

RENEWABLE ENERGY CREDIT
PURCHASE AND SALE AGREEMENT

PREAMBLE

This Renewable Energy Credit Purchase and Sale Agreement (this "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 Sierra Pacific Industries, a California corporation ("Seller"), as of the Execution Date. Buyer and Seller hereby agree to the following:

ARTICLE 1: DEFINITIONS

Capitalized terms used in this Agreement shall have the meanings indicated herein unless expressly stated otherwise.

1.1 "AAA" means the American Arbitration Association.

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

1.3 "Agreement" is defined in the Preamble. For purposes of Article 7, the word "agreement" shall have the meaning set forth in this definition.

1.4 "Arbitration" has the meaning set forth in Section 9.3.

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

1.6 "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.

1.7 "Buyer" has the meaning set forth in the Preamble.

1.8 "Buyer's WREGIS Account" has the meaning set forth in Section 2.9(a).

1.9 "California Renewables Portfolio Standard" means the renewable energy program and policies established by 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.

1.10 "CEC" means the California Energy Commission or any successor agency.

I. II "CEC Certification and Verification" means that the CEC has certified that the Project is an ERR for purposes of the California Renewables Portfolio Standard and that all energy produced by the Project qualifies as generation from an ERR for purposes of the Project.

1.12 "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.

1.13 "Condition(s) Precedent" has the meaning set forth in Section 6.1.

1.14 "Contract Price" means the price in U.S. Dollars (\$U.S.) to be paid by Buyer to Seller for the purchase of the Product, as specified in Section 2A(a).

1.15 "Contract Year" means a period of twelve (12) consecutive calendar months beginning on January 1 and ending on December 31. The first Contract Year shall commence on the Initial Delivery Date and each subsequent Contract Year shall commence on January 1.

1.16 "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 a Terminated Transaction; and (b) all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction.

1.17 "CPUC" means the California Public Utilities Commission, or any successor entity.

1.18 "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 of renewable energy credits that conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in the 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, for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), Decision 03-06-071, or other applicable law.

CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.

1.19 "CPUC REC Decision" means a final and non-appealable order of the CPUC issued under Rulemaking 06-02-012, or any successor or consolidated CPUC rulemaking, pursuant to which the CPUC authorizes Buyer to purchase the Product produced or generated by or associated with the Project and use the Product for California Renewables Portfolio Standard compliance purposes; provided that such order shall not impose further material restrictions or limitations on the volume or quantity of Renewable Energy Credits or the locations of projects that may produce or generate Renewable Energy Credits, for which Buyer may use for California Renewables Portfolio Standard compliance purposes (other than as set forth in the current proposed order under Rulemaking 06-02-012 mailed March 26, 2009).

1.20 "Defaulting Party" means the Party that is subject to an Event of Default.

1.21 "Deliver", "Delivered" or "Delivery" means the transfer from Seller to Buyer of Product by Seller's delivery to Buyer of a WREGIS Certificate in accordance with the terms of the Agreement.

1.22 "Delivery Date" means each date upon which a WREGIS Certificate representing the Product is Delivered by Seller to Buyer and received by Buyer into Buyer's WREGIS Account.

1.23 "Delivery Term" has the meaning set forth in Section 2.3(b).

1.24 "Delivery Term Security" or "DTS" means the Performance Assurance that Seller is required to maintain, as specified in Article 4, to secure performance of its obligations during the Delivery Term.

1.25 "Disclosing Party" has the meaning set forth in Section 8.4.

1.26 "Disclosure Order" has the meaning set forth in Section 8.4.

1.27 "Early Termination Date" has the meaning set forth in Section 5.2.

1.28 "Effective Date" means the date on which all of the Conditions Precedent set forth in Section 6.1 have been satisfied or waived in writing by both Parties.

1.29 "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.

1.30 "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.

1.31 "Event of Default" has the meaning set forth in Section 5.1.

1.32 "Execution Date" means the latest signature date found on the signature page of this Agreement.

1.33 "Executive(s)" has the meaning set forth in Section 9.2(a).

1.34 "Force Majeure" means an event or circumstance which prevents one Party from performing obligations under this Agreement, which event or circumstance was not anticipated as of the Execution Date of this Agreement, and which is not in the reasonable control of, or the result of negligence of, the Party claiming Force Majeure, and which by the exercise of due diligence the Party is unable to overcome or cause to be avoided. Force Majeure shall include, but not be limited to, an act of God, riot, insurrection, war, explosion, labor dispute, fire, flood, earthquake, storm, lightning, tsunami, backwater caused by flood, act of the public enemy, terrorism, epidemic, interruption of transmission or generation services reasonably relied upon and without a reasonable source of substitution to make deliveries hereunder, civil disturbances, strike, labor disturbances, labor or material shortage, national emergency, unforeseen and necessary maintenance, repairs, or replacements, actions taken to limit the extent of disturbances on the electrical grid, or other similar causes beyond the control of the Party affected which causes such Party could not have avoided by the exercise of due diligence and reasonable care. For the purposes of this Agreement, the term "Force Majeure" shall also include the unavailability of fuel, in either quantity or quality, that was not anticipated as of the Execution Date, which is neither within the reasonable control nor the result of negligence by Seller, or the party supplying fuel to Seller, and which by the exercise of reasonable due diligence Seller is unable to overcome or avoid or cause to be avoided.

1.35 "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 for the remaining Delivery Term, determined in a commercially reasonable manner, consistent with Section 5.3 hereof. Subject to Section 5.3, 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, all of which should be calculated for the remaining Delivery Term.

1.36 "Government Action" means action by a Governmental Authority to change the eligibility of the Product or portion thereof for the California Renewables Portfolio Standard or to substantially change the requirements for compliance by persons obligated to comply with the California Renewables Portfolio Standard, which in either case has a material adverse effect on (a) Seller's ability to supply the Product or portion thereof (including Delivery requirements) or (b) Buyer's ability to use the Product or portion thereof for California Renewables Portfolio Standard compliance purposes or the California Renewables Portfolio Standard. Subsection (a) shall include Seller's inability to supply the Product due to an action that causes Seller's representations and warranties in Section 3.2(a) to be materially false or misleading, as long as Seller has used commercially reasonable efforts to comply with such action, but is still unable to supply the Product even after using commercially reasonable efforts to comply.

1.37 "Governmental Approval" means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any Governmental Authority 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 use and operation of the Project.

1.38 "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.

1.39 "Governmental Charges" means all taxes imposed by any Governmental Authority on or with respect to the Product or the Transaction.

1.40 "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 (SO_x), nitrogen oxides (NO_x), 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!; (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 repOli 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.

1.41 "Initial Delivery Date" has the meaning set forth in Section 2.3(b).

1.42 "Initial Negotiation End Date" has the meaning set forth in Section 9.2(a).

1.43 "Interest Amount" means, with respect to an Interest Period, the amount of interest calculated as follows: (i) the sum of (a) the principal amount of Performance Assurance in the form of cash held by Buyer during that Interest Period, and (b) the sum of all accrued and unpaid Interest Amounts accumulated prior to such Interest Period; (ii) multiplied by the Interest Rate in effect for that Interest Period; (iii) multiplied by the number of days in that Interest Period; (iv) divided by 360.

! Avoided emissions 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.

1044 "Interest Payment Date" means the last Business Day of each calendar year.

1045 "Interest Period" means the monthly period beginning on the first day of each month and ending on the last day of each month.

1046 "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 any successor publication.

1047 "Law" means any statute, law, treaty, rule, regulation, ordinance, code, permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental 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 Article 7, and Section 1.01 "Green Attributes," and Section 2.7(c), the word "law" shall have the meaning set forth in this definition.

1048 "Losses" means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of the Transaction for the remaining Delivery Term, determined in a commercially reasonable manner, consistent with Section 5.3 hereof. Subject to Section 5.3, factors used in determining economic loss 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, all of which should be calculated for the remaining Delivery Term. If the Non-Defaulting Party is the Seller, then "Losses" shall exclude any loss of tax credits, or other federal, state or local tax credits or benefits (based on production or otherwise), investment credits, accelerated depreciation, grants or other subsidies related to the construction, ownership and operation of the Project or generation therefrom.

1049 "Manager" has the meaning set forth in Section 9.2(a).

1.50 "MWh" means megawatt-hour.

1.51 "Non-Defaulting Party" is defined in Section 5.2.

1.52 "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 1 contains the names and addresses to be used for Notices.

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

1.54 "Party" means the Buyer or Seller individually, and "Parties" means both collectively. For purposes of Article 7, the word "party" or "parties" shall have the meaning set forth in this definition.

1.55 "Performance Assurance" means the collateral provided by Seller to Buyer pursuant to Article 4 to secure Seller's obligations hereunder.

1.56 "Preamble" means the paragraph that precedes Article 1; Definitions.

1.57 "Product" means all of the Renewable Energy Credits and Green Attributes, which are or can be created, produced or generated by the Project on a Unit Contingent basis as evidenced by the WREGIS Certificates.

1.58 "Product Reporting Rights" means the exclusive right to repmi sole ownership of the Product to the CEC, CPUC, any Governmental Authority or any other party, including under Section 1605(b) of the Energy Policy Act of 1992, as amended or supplemented, or under any present or future California Renewables Portfolio Standard or replacement or successor thereof.

1.59 "Project" means collectively those facilities listed in Appendix II to this Agreement. For purposes of Section 1.40 "Green Attributes," the word "project" shall have the meaning set forth in this definition.

1.60 "Referral Date" has the meaning set forth in Section 9.2(a).

1.61 "Renewable Energy Credit" or "REC" has the meaning set forth in California Public Utilities Code Section 399.12(h) and CPUC Decision 08-08-028, as may be amended or supplemented from time to time or as further defined or supplemented by Law, is evidenced by a WREGIS Certificate, and is equivalent to one (1) MWh of energy from the Project. For purposes of Section 1.18 "CPUC Approval," and Sections 2.7(c) and 2.9(a)(iv), the words "renewable energy credits" shall have the meaning set forth in this definition.

1.62 "Satisfaction Date" has the meaning set forth in Section 2.1 (a).

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

1.64 "Seller's WREGIS Account" has the meaning set forth in Section 2.9(a).

1.65 "Settlement Amount" has the meaning set forth in Section 5.2.

1.66 "Term" has the meaning provided in Section 2.1 (a).

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

1.68 "Termination Payment" has the meaning set forth in Section 5.2.

1.69 "Transaction" has the meaning set forth in Section 2.3.

1.70 "Unit Contingent" has the meaning set forth in Section 2.3.

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

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

1.73 "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.

Rules of Interpretation. Unless otherwise required by the context in which any term appears, (a) the singular includes the plural and vice versa; (b) references to "Articles," "Sections," "Schedules," "Annexes," "Appendices" or "Exhibits" (if any) are to articles, sections, schedules, annexes, appendices or exhibits hereof; (c) all references to a particular entity or market price index include a reference to such entity's or index's successors and (if applicable) permitted assigns; (d) references to any Law include a reference to any amendments or supplements thereto or replacements thereof, (e) the words "herein," "hereof" and "hereunder" refer to this Agreement as a whole and not to any particular Article, Section or subsection hereof; (f) all accounting terms not specifically defined herein will be construed in accordance with generally accepted accounting principles in the United States of America, consistently applied; (g) references to this Agreement include a reference to all appendices, annexes, schedules and exhibits hereto, as the same may be amended, modified, supplemented or replaced from time to time; (h) the masculine includes the feminine and neuter and vice versa; (i) the words "including", "includes", and "include" shall be deemed to be followed in each instance by the words "without limitation"; (j) references to agreements and other legal instruments include all subsequent amendments thereto, and changes to, and restatements or replacements of, such agreements or instruments that are duly entered into and effective against the parties thereto or their permitted successors and assigns; and (k) the word "or" is not necessarily exclusive.

ARTICLE 2: TRANSACTIONS; PAYMENT, TAXES AND TRANSFER OF TITLE

2.1 Term.

(a) Term. The term of the Agreement shall commence upon the satisfaction of the Conditions Precedent set forth in Section 6.1 of this Agreement and shall remain in effect for five (5) years, unless terminated sooner pursuant to Sections 5.2, 5.8, 6.2 or 6.3 of this Agreement (the "Term"); provided that this Agreement shall thereafter remain in effect until the Parties have fulfilled all obligations with respect to the Transaction, including Delivery of all Product produced or generated prior to the end of the Delivery Term, payment in full of amounts due for the Product Delivered pursuant to the terms hereof, the Settlement Amount, or other damages (whether directly or indirectly such as through set-off or netting) and the undrawn portion of the Delivery Term Security is released and/or returned as applicable (the "Satisfaction Date").

(b) Survival. Notwithstanding anything to the contrary in this Agreement, all rights under Section 3.4 (Indemnity) 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 all rights and obligations under Section 8.4 (Confidentiality) shall survive the Satisfaction Date or the end of the Term (whichever is later) for an additional two (2) years.

2.2 Binding Nature.

(a) Upon Execution Date. This Agreement shall be effective and binding on the Parties 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: Sections 2.1, 2.2(a), 3.1, 5.1(a)(v), 5.1(a)(iii) (only with respect to Section 3.J), 5.1(a)(iv) (only with respect to the Sections identified in this Section 2.2(a)), 5.2 through 5.8, 8.1 through 8.5 and Articles J, 6, 7 and 9.

(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.

2.3 Transaction. The Parties desire to enter into a transaction for the purchase and sale of Products under this Agreement ("Transaction").

(a) 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 at Buyer's WREGIS Account, and Buyer shall pay Seller the Contract Price in accordance with the terms of this Agreement. In no event shall Seller have the right to procure any element of the Product from sources other than the Project for sale or delivery to Buyer under this Agreement. Buyer shall have no obligation to receive or purchase Product from Seller prior to or after the Delivery Term. 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 Buyer's WREGIS Account. Buyer shall be responsible for any costs or charges imposed on or associated with the Product after its receipt in Buyer's WREGIS Account. Delivery of Product shall be independent of delivery of the electricity with which the Product is associated and which is not committed to Buyer hereunder.

(b) Seller shall Deliver to Buyer all Product on a Unit Contingent basis (i) created, generated or produced by the Project during the Delivery Term or (ii) which will meet the requirements of the California Renewables Portfolio Standards during the Delivery Term as determined by (A) the CPUC REC Decision, (B) otherwise by order or decision of the CPUC, or (C) as mutually agreed by the Parties in writing. "Unit Contingent" shall mean that the Product is supplied exclusively to Buyer, as generated by the Project. Seller does not represent or covenant that any certain quantity of Product will be generated. As used herein, "Delivery Term" shall mean the period of time beginning on the first date that Seller Delivers Product to Buyer from the Project following the satisfaction or waiver in writing of the Conditions Precedent set forth in Section 6.1 of this Agreement ("Initial Delivery Date") and continuing for five (5) years unless terminated as provided by the terms of this Agreement. The Initial Delivery Date shall occur as soon as practicable once all of the applicable Conditions Precedent in Article 6 of the Agreement have been satisfied or waived in writing.

(c) Notwithstanding anything in this Agreement to the contrary, Buyer shall not be obligated to purchase from Seller more than 120,000 RECs in each Contract Year (the "Annual Maximum Amount"). If during a Contract Year and prior to the end of each Contract Year, Seller Delivers to Buyer 100,000 RECs, Buyer, in its sole discretion, shall have the right, but not the obligation to purchase from Seller RECs in addition to the Annual Maximum Amount at the Contract Price and on the same terms and conditions as specified in this Agreement by providing Seller with Notice of Buyer's intent to purchase RECs in addition to the Annual Maximum Amount ("Right to Excess RECs"). Buyer shall have thirty (30) days from the Delivery of the 100,000th REC during each Contract Year ("Exercise Period") to exercise the Right to Excess RECs by giving Notice to Seller of Buyer's exercise of the Right to Excess RECs ("Exercise Notice"). Buyer's Exercise Notice shall include the total amount of RECs above the Annual Maximum Amount that Buyer will purchase in that Contract Year pursuant to this Section 2.3(c). If Buyer does not exercise the Right to Excess RECs by the expiration of the Exercise Period, Seller shall have the right to sell the RECs in excess of the Annual Maximum Amount for that Contract Year to one or more third parties and the Parties shall cooperate as necessary to transfer such additional RECs and corresponding WREGIS Certificates to such third parties.

2.4 Contract Price; Payment.

(a) Contract Price. The Contract Price for each Renewable Energy Credit Delivered to Buyer during the Term shall be \$48.50 per REC, subject to Section 2.3(c). No other payment shall be required for Product Delivered under the Agreement.

(b) Payment. On or about the tenth (10th) day of each month beginning with the third full calendar month following the Initial Delivery Date and every month thereafter, and continuing until Buyer has paid for all Renewable Energy Credits Delivered during the Term, Buyer shall pay the Contract Price for the Product, in the form of a WREGIS Certificate Delivered to Buyer's WREGIS Account in the prior month. If the payment date is not a Business Day, then such payment shall be provided on the next following Business Day. Buyer will make payments by electronic funds transfer to the account designated by Seller on Appendix I. 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.

2.5 Taxes and Fees. Seller will be responsible for any Governmental Charges imposed on the creation, ownership, or transfer of Product under this Agreement up to and including at the time and place of its Delivery. Buyer will be responsible for any Governmental Charges imposed on the receipt or ownership of Product after the time and place of its Delivery. Each Party will be responsible for the payment of any fees, including brokers' fees, incurred by it in connection with any Transactions hereunder.

2.6 Transfer of Title. Seller's property interest in the Product will pass to Buyer when the Delivery and payment are complete. Upon such completion, all rights, title and interest in and to the Product, to the full extent the same is property, will transfer to Buyer.

2.7 Transfer of Product.

(a) By Delivering a Product to Buyer and payment for such Product by Buyer, Seller transfers any and all, and the exclusive, right to use that Product in the California Renewables Portfolio Standard and for compliance under any other applicable environmental Law or regulatory requirement, as well as any and all Product Reporting Rights. Transfer of the Product does not transfer eligibility for production tax credits or other direct third-party subsidies for generation of electricity by the Eligible Renewable Energy Resource. Delivery and payment for Product by Buyer grants the Buyer the right, exclusive to the full extent applicable, to verify, certify, and otherwise take advantage of the rights, claims and ownership in the Product.

(b) Seller hereby provides and conveys all Products associated with the Project to Buyer. Seller represents and warrants that Seller holds the rights to all Product from the Project, and Seller agrees to convey and hereby conveys all such Product to Buyer as included in the Delivery of the Product from the Project.

(c) 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 commercial reasonable efforts to comply with such change in law.

2.8 Verifying and Certifying. As of the Effective Date, Seller has obtained the CEC Certification and Verification of the Project as an ERR. Seller shall take all necessary steps including making all supporting timely filings with the CEC to maintain the CEC Certification and Verification throughout the Delivery Term. The costs and expenses of CEC Certification and Verification are the responsibility of the Seller.

2.9 WREGIS and Metering.

(a) 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 Product corresponding to all energy generated by the Project are issued and tracked for purposes of satisfying the requirements of the California Renewables Portfolio Standard and are promptly transferred to Buyer on a monthly basis following the Initial Delivery Date for Buyer's sole benefit. 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. In addition:

(i) Prior to the Initial Delivery Date, Seller shall register the Project with WREGIS. During the Delivery Term, Seller shall (A) establish and maintain an account with WREGIS ("Seller's WREGIS Account") and (B) 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"), to the extent necessary to promptly transfer and Deliver to Buyer's WREGIS Account the WREGIS Certificates. Seller shall be responsible for all expenses associated with registering the Project 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, at its sole expense, ensure that the WREGIS Certificates for a given calendar month correspond with the energy generated by the Project for such calendar month as evidenced by the Project's metered data.

(iii) **If** WREGIS changes the WREGIS Operating Rules after the Execution Date or applies the WREGIS Operating Rules in a manner inconsistent with this Section 2.9(a) after the Execution Date, the Parties promptly shall modify this Section 2.9(a) 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 energy generated by the Project in the same calendar month.

(iv) Seller warrants that all necessary steps have been taken to allow the renewable energy credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System.

(b) Metering. The terms and conditions of metering the Project and the Parties' respective obligations shall be governed pursuant to a separate agreement entered into by the Parties entitled Qualified Reporting Entity ("QRE") Service Agreement dated April 27, 2009 or as mutually agreed in writing by the Parties in the event the QRE Service Agreement is terminated or expired.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES; COVENANTS

3.1 Mutual Representations and Warranties. On the Execution Date and on each Delivery Date, each Party represents and warrants to the other that:

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

(b) it has all Governmental Approvals necessary for it to perform its obligations under this Agreement, except for (i) CPUC Approval and the CPUC REC Decision in the case of Buyer prior to Buyer's receipt of CPUC Approval or the CPUC REC Decision, and (ii) all permits necessary to install, operate and maintain the Project in the case of Seller;

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

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

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

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

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

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

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

3.2 Warranties of Seller. Seller represents and warrants to Buyer on each Delivery Date for the Product that:

(a) the Project qualifies and is certified by the CEC as an ERR and the Project's output 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.

(b) Seller has good and marketable title to the Product and all right, title and interest in and to such Product are free and clear of any liens, taxes, Claims, security interests or other encumbrances except for any right or interest by any entity claiming through Buyer;

(c) Seller has not sold or transferred the Product to any other person or entity; and

(d) the Product is separate from the energy generated by the Project.

3.3 General Covenants. Each Party covenants that throughout the Delivery Term:

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

(b) it shall maintain (or obtain from time to time as required, including through renewal, as applicable) all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and the Transaction;

(c) it shall perform its obligations under this Agreement and the Transaction in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any Law, rule, regulation, order or the like applicable to it; and

(d) it shall maintain its status as a "forward contract merchant" within the meaning of the United States Bankruptcy Code (for so long as such term has the same definition as in effect as of the Execution Date).

3.4 Indemnity.

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

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

caused solely by the willful misconduct or gross negligence of Seller, its agents, employees, directors or officers.

ARTICLE 4: CREDIT AND COLLATERAL REQUIREMENTS

4.1 Grant of Security Interest/Remedies. To secure its obligations under this Agreement, Seller hereby grants to Buyer, as the secured party, a first priority security interest in, and lien on (and right of setoff against), and assignment of, all Performance Assurance posted with Buyer in the form of cash collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Buyer. Seller agrees to take such action as Buyer reasonably requires in order to perfect a first-priority security interest in, and lien on (and right of setoff against), such Performance Assurance and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence and during the continuation of an Event of Default or an Early Termination Date, Buyer, as the Non-Defaulting Party, may do any one or more of the following: (a) exercise any of the rights and remedies of a secured party with respect to all Performance Assurance, including any such rights and remedies under the Law then in effect; (b) exercise its rights of setoff against any and all property of Seller, as the Defaulting Party, in the possession of the Buyer or Buyer's agent; and (c) liquidate all Performance Assurance, then held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller. Buyer shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Seller's obligations under the Agreement (Seller remaining liable for any amounts owing to Buyer after such application), subject to the Buyer's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

4.2 Performance Assurance.

(a) Delivery Term Security. Seller agrees to deliver to Buyer, Delivery Term Security pursuant to this Section 4.2(a) in the amount of \$850,000 and in the form of cash through a revenue holdback by Buyer of a portion of the payments Seller is entitled to receive pursuant to Section 2.4(b) from Buyer. The Delivery Term Security may be held by Buyer from the initial payment due to Seller as of the Initial Delivery Date until the end of the Term to secure its obligations under this Agreement. The Delivery Term Security shall be collected by Buyer over the course of the first calendar year of the Delivery Term (which collection period may be extended as until a total of \$850,000 is collected) through the holdback by Buyer of a portion of each of Buyer's payment of Seller's monthly invoice pursuant to Section 2.4(b) equal to \$8.50 per REC Delivered (the "DTS Amount"). The Delivery Term Security amount shall accumulate in an account managed by Buyer bearing the Interest Rate (the "DTS Account"). Any such Performance Assurance shall not be deemed a limitation of damages, unless otherwise specifically provided by the terms set forth in this Agreement.

(b) Payment and Transfer of Interest. Buyer shall pay interest on cash held as Delivery Term Security at the Interest Rate on the Interest Payment Date. After Seller posts the entire aggregate amount of Delivery Term Security, Buyer shall transfer (as described in the preceding sentence) on or before each Interest Payment Date the Interest Amount due to Seller for such unused Delivery Term Security if any.

(c) Return of Delivery Term Security. Buyer shall return the unused portion of Delivery Term Security, including the payment of any interest due thereon, pursuant to Section 4.2(b) above, to Seller within thirty (30) days after the Satisfaction Date.

4.3 Access to Financial Information. The Parties agree that Generally Accepted Accounting Principles and SEC rules require Buyer to evaluate if Buyer must consolidate Seller's financial information. Subject to Section 4.3(c) if Buyer determines that consolidation is required, Buyer shall provide Seller, within 15 days after each calendar quarter for the Term so long as consolidated financial reporting is required, all relevant documentation supporting this determination and Seller shall provide Buyer, within 60 days after each interim calendar quarter and 120 days after the fiscal year end of the Seller for the Term so long as consolidated financial reporting is required, the following:

(a) Consolidated financial statements, including notes thereto, of Seller prepared in accordance with Generally Accepted Accounting Principles, and

(b) Specified additional financial schedules, if required, to consolidate Seller's financial result.

(c) Any determination by Buyer that consolidation is required is subject to the opportunity for Seller to question or challenge that determination and, in that event, the matter will be resolved pursuant to the dispute resolution provisions of Article 9 of this Agreement. Seller shall have no obligation to provide access to financial information under this Section 4.3 pending the outcome of said dispute resolution provisions.

Any information provided to Buyer pursuant to this Section 4.3 shall be considered confidential in accordance with the terms of this Agreement and shall be disclosed, if at all, only with prior notification of such proposed disclosure to Seller and then only on an aggregate basis with other similar entities for which Buyer has REC purchase agreements or power purchase agreements that involve the purchase of RECs. The information will only be used for financial statement purposes and shall not be otherwise shared with internal or external parties.

ARTICLE 5: EVENTS OF DEFAULT; REMEDIES

5.1 Events of Default.

(a) An "Event of Default" means, with respect to a Defaulting Party, 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) failure to Deliver or receive Product pursuant to this Agreement;

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

(iv) 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; or

(v) such Party becomes Bankrupt.

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

(i) if at any time, (A) Seller Delivers or attempts to Deliver Product to Buyer for sale under this Agreement that was not created, generated or produced by the Project, or (B) Seller Delivers or attempts to Deliver Product to a third party during the Delivery Term; or

(ii) failure by Seller to satisfy the creditworthiness/collateral requirements agreed to pursuant to Sections 4.1 and 4.2 of this Agreement.

(c) It shall not be an Event of Default and neither Party shall be liable to the other Party for any damages or penalties in the event that Seller fails to Deliver the Product to Buyer or Buyer fails to receive or pay for the Product, for any of the following reasons: (i) Force Majeure; or (ii) permitted termination of the Agreement in the absence of an Event of Default.

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 right (a) to send Notice, designating a day, no earlier than the day such Notice is deemed to be received and no later than twenty (20) days after such Notice is deemed to be received, as an early termination date of this Agreement ("Early Termination Date"), (b) terminate the Transaction and end the Delivery Term effective as of the Early Termination Date, (c) in the event of an Event of Default, to collect liquidated damages ("Termination Payment"), which shall be calculated in accordance with Section 5.3 below, (d) withhold any payments due to the Defaulting Party under this Agreement; (e) suspend performance, and (f) in the case of Buyer, exercise its rights pursuant to Sections 4.2 and 4.3 to draw upon and retain Performance Assurance. The Termination Payment will be the aggregate of all Settlement Amounts netted into a single amount, where the "Settlement Amount" is equal to the Losses or Gains, and Costs, which the Non-Defaulting Party incurs as a result of the termination of this Agreement. If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment shall be zero. Disputes regarding the Termination Payment shall be determined in accordance with Article 9.

5.3 Calculation of Termination Payment. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for the Terminated Transaction as of the Early Termination Date. The Non-Defaulting Party shall use the market price for a comparable transaction to determine the Gains or Losses and such price should be determined by using the average closing market price for Renewable Energy Credits (as published in an index for a liquid traded market for Renewable Energy Credits as evidenced by WREGIS Certificates which includes California) for the thirty (30) days preceding the date of the Notice declaring an Event of Default triggering the Early Termination Date; provided that if a liquid trading market for Renewable Energy Credits does not exist at the time of the calculation of a Settlement Amount, then the price of Renewable Energy Credits should be determined by using the average of market quotations provided by three (3) or more bona fide unaffiliated market participants. 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, and (c) for the remaining Delivery Term, or in any other commercially reasonable manner. The Gains and Losses shall be calculated as the difference, plus or minus, between the economic value of the remaining Delivery Term of the Terminated Transaction and the equivalent quantities and relevant market price for the same term, as provided in this Section 5.3, or which are reasonably expected to be available in the market for a replacement contract for

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

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

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

5.6 Rights And Remedies Are Cumulative. Except as provided in Section 5.7, the rights and remedies of a Party pursuant to this Article 5 shall be cumulative and in addition to the rights of the Parties otherwise provided in this Agreement.

5.7 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 3.4 (INDEMNITY), **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.

5.8 Right to Terminate. The Parties acknowledge that the California Renewables POItfalo Standard, which among other things establishes the conditions for a market for the Product or portion thereof, may be the subject of Government Action. If after the Execution Date, a Government Action occurs, Buyer (in the case of a Government Action as described under Section 1.36(a) or (b)) and Seller (in the case of Government Action as described under Section 1.36(a) only), shall have the right, but not the obligation, to terminate this Agreement without any further obligation to purchase and receive the Product or seek CPUC Approval of this Agreement, immediately upon Notice to the other Party and without further liability of either Party to the other Party.

ARTICLE 6: CONDITIONS PRECEDENT

6.1 Conditions Precedent. Subject to Section 2.2 hereof, the Term shall not commence until the occurrence of all of the following:

- (a) This Agreement has been duly executed by the authorized representatives of each of Buyer and Seller;
- (b) CPUC Approval has been obtained;
- (c) CPUC REC Decision has been issued; and
- (d) Buyer receives 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. Such OCCUITences in Sections 6.I(a) through (d) shall be referred to collectively as "Conditions Precedent".

6.2 Failure to Meet All Conditions Precedent. If the Conditions Precedent set forth in Sections 6.I(b) through (d) are not satisfied or waived in writing by Buyer on or before two hundred forty (240) days from the date on which Buyer file's this Agreement for CPUC Approval, then either Party may terminate this Agreement effective upon receipt of Notice by the other Patty. Neither Party shall have any obligation or liability to the other, including for a Termination Payment or otherwise, by reason of such termination.

6.3 If Buyer does not seek CPUC Approval of the Agreement by October 31, 2009 or within thirty (30) days of the issuance of the CPUC REC Decision, whichever is earlier, then either Party may terminate this Agreement effective upon receipt of Notice by the other Party. Neither Palty shall have any obligation or liability to the other, including for a Termination Payment or otherwise, by reason of such termination.

ARTICLE 7: 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 patty waives its respective right to any jury trial with respect to any litigation arising under or in connection with this agreement.

ARTICLE 8: MISCELLANEOUS

8.1 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld 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, 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 (A) the assignee assumes the assigning Party's payment and performance obligations under this Agreement, (B) the assignee agrees in writing to be bound by the terms and conditions hereof, and (C) the assigning Party provides the other Party hereto with at least thirty (30) days' prior written notice of the assignment. Any assignment or purported assignment in violation of this Section 8.1 is void.

8.2 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. 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. Pacific Time (PST) (and if received after 5:00 p.m. PST, 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 by providing Notice of such change to the other Party.

8.3 General.

(a) 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 8.3(c). This Agreement shall be binding on each Party's successors and permitted assigns.

(b) 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.

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

8.4 Confidentiality. Neither Party shall disclose the non-public terms or conditions of this Agreement or any Transaction hereunder to a third party, other than (a) 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, (b) for disclosure to Buyer's Procurement Review Group, as defined in CPUC Decision D. 02-08-071, subject to a confidentiality agreement, (c) to the CPUC under seal for purposes of review, (d) disclosure of terms specified in and pursuant to Section 8.5; (e) 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 (1); or (f) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the FERC. In connection with requests made pursuant to clause (e) of this Section 8.4 ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts: (i) to notify the other Party prior to disclosing the confidential information and (ii) prevent or limit such disclosure. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. 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.

8.5 RPS Confidentiality. Notwithstanding Section 8.4 of this Agreement, at any time on or after the date on which the Buyer makes its advice filing letter seeking CPUC Approval of this Agreement, either Party shall be permitted to disclose the following terms with respect to such Transaction: Party names, resource type, Delivery Term, Project location, anticipated Initial Delivery Date, and anticipated quantity of Product.

ARTICLE 9: DISPUTE RESOLUTION

9.1 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 or any related agreement is the dispute resolution procedure set forth in this Article Nine. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of this procedure..

9.2 Management Negotiations.

(a) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's Authorized Representative listed on Appendix I, or such other person designated in writing as a representative of the Party (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, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.

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

(d) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the written request to meet, pursuant to Section 9.2(a) above, refuses or does not meet within the ten (10) Business Day period specified in Section 9.2(a) above, either Party may initiate mediation of the controversy or claim according to the terms of the following Section 9.3.

9.3 Mediation. If the dispute cannot be so resolved by negotiation as set forth in Section 9.2 above, it shall be resolved at the request of any Party through a two-step dispute resolution process administered by the AAA. As the first step, the Parties agree to mediate any controversy before a mediator from the AAA panel, pursuant to AAA's commercial mediation rules, in San Francisco, California. Either Party may begin mediation by serving a written demand for mediation. 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 service of a written demand for mediation, the mediation does not result in resolution of the dispute, then the controversy shall be settled by Arbitration conducted by a retired judge or justice from the AAA panel conducted in San Francisco, California, administered by and in accordance with AAA's Commercial Arbitration Rules ("Arbitration"). The period commencing from the date of the written demand for mediation until the appointment of a mediator shall be included within the sixty (60) day mediation period. Any mediator(s) and arbitrator(s) shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. Either Party may initiate Arbitration by filing with the AAA a notice of intent to arbitrate within sixty (60) days of service of the written demand for mediation.

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

(a) Each of the Parties shall submit to the arbitrator, in accordance with a schedule set by the arbitrator, offers in the form of the award it considers the arbitrator should make. If the arbitrator requires the Parties to submit more than one such offer, the arbitrator shall designate a deadline by which time the Parties shall submit their last and best offer. In such proceedings the arbitrator shall be limited to awarding only one of the two "last and best" offers submitted, and shall not determine an alternative or compromise remedy.

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

(c) The arbitrator's award shall be made within nine (9) months of the filing of the notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary. The California Superior Court of the City and County of San Francisco may enter judgment upon any award rendered by the arbitrator. The Parties are aware of the decision in *Advanced Micro Devices, Inc. v. Intel Corp.*, 9 Cal. 4th 362 (J 994) and, except as modified by this Agreement, intend to limit the power of the arbitrator to that of a Superior Court judge enforcing California Law. The prevailing Party in this dispute resolution process is entitled to recover its costs and reasonable attorneys' fees.

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

(e) 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.

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:

SIERRA PACIFIC INDUSTRIES, a California corporation

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation

Signature: 

Signature: _____

Name: George Emmerson

Name: _____

Title: Vice President

Title: _____

Date: 09/J 6 (2009)

Date: _____

[SIGNATURE PAGE TO RECS PURCHASE AGREEMENT]

(a) Each of the Parties shall submit to the arbitrator, in accordance with a schedule set by the arbitrator, offers in the form of the award it considers the arbitrator should make. If the arbitrator requires the Parties to submit more than one such offer, the arbitrator shall designate a deadline by which time the Parties shall submit their last and best offer. In such proceedings the arbitrator shall be limited to awarding only one of the two "last and best" offers submitted, and shall not determine an alternative or compromise remedy.

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

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

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

(e) 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.

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:

SIERRA PACIFIC INDUSTRIES, a California corporation

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation

Signature: _____

Signature: _____

Name: _____

Name: Roy M. Kuga

Title: _____

Title: VP. Energy Supply Management

Date: _____

Date: 9/23/09

AC/RWL

[SIGNATURE PAGE TO RECS PURCHASE AGREEMENT]

APPENDIX I

NOTICES LIST

Name: Sierra Pacific Industries, a California corporation ("Seller")

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

All Notices:

All Notices:

Delivery Address:

Street: 19794 Riverside Avenue
City: Anderson State: CA Zip: 96007

DeliveIY Address:

77 Beale Street, Mail Code NI2E
San Francisco, CA 94105-1702

Mail Address: (if different fi'om above)

P.O. Box 496028
Redding, CA 96049-6028

Attn: [REDACTED]

[REDACTED]

Phone: [REDACTED]

Facsimile: [REDACTED]

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: [REDACTED]

Federal Tax ID Number: 68-0396272

DUNS: [REDACTED]

Federal Tax ID Number: 94-0742640

Authorized Representative:

Attn:

Phone:

Facsimile:

Authorized Representative:

Attn:

Phone:

Facsimile:

Invoices:

Attn: [REDACTED]

[REDACTED]

[REDACTED]

Phone: [REDACTED]

Facsimile: [REDACTED]

Invoices:

Attn: Amol Patel (AxPx@pge.com)

Manager, Bilateral Settlements

Phone: (415) 973-6510

Facsimile: (415) 973-2151

Payments:

Attn: [REDACTED]

[REDACTED]

[REDACTED]

Phone: [REDACTED]

Facsimile: [REDACTED]

Payments:

Attn: Amol Patel (AxPx@pge.com)

Manager, Bilateral Settlements

Phone: (415) 973-6510

Facsimile: (415) 973-2151

Wire Transfer:

BNK: [REDACTED]

ABA: [REDACTED]

ACCT: [REDACTED]

Remit Detail to: [REDACTED]

Wire Transfer:

BNK: [REDACTED]

ABA: [REDACTED]

ACCT: [REDACTED]

Acct Title: [REDACTED]

Credit and Collections:

Attn: [REDACTED]
[REDACTED]
[REDACTED]
Phone: [REDACTED]
Facsimile: [REDACTED]

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

Attn: [REDACTED]

Phone: [REDACTED]
Facsimile: [REDACTED]

Credit and Collections:

Attn: David Medrano (D6MD@pge.com)
Manager, Credit Risk Management

Phone: (415) 973-9099
Facsimile: (415) 973-4071

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

APPENDIXII

PROJECT DESCRIPTION INCLUDING DESCRIPTION OF SITE

The Project consists of the following facilities listed as generation units:

Generation Unit 1

Unit Name: SPI Anderson
WREGIS ID: W666
CEC RPS Certification No.: 60086E
CAISO Resource ID: SPIAND 1 UNIT
EIA Plant Code: 55049
Onsite Load Meter ID: 7800013
Unit Site Name (if different from Unit Name): _____
Unit Physical Address: 19758 Riverside Ave., Anderson CA 96007
Technology Type: Biomass

Generation Unit 2

Unit Name: SPI Burney
WREGIS ID: W667
CEC RPS Certification No.: 60087E
CAISO Resource ID: SPBURN 2 Unit I
EIA Plant Code: 50110
Onsite Load Meter ID: 7800008
Unit Site Name (if different from Unit Name): _____
Unit Physical Address: 36336 Highway 299 East, Burney CA 96013
Technology Type: Biomass

Generation Unit 3

Unit Name: SPI Lincoln
WREGIS ID: W668
CEC RPS Certification No.: 60088E
CAISO Resource ID: SPI LI 2 UNIT I

EIA Plant Code: 10144
Onsite Load Meter ID: 9&00001
Unit Site Name (if different from Unit Name):
Unit Physical Address: 1445 Highway 65, Lincoln CA 9564&
Technology Type: Biomass

Generation Unit 4

Unit Name: SPI Quincy
WREGIS ID: W669
CEC RPS Certification No.: 600&9E
CAISO Resource ID: SPQUIN 6 SRPCQU
EIA Plant Code: 50111
Onsite Load Meter ID: 7&00004
Unit Site Name (if different from Unit Name):
Unit Physical Address: 153& Lee Road, Quincy CA 95971
Technology Type: Biomass