tue Jul 19 17:40:41 2011
 Scenario 5 out of 9
 5m,2m,11m
 Tilt value of 0.05

Description	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Initial/Total
Dry/Med/Wet	M	M	M	M	M	M	M	M	M	M	M		
Historical Flow Exceedence	46%	44%	44%	46%	44%	46%	49%	49%	49%	49%	49%	51%	
Future Precip. Exceedence	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	
French Meadows Reservoir													
Subbasin runoff	7.7	9.5	18.6	25.6	38.5	17.3	2.5	0.6	0.5	0.6	2.6	6.5	130.478
FM PH Bypass	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
French Meadows Dam fish	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	5.808
French Meadows Dam spill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
French Mds Powerhouse (22.6)	10.1	11.0	10.1	9.8	10.1	9.8	14.8	15.1	11.9	12.9	14.4	12.7	142.825
Total Outflow	10.6	11.4	10.6	10.3	10.6	10.3	15.3	15.5	12.4	13.4	14.9	13.2	148.633
EOM storage (cap=135.0)	75.3	73.3	81.2	96.6	124.4	131.4	118.6	103.7	91.8	78.9	66.6	60.0	78.157
Hell Hole Reservoir													
Subbasin runoff	16.9	20.0	32.2	41.9	70.1	35.8	6.6	2.2	1.7	2.1	5.9	13.2	248.48
Regulated Inflow	10.1	11.0	10.1	9.8	10.1	9.8	14.8	15.1	11.9	12.9	14.4	12.7	142.825
Hell Hole Dam fish	0.6	0.6	0.6	0.6	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	12.12
Hell Hole Dam spill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Middle Fork Powerhouse (55.0)	35.8	30.4	30.8	26.0	25.1	28.0	39.5	40.1	37.2	10.4	41.7	41.2	385.976
Total Outflow	36.4	31.0	31.4	26.6	26.3	29.2	40.7	41.3	38.4	11.6	42.9	42.4	398.096
EOM storage (cap=207.6)	97.4	97.4	108.3	133.4	187.3	203.8	184.6	160.5	135.7	139.1	116.5	100.0	106.787
Interbay Reservoir													
Subbasin runoff	6.0	8.3	11.8	9.9	8.6	3.0	1.3	0.8	0.6	0.6	1.5	3.7	56.258
Regulated Inflow	36.3	30.9	31.3	26.5	25.6	28.4	40.0	40.6	37.7	10.9	42.2	41.6	391.784
Interbay Dam fish	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	16.697
Interbay Dam spill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.009
Ralston Powerhouse (52.4)	40.9	37.9	41.7	35.0	32.7	30.1	39.9	40.0	36.9	10.0	42.3	44.0	431.335
Total Outflow	42.3	39.2	43.1	36.4	34.1	31.5	41.3	41.4	38.3	11.5	43.7	45.4	448.042
Ralston Afterbay													
Subbasin runoff	21.3	29.2	37.8	29.2	22.5	8.0	4.1	2.9	2.9	3.4	6.3	13.3	181.075
Regulated Inflow	42.9	39.8	43.7	37.0	35.4	32.7	42.6	42.6	39.5	12.7	44.9	46.6	460.161
Ralsten Afterbay Dam fish	4.6	4.3	4.6	4.5	4.6	4.5	4.6	4.6	4.5	4.6	4.5	4.6	54.45
Ralsten Afterbay Dam spill	0.0	8.9	17.2	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.158
Oxbow Powerhouse (57.7)	59.6	55.8	59.6	57.7	53.2	36.2	42.0	40.9	37.9	11.5	46.7	55.3	556.632
Total Outflow	64.3	69.0	81.5	66.2	57.8	40.7	46.7	45.5	42.3	16.1	51.2	59.9	641.236
Folsom Reservoir													
Regulated Inflow	64.3	69.0	81.5	66.2	57.8	40.7	46.7	45.5	42.3	16.1	51.2	59.9	641.236

APPENDIX VIII

NOTIFICATION REQUIREMENTS FOR AVAILABLE CAPACITY AND PROJECT OUTAGES

A. NOTIFICATION REQUIREMENTS FOR ROUTINE START-UP AND SHUTDOWNS

Prior to paralleling or after disconnecting from the electric system, notify the Control Center Facility

- Call the Control Center Facility and advise of the intent to parallel.
- Call the Control Center Facility after the unit has been paralleled and report the parallel time and intended unit output.
- Call the Control Center Facility after any routine separation.

B. SUBMISSION OF AVAILABLE CAPACITY AND PLANNED OUTAGES

1. Seller shall follow the below instructions for submittal of request for Planned Outages. PG&E reserves the right to revise or change the procedures as described in this Appendix VIII upon written Notice to Seller.
 - a. For notification of annual Planned Outage, email to DAenergy@pge.com; PGOutageCoordination@pge.com; Bilat_Settlements@pge.com; GTSHydroDrumPhOperation@pge.com
 - b. For monthly updates to previously Noticed Planned Outage, email to DAenergy@pge.com; PGOutageCoordination@pge.com; Bilat_Settlements@pge.com; GTSHydroDrumPhOperation@pge.com
 - c. Subject to Section 3.7(b), if Seller has daily updates to Unit availability or previously Noticed Planned Outage and such notification is to be made before the CAISO deadline for submitting Day-Ahead Schedules, call primary phone (415) 973-1973 for backup phone (415) 973-4500. Also send email to DAenergy@pge.com; Bilat_Settlements@pge.com; GTSHydroDrumPhOperation@pge.com
 - d. Subject to Section 3.7(b), if Seller has hourly updates to Unit availability or previously Noticed Planned Outage and such notification is to be made after the CAISO deadline for submitting Day-Ahead schedules, call PG&E's Real Time Desk at (415) 973-4500 and email to RealTime@pge.com; DAenergy@pge.com; Bilat_Settlements@pge.com
 - e. Please use the following email format for submittal of all outages:
 - i. *Email subject Field: Delivery Date Range, Contract Name, Email Purpose (i.e. dd/mm/yyyy through dd/mm/yyyy XYZ Company Project #2 Outage Notification)*
 - ii. *Email body:*
 1. *Type of Outage: Planned Outage, Forced Outage*

2. *Start Date and Start Time*
3. *Estimated or Actual End Date and End Time*
4. *Date and time when reported to PG&E and name(s) of PG&E representative(s) contacted*
5. *Text description of additional information as needed, including, but not limited to, changes to a Planned Outage or Forced Outage.*

C. FORCED OUTAGE REPORTING

1. Forced Outages – Seller shall notify Control Center Facility (530-389-2115) orally within 10 minutes of awareness of event, if such conversation has not occurred between the Parties, or as soon as reasonably possible, after the safety of all personnel and securing of all facility equipment.
 - a. Oral notification shall include time of forced outage, cause, current availability and estimated return date and time.
 - b. Seller shall continually inform the Control Center Facility of any updates to the Forced Outage and the status of the Project as soon as information becomes available.
 - c. During the Delivery Term, Seller shall comply with any requests from the Control Center Facility operators or Buyer for additional notification or reporting requirements for Forced Outages.
 - d. After oral notification of a Forced Outage or if Control Center Facility has notified Seller regarding the Forced Outage, Seller shall submit the following information via email to RealTime@pge.com; DAenergy@pge.com; Bilat_Settlements@pge.com:
 - i. *Email subject Field: Delivery Date Range, Contract Name, Email Purpose (i.e. dd/mm/yyyy through dd/mm/yyyy XYZ Company Project #2 Outage Notification)*
 - ii. *Email body:*
 1. *Type of Outage: Planned Outage, Forced Outage*
 2. *Start Date and Start Time*
 3. *Estimated or Actual End Date and End Time*
 4. *Date and time when reported to PG&E and name(s) of PG&E representative(s) contacted*
 5. *Text description of additional information as needed, including, but not limited to, changes to a Planned Outage or Forced Outage.*

**APPENDIX IX
RESERVED**

APPENDIX X
RESOURCE ADEQUACY REQUIREMENTS

1. Seller and Buyer agree that throughout the Delivery Term the Parties shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable Buyer to use the RA Capacity to satisfy Buyer's Resource Adequacy Requirements. Such commercially reasonable actions may include, but are not limited to, the following. The Parties agree that this Appendix only supplements the obligations in the Agreement relating to Resource Adequacy and does not override or qualify such obligations in any way.
 - A. Cooperating with and encouraging the regional entity, including the CAISO, if applicable, responsible for Resource Adequacy administration to certify or qualify the Contract Capacity for Resource Adequacy Requirements purposes. This includes following requirements the CAISO and/or CPUC has established and may establish in the future, including calculation of RA Capacity over all hours required for Resource Adequacy Requirement eligibility, and delivery of the RA Capacity to the Point of Interconnection; and
 - B. Negotiating in good faith to make necessary amendments, if any, to this Agreement to conform this Agreement to subsequent clarifications, revisions or decisions of the CPUC or any other entity, including the CAISO, with respect to Resource Adequacy.
2. Seller shall comply with the Resource Adequacy reporting requirements set forth in Section 40 of the CAISO Tariff as may be changed from time to time, including but not limited to the following:
 - A. Taking all actions to register the Project with the CAISO to ensure that the Project's Capacity Attributes and/or Contract Capacity is able to be recognized and counted as RA Capacity;
 - B. Coordinating with Buyer on the submission to the CAISO of the Monthly Resource Adequacy Plan, as defined in the CAISO Tariff;
 - C. Complying with the dispatch requirements applicable to the Project's resource type, as set forth in Section 40 of the CAISO Tariff; and
 - D. Complying with the applicable reporting requirements, such as submitting Supply Plans to the CAISO.
3. RA Capacity Delivery Point. The delivery point for each Unit, with respect to Buyer's Resource Adequacy Requirements, shall be the Point of Interconnection of each Unit.

**APPENDIX XI
NOTICES LIST**

Name: Placer County Water Agency, a California local governmental entity organized under the Placer County Water Agency Act of 1957 ("Seller")
All Notices:
Delivery Address: 144 Ferguson Road Auburn, CA 95603
Mail Address: (if different from above) P.O. Box 6570 Auburn, CA 95604
[REDACTED]
Phone: [REDACTED]
Facsimile: [REDACTED]
DUNS:
Federal Tax ID Number: 941552786
Invoices:
Attn: [REDACTED]
Phone: [REDACTED]
Facsimile: [REDACTED]
Scheduling:
Attn: [REDACTED]
Phone: [REDACTED]
Facsimile: [REDACTED]
Control Center Contact/Responsible and Accessible Seller Representative:
Attn: [REDACTED]
Phone: [REDACTED]
Email: [REDACTED]
Planned Outage Representative:
Attn: [REDACTED]
Phone: [REDACTED]
Email: [REDACTED]

Name: Pacific Gas and Electric Company, a California corporation ("Buyer" or "PG&E")

All Notices:

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

Mail Address:
P.O. Box 770000, Mail Code N12E
San Francisco, CA 94177
Attn: Candice Chan (CWW9@pge.com)
Director, Contract Mgmt & Settlements
Phone: (415) 973-7780
Facsimile: (415) 973-5507

DUNS:
Federal Tax ID Number:

Invoices:
Attn: Azmat Mukhtar (ASM3@pge.com)
Manager, Bilateral Settlements
Phone: (415) 973-4277
Facsimile: (415) 973-2151

Day Ahead Desk:
Phone: (415) 973-1971
Email: DAEnergy@pge.com

Real Time Desk:
Phone: (415) 973-4500
Email: RealTime@pge.com

Control Center (Drum Switching Center)
Phone: 530-389-2115
Email: GTSHydroDrumPhOperation@pge.com

Control Center Services
Attn: David Ward (DMW4@pge.com)
Phone: (415) 732-3304

Payments:
Attn: [REDACTED]
Phone: [REDACTED]
Facsimile: [REDACTED]
Wire Transfer:
BNK:
ABA:
ACCT:
Credit and Collections:
Attn: [REDACTED]
Phone: [REDACTED]
Facsimile: [REDACTED]
Contract Manager:
Attn: [REDACTED]
Phone: [REDACTED]
Facsimile: [REDACTED]
With additional Notices of an Event of Default to:
Attn: [REDACTED]
Phone: [REDACTED]
Facsimile: [REDACTED]

Payments:

Attn: Azmat Mukhtar (ASM3@pge.com)
 Manager, Bilateral Settlements
 Phone: (415) 973-4277
 Facsimile: (415) 973-2151

Wire Transfer:

BNK:
 ABA:
 ACCT:

Credit and Collections:

Attn: Justice Awuku
 Manager, Credit Risk Management
 Phone: (415) 973-4414
 Facsimile: (415) 973-7301

Contract Manager:

Attn: Chad Curran (CRCq@pge.com)
 Manager, Contract Management
 Phone: (415) 973-6105
 Facsimile: (415) 972-5507

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

APPENDIX XII

INITIAL DELIVERY DATE CONFIRMATION LETTER

In accordance with the terms of that certain Power Purchase Agreement dated _____ (“Agreement”) by and between _____ (“Buyer”) and _____ (“Seller”), this letter (“Initial Delivery Date Confirmation Letter”) serves to document the Parties’ further agreement that (i) the Conditions Precedent to the occurrence of the Initial Delivery Date have been satisfied, and (ii) Seller has scheduled and Buyer has received the Product, as specified in the Agreement, as of this _____ day of _____, _____ (the “Initial Delivery Date”). All capitalized terms not defined herein shall have the meaning set forth in the Agreement.

IN WITNESS WHEREOF, each Party has caused this Initial Delivery Date Confirmation Letter to be duly executed by its authorized representative as of the date of last signature provided below:

PLACER COUNTY WATER AGENCY

PACIFIC GAS AND ELECTRIC COMPANY

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**APPENDIX XIII
ILLUSTRATIVE EXAMPLE OF SECTION 4.1(A) ALLOCATION**

		Contract Year 1	Contract Year 2 - 5
	Contract Price	\$ 14,500,000.00	\$ 14,500,000.00
Month	MAF	Monthly Fixed Payment	Monthly Fixed Payment
Jan	8%		\$ 1,160,000.00
Feb	7%		\$ 1,015,000.00
Mar	4%		\$ 580,000.00
Apr	4%		\$ 580,000.00
May	6%	\$ 870,000.00	\$ 870,000.00
Jun	8%	\$ 1,160,000.00	\$ 1,160,000.00
Jul	15%	\$ 2,175,000.00	\$ 2,175,000.00
Aug	15%	\$ 2,175,000.00	\$ 2,175,000.00
Sep	10%	\$ 1,450,000.00	\$ 1,450,000.00
Oct	9%	\$ 1,305,000.00	\$ 1,305,000.00
Nov	7%	\$ 1,015,000.00	\$ 1,015,000.00
Dec	7%	\$ 1,015,000.00	\$ 1,015,000.00
	100%	\$ 11,165,000.00	\$ 14,500,000.00

This is an illustrative example of 4.1(a), assuming no reduction based on Availability.

**APPENDIX XIV
MONTHLY ALLOCATION FACTOR TABLE**

Month	Monthly Allocation Factor
Jan	8%
Feb	7%
Mar	4%
Apr	4%
May	6%
Jun	8%
Jul	15%
Aug	15%
Sep	10%
Oct	9%
Nov	7%
Dec	7%
Totals	100.00%

**APPENDIX XV
ILLUSTRATIVE EXAMPLE OF AVAILABILITY CALCULATION**

Example 1: Calculation of Availability for Large Hydro Units and Small Hydro Units in the month of June.

- Middle Fork & Ralston had a Forced Outage in hours 10 through 18 that reduced its availability to 150MW.
- French Meadows had a Forced Outage that reduced its availability to 10MW from hours 16 to 24.
- Hell Hole had a Forced Outage that reduced its availability to 0MW from hours 7 to 15.
- Oxbow had a Planned Outage that reduced its availability to 0MW from hours 1 through 10 (since this is a Planned Outage and does not exceed the maximum allowed Planned Outage hours specified in Section 3.7(b) and was noticed within the timeline specified, it does not affect Modified Capacity of Oxbow)

Hour	Large Hydro Units			Small Hydro Units					
	Middle Fork & Ralston Modified Capacity (MC)	Threshold Capacity (TC)	MIN (MC, TC)	French Meadow Modified Capacity (MC)	Oxbow Modified Capacity (MC)	Hell Hole Modified Capacity (MC)	Small Hydro Modified Capacity (MC)	Small Hydro Threshold Capacity (TC)	MIN (MC, TC)
1	218.39	205	205	18	6	0.6	24.6	20	20
2	218.39	205	205	18	6	0.6	24.6	20	20
3	218.39	205	205	18	6	0.6	24.6	20	20
4	218.39	205	205	18	6	0.6	24.6	20	20
5	218.39	205	205	18	6	0.6	24.6	20	20
6	218.39	205	205	18	6	0.6	24.6	20	20
7	218.39	205	205	18	6	0	24	20	20
8	218.39	205	205	18	6	0	24	20	20
9	218.39	205	205	18	6	0	24	20	20
10	150	205	150	18	6	0	24	20	20
11	150	205	150	18	6	0	24	20	20
12	150	205	150	18	6	0	24	20	20
13	150	205	150	18	6	0	24	20	20
14	150	205	150	18	6	0	24	20	20
15	150	205	150	18	6	0	24	20	20
16	150	205	150	10	6	0.6	16.6	20	16.6
17	150	205	150	10	6	0.6	16.6	20	16.6
18	150	205	150	10	6	0.6	16.6	20	16.6
19	218.39	205	205	10	6	0.6	16.6	20	16.6
20	218.39	205	205	10	6	0.6	16.6	20	16.6
21	218.39	205	205	10	6	0.6	16.6	20	16.6
22	218.39	205	205	10	6	0.6	16.6	20	16.6
23	218.39	205	205	10	6	0.6	16.6	20	16.6
24	218.39	205	205	10	6	0.6	16.6	20	16.6
Total			4,425						449.40
		205 MW * 24 hrs =	4,920					20 MW * 24 hrs =	480
		Availability = 4,425/4920 =	89.94%					Availability = 449/480 =	93.63%
		Availability Adjustment (AA) =	89.94%					Availability Adjustment (AA) =	93.63%

*For illustrative purposes only. Assume there are 24 hours in the month of June.

Example 2: Calculation of Availability for Large Hydro Units and Small Hydro Units in the month of January.

- Middle Fork & Ralston had a Forced Outage in hours 11 through 24 that reduced its availability to 0MW. Since the calculated Availability is below 50% for Large Hydro Units, the Availability Adjustment (AA) is reduced to 0%.
- French Meadows had a Planned Outage from hours 1 through 5 that reduced its availability to 10MW (since this is a Planned Outage and does not exceed the maximum allowed Planned Outage hours specified in Section 3.7(b) and was also notified within the timeline specified, it does not affect Modified Capacity of French Meadows)
- Oxbow and Hell Hole have no Planned Outages or Forced Outages in the month.

Large Hydro Units			
Hour	Middle Fork & Ralston Modified Capacity (MC)	Threshold Capacity (TC)	MIN (MC, TC)
1	218.39	200	200
2	218.39	200	200
3	218.39	200	200
4	218.39	200	200
5	218.39	200	200
6	218.39	200	200
7	218.39	200	200
8	218.39	200	200
9	218.39	200	200
10	218.39	200	200
11	0	200	0
12	0	200	0
13	0	200	0
14	0	200	0
15	0	200	0
16	0	200	0
17	0	200	0
18	0	200	0
19	0	200	0
20	0	200	0
21	0	200	0
22	0	200	0
23	0	200	0
24	0	200	0
Total			2,000

205 MW * 24 hrs = 4,800
 Availability = 2,000/4800 = 41.67%
 Availability Adjustment (AA) = 0%

Small Hydro Units					
French Meadow Modified Capacity (MC)	Oxbow Modified Capacity (MC)	Hell Hole Modified Capacity (MC)	Small Hydro Modified Capacity (MC)	Small Hydro Threshold Capacity (TC)	MIN (MC, TC)
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
18	6	0.6	24.6	20	20
					480

20 MW * 24 hrs = 480
 Availability = 480/480 = 100%
 Availability Adjustment (AA) = 100%

*For illustrative purposes only. Assume there are 24 hours in the month of January.

APPENDIX XVI

ILLUSTRATIVE EXAMPLE OF MONTHLY PAYMENT AMOUNT CALCULATION

Contract Year Price (Year 2) = \$14,500,000 (prior to Availability Adjustment)

UAF_{SH} = 0.30

UAF_{LH} = 0.70

Month	MAF	Monthly Contract Price after MAF Adj.	Availability Adjustment (Middle Fork / Ralston)	Availability Adjustment (Oxbow, Hell Hole, French Meadows)	MPA
Jan	8%	\$ 1,160,000	100%	100%	\$ 1,160,000
Feb	7%	1,015,000	95%	98%	\$ 973,385
Mar	4%	580,000	100%	100%	\$ 580,000
Apr	4%	580,000	100%	100%	\$ 580,000
May	6%	870,000	100%	100%	\$ 870,000
Jun	8%	1,160,000	100%	100%	\$ 1,160,000
Jul	15%	2,175,000	100%	100%	\$ 2,175,000
Aug	15%	2,175,000	100%	100%	\$ 2,175,000
Sept	10%	1,450,000	100%	100%	\$ 1,450,000
Oct	9%	1,305,000	100%	100%	\$ 1,305,000
Nov	7%	1,015,000	98%	98%	\$ 994,700
Dec	7%	1,015,000	97%	97%	\$ 984,550
Totals	100%	\$ 14,500,000.00			\$ 14,407,635

Using the yearly data above, Monthly Payment Amount (for February) is calculated as follows:

$$MPA_m = [CP_Y * MAF_m * UAF_{LH} * AA_{m,LH}] + [CP_Y * MAF_m * UAF_{SH} * AA_{m,SH}]$$

$$MPA_{Feb} = (\$14,500,000 * 0.07 * 0.70 * 0.95) + (\$14,500,000 * 0.07 * 0.30 * 0.98)$$

= \$973,385 (Payment from Buyer to Seller)

- MAF = Monthly Allocation Factor (see Appendix XIV)
- AA = Availability Adjustment
- MPA = Monthly Payment Amount
- UAF_{LH} = Unit Allocation Factor for Large Hydro Units
- UAF_{SH} = Unit Allocation Factor for Small Hydro Units
- CP_Y = Contract Year Price for Contract Year y

**APPENDIX XVII
FORM OF LETTER OF CONCURRENCE**

[Date]

[Name]

[Position]

[Company]

[Address]

Re: Letter of Concurrence Regarding Control of [Name] Facility

This letter sets forth the understanding of the degree of control exercised by Pacific Gas and Electric Company ("PG&E") and [Company Name] with respect to [Facility Name (the "Facility")] for the purposes of facilitating compliance with the requirements of the Federal Energy Regulatory Commission's ("Commission") Order No. 697.¹ Specifically, Order No. 697 requires that sellers filing an application for market-based rates, an updated market power analysis, or a required change in status report with regard to generation specify the party or parties they believe have control of the generation facility and extent to which each party holds control.² The Commission further requires that "a seller making such an affirmative statement seek a 'letter of concurrence' from other affected parties identifying the degree to which each party controls a facility and submit these letters with its filing."³

PG&E and [Company Name] have executed a [power purchase and sale agreement (the "Agreement")] with regard to the Facility. The Facility is a [XX] MW [description] facility located in [County, State]. Pursuant to the Agreement, [Company Name] maintains sole control of the Facility.

If you concur with the statements made in this letter, please countersign the letter and send a copy to me.

Best regards,

[Author]

[Position]

Pacific Gas and Electric Company

Concurring Statement

On behalf of [Company Name], I am authorized to countersign this letter in concurrence with its content.

By: _____

[Name]

[Company Position]

[Company Name]

¹ *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697 at P 186-187, FERC Stats. & Regs. ¶ 31,252, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 (2008), *clarified*, 124 FERC ¶ 61,055 (2008), *order on reh'g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh'g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010).

² Order No. 697 at P 186.

³ Order No. 697 at P 187.

APPENDIX XVIII

RESERVED

**APPENDIX XIX
ILLUSTRATIVE EXAMPLES OF RENEWABLE ENERGY DELIVERY ADJUSTMENT
(REDA)**

Table 1. Sample set of Delivered Energy (MWh) and Monthly Fixed Payment for ERR Resources.

	Contract Year			
	2013	2014	2015	2016
French Meadows	24,000	62,000	35,000	68,200
Oxbow	14,500	30,000	26,000	35,000
Hell Hole	1,000	3,000	2,000	3,500
Total Delivered Energy	39,500	95,000	63,000	106,700
Total Availability Adjusted Monthly Payment Amount for the Year (for ERR Resources)	\$200,000	\$289,876	\$295,000	\$298,450

Calculation of Renewable Energy Delivery Adjustment (REDA) for each calendar year based on Table 1 data:

Year 2013:

Since Delivered Energy for ERR Resources < 40,000 MWh, there will be a REDA payment due to Buyer from Seller for the following amount:

$$(40,000 \text{ MWh} - 39,500 \text{ MWh}) * \$45/\text{MWh} = \mathbf{\$22,500}$$

Year 2014:

Since Delivered Energy for ERR Resources is between 70,000 MWh and 110,000 MWh, the REDA payment for calendar year 2014 shall be \$0.

Year 2015:

Since Delivered Energy for ERR Resources < 70,000 MWh, the calculated REDA payment due to Buyer from Seller is:

$$(70,000 \text{ MWh} - 63,000 \text{ MWh}) * \$45/\text{MWh} = \$315,000$$

However, since the Availability-adjusted Monthly Payment Amount for the ERR Resources was \$295,000 for calendar year 2015, the REDA will be reduced to \$295,000, due from Seller to Buyer.

Year 2016:

Since Delivered Energy for ERR Resources > 110,000 MWh, there will be a REDA payment due from Buyer to Seller for the following amount:

$$(106,700 \text{ MWh} - 100,000 \text{ MWh}) * \$45/\text{MWh} = \mathbf{\$301,500}$$

**APPENDIX XX
CONTROL CENTER SERVICES**

The Parties' respective obligations with respect to Control Center Services (as hereinafter defined) and related procedures shall be governed by this Appendix XX.

I. Control Center Services. Except as otherwise provided in Section V below, PG&E's Power Generation Department shall provide the following services (collectively, the "Control Center Services") to Seller with respect to the Project:

(A) Monitoring of the generation and flow regulation facilities of each Unit of the Project twenty-four (24) hours a day, seven (7) days a week, from a Control Center Facility (as defined below);

(B) Responding to operational directions or instructions provided to the Control Center Facility by the Scheduling Coordinator, the CAISO, and Seller (in the aforementioned order of priority);

(C) Responding to changes in conditions affecting the Project or a Unit on a real-time basis (e.g., changes in water flow);

(D) Communicating with the Scheduling Coordinator and the CAISO in response to Seller's instructions on Planned Outages and Available Capacity and Seller's notifications of Forced Outages, each pursuant to Appendix VIII;

(E) Complying with any emergency action plan for the Project that the Parties may agree upon and document;

(F) Complying with applicable Control Center Operating Procedures (as defined below) once such procedures are agreed upon and documented by the Parties; and

(G) Complying with applicable record-keeping procedures once such procedures are agreed upon and documented by the Parties, including making required records available to Seller upon Seller's reasonable request.

II. Control Center Operating Procedures. The "Control Center Operating Procedures" mean the agreed upon and documented notification and response protocols governing communications between the Control Center Facility and Seller. No later than January 1, 2013, the Parties shall agree to and document the Control Center Operating Procedures. During the Delivery Term the Parties may agree to modify any Control Center Operating Procedure as they deem necessary or appropriate. As of the Execution Date, the Parties anticipate that the Control Center Operating Procedures should address at least the following:

(A) Communications and procedures for normal operation of the Project's Units, including start-up, shut-down, and dispatch;

(B) Procedures for the scheduling and reporting of Forced Outages and Planned Outages in the event the Parties want to use procedures that are different from those described in Section 3.7(b) of the Agreement and Appendix VIII;

(C) Procedures for record-keeping with respect to the performance of Control Center Services by PG&E's Power Generation Department; and

(D) The standard of care for each Party's performance of its respective obligations under this Appendix XX. With respect to such standard, PG&E's Power Generation Department shall perform the Control Center Services pursuant to Good Utility Practice.

III. Seller's Obligations. Seller shall have the following obligations under this Appendix XX:

(A) Providing clear and unambiguous instructions on behalf of Seller to the Control Center Facility;

(B) Designating and employing a Responsible and Accessible Seller Representative for the Project (as defined below);

(C) Participating in routine coordination meetings with the staff of the Control Center Facility.

IV. Dispute Resolution. The sole procedure to resolve any dispute or claim arising out of or relating to this Appendix XX, or the obligations or services contemplated hereunder, is the dispute resolution procedure set forth in this Section IV. Failure to perform any obligation or service hereunder shall not constitute an Event of Default. Liabilities due to Buyer's performance of any obligation or service hereunder shall be limited to CAISO charges and penalties incurred by Seller as a result of Buyer's failure to perform any Control Center Services.

(A) Investigation and Protocols. The Parties shall jointly investigate any purported failure to perform or fulfill an obligation or service under this Appendix XX and shall jointly work to devise measures, solutions or protocols to prevent any repeat occurrence of a failure.

(B) Management Negotiations. The Parties shall attempt in good faith to resolve any dispute or claim arising out of or relating to this Appendix XX 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, in writing, 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 (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to their designated senior officers ("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. 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 ten (10) Business 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. If the Executives are unable to resolve a dispute, then the disputing Party may request that the matter be referred to a "Special Dispute Arbitrator" for resolution. The Special Dispute Arbitrator shall be agreed upon by the Parties and have experience in the subject matter area. The Parties shall bear equally the fees and costs of the Special Dispute Arbitrator.

V. Seller's Election. At any time during the Delivery Term, Seller may, with sufficient notice to the Control Center Facility, elect to take over all responsibilities and obligations of PG&E under this Appendix XX, including without limitation all Control Center Services. In the event Seller makes this election, Buyer shall reasonably coordinate, over a three (3) to six (6) month period, the phasing out of its obligations hereunder with Seller's efforts to set up its own control center.

VI. Definitions.

“Control Center Facility” is the location selected in PG&E’s sole discretion from which the Project is remotely controlled by PG&E.

“Responsible and Accessible Seller Representative” means a representative of Seller that is available twenty-four (24) hours a day, 7 days a week, to personnel of the Control Center Facility to answer questions or discuss issues relating to the Project.

