# THIRD AMENDMENT TO THE POWER PURCHASE AGREEMENT BETWEEN PACIFIC GAS AND ELECTRIC COMPANY AND SIERRA PACIFIC INDUSTRIES

This Third Amendment ("Third Amendment") is entered into by and between Pacific Gas and Electric Company ("PG&E") and Sierra Pacific Industries ("SPI"), a California corporation for the Project described in the PPA (as defined below).

PG&E and SPI may be referred herein individually as "Party" and collectively as "Parties." All capitalized terms not defined herein shall have the meaning set forth in the PPA, as defined below.

## RECITALS

WHEREAS, SPI and PG&E executed that certain Power Purchase Agreement for the Project, dated August 9, 2012 (the "PPA"), as amended on September 5, 2013 and February 18, 2014;

WHEREAS, the Parties wish to amend the Agreement to address four issues: document of the agreement between PG&E and SPI with respect to the metering arrangement for the Burney facility ("Burney"); modify language in Section 5.1(b)(viii) to correspond to the lower Contract Quantities in Contract Years 1-3 specified in Appendix V; correct an omission in the table contained in Section 4.7(c)(ii); and correct errors in the curtailment example contained in Appendix XVI.

**NOW, THEREFORE,** in consideration of the mutual promises and covenants contained herein, PG&E and SPI agree as follows.

## 1. Amendments of the PPA

a) Burney's CAISO meter ("CAISO Meter 1") on the 230 kV side of Burney's generator step-up transformer measures both Snow Mountain and Burney's generation. Snow Mountain and SPI have an agreement to allow Snow Mountain to interconnect through SPI Burney. Burney owns a second CAISO meter ("CAISO Meter 2") that only measures Snow Mountain's generation. The sole purpose of this meter is to calculate Burney's total generation, by subtracting the generation measured by CAISO Meter 2 from the generation measured by CAISO Meter 1, as calculated by the CAISO. The Project was granted an exemption by the CAISO to accommodate metering the Snow Mountain Hydro (Burney Creek) project at 12 KV as per the Small Generator Interconnection Agreement ("SGIA") between SPI, PG&E, and the CAISO dated October 28, 2014, attached hereto (the "CAISO Exemption").

Pursuant to Section 3.6 of the PPA, all Product from each Aggregated Generation Facility per the terms of this Agreement must be delivered through a single CAISO revenue meter and that meter must be dedicated exclusively to the respective Aggregated Generation Facility. PG&E and SPI agree to the metering arrangement described in the preceding paragraph, which is contemplated under the SGIA and the CAISO Exemption under the following conditions:

i. <u>Compliance with the CAISO Tariff</u>: SPI acknowledges and agrees that pursuant to Section 4.7 of the PPA, SPI will be responsible for any CAISO Penalties resulting from failure to comply with the CAISO Tariff or the CAISO Exemption conditions. If the SPI Burney Project is not in compliance with the Tariff or if the CAISO Exemption is revoked, and the SPI Burney Project does not promptly comply with the CAISO Tariff, this failure will be a failure to perform a material covenant or obligation set forth in the PPA.

ii. CAISO Meters and Meter Adjustments: SPI acknowledges and agrees that:

A. PG&E shall have access to meter data from CAISO Meter 1 and CAISO Meter 2.
B. Except as otherwise provided under the PPA, if meter data is unavailable for either or both CAISO Meter 1 or CAISO Meter 2, PG&E will pay for any generation from the Burney facility as measured by the CAISO. The Parties will work in good faith to resolve any meter data issues.
C. PG&E will not be responsible for any retroactive payment corrections to Burney from meter adjustments as a result of variances in the static loss discovered by any party.

iii. PPA Obligations: SPI acknowledges and agrees that Burney is subject to independent actions including but not limited to compliance with curtailment orders and other scheduling requirements under the PPA that may not apply to Snow Mountain.

iv. Termination of this Section (a) of the Third Amendment: Section (a) of this Third Amendment will terminate and SPI will be required to comply with the metering obligations of the PPA upon the occurrence of any of the following: 1) PG&E's power purchase agreement with Snow Mountain (13H016) (the "Snow Mountain PPA") expires or terminates; 2) Snow Mountain ceases operations and/or decommissions its facility; or 3) Snow Mountain reconfigures its interconnection system such that it no longer delivers power using the metering configuring described in this letter agreement. Provided that this letter agreement shall not terminate if 1) or 2) above occurs and all of the following occur: 1) the CAISO does not revoke the Burney metering exemption; and 2) the metering configuration described in this letter agreement does not change. For the avoidance of doubt the remaining sections of this Third Amendment shall remain in effect.

b) Section 5.1(b)(viii) of the PPA will be deleted and replaced with the following language:

(viii) for twelve consecutive months, the Capacity Factor of the Project is less than the Capacity Factors for the months in the Contract Years listed below, for reasons other than Seller Excuse Hours.

| **Contract Years** | **Capacity Factors** |
|---|---|
| 1 & 2 | 47% |
| 3 | 51% |
| 4 through 20 | 65% |

The Parties agree that the Capacity Factor over a twelve (12) consecutive month period ("CFannual") shall be calculated as the total Delivered Energy in 12 consecutive months divided by the product of Contract Capacity multiplied by the number of hours in 12 consecutive months, as reduced by the Seller Excuse Hours.

$$CFannual = \frac{\textit{Total Delivered Energy in 12 consecutive month}}{\textit{Contract Capacity x (Number of Hours in 12 consecutive months – Seller Excuse Hours)}}$$

c) The table in Section 4.7(c)(ii) will be deleted replaced with the following table:

| Delivered Energy > DA Scheduled Energy | | Delivered Energy < DA Scheduled Energy | |
|---|---|---|---|
| Real-Time Price > Contract Price*TOD Factor | Real-Time Price < Contract Price*TOD Factor | Real-Time Price > DA Price | Real-Time Price < DA Price |
| **(Contract Price* TOD Factor *Delivered Energy) – (CAISO Penalties + CAISO Costs)** | **(Contract Price* TOD Factor * DA Scheduled Energy) + (Real Time Price*Variation) – (CAISO Penalties + CAISO Costs)** | **(Contract Price* TOD Factor * Delivered Energy) – (Real Time Price-DA Price)*Variation – (CAISO Penalties + CAISO Costs)** | **(Contract Price* TOD Factor* Delivered Energy) – (CAISO Penalties + CAISO Costs)** |

d) The example in Appendix XVI will be deleted replaced with the following language:

Example. Buyer Curtailment Order issued at 2000 hours to reduce output from Burney to 6.0 MW at 2200 hours, stay at the reduced level for 4 hours, and then return to maximum generating capacity of 12 MW. In this scenario:

- Buyer Curtailment Order issued: 2000 hours
- Ramp down begins: 2100 hours
- Ramp down completed: 2200 hours
- Reduced generation: 2200-0200 hours (next day)
- Ramp up begins: 0200 hours (next day)
- Resume maximum generating capacity: 0400 hours (next day).
- The Buyer Curtailment Period in this example is 7 hours

## 2. Other Modifications

No provision of the PPA other than the terms addressed in this Third Amendment shall be deemed modified, amended, waived, or otherwise affected by this Third Amendment. If there is a conflict between the terms of the PPA and those of this Third Amendment, this Third Amendment shall control. Sections 10.12 (Governing Law), 10.13 (General), 10.14 (Severability), 10.16 (Counterparts), and Articles Twelve (Dispute Resolution) and Thirteen (Notices) of the PPA shall be incorporated into and made part of this Third Amendment.

**IN WITNESS WHEREOF**, each Party has caused this Third Amendment to be executed by its authorized representative, effective as of the date of last signature hereunder. By signing this Third Amendment, the representatives of the Parties warrant that they have requisite authority to bind their respective principals.

| | |
|---|---|
| Pacific Gas and Electric Company | Sierra Pacific Industries |
| By: Chad Curran | By: George Emmerson |
| Title: Manager, Developing Generation Contracts | Title: President |
| Date: 6/3/15 | Date: 5/22/2015 |

| California ISO Shaping a Renewed Future | Operating Procedure | Procedure No. | 5730A |
|---|---|---|---|
| | | Version No. | 2.0 |
| | | Effective Date | 4/25/14 |
| **Exemption Request Form** | | Distribution Restriction: None | |

## Exemption Request Form

Please fill out one form per Resource or Exemption type.

| | |
|---|---|
| Project Name: Burney Biomass (14GEN773) | Date: December 8, 2014 |
| Resource ID: SPBURN_2_UNIT 1 | |
| Metering Device ID(s): 5914222 | |
| Exemption Start Date: 12/15/2014 | Exemption End Date: Permanent |

**Requestor's Information**

| | | |
|---|---|---|
| Name: [redacted] | Title: Power Contracts | Company: Sierra Pacific Industries |
| Address: 19794 Riverside Avenue, Anderson, CA 96007 | | |
| Email [redacted] | Phone #: [redacted] | |

In the space below, provide a detailed description of the exemption being requested and why it is needed If possible, provide tariff or BPM sections you are specifically asking to be exempted from.

This exemption is being requested to accommodate metering the Snow Mountain Hydro (Burney Creek) project at 12 KV as per the Small Generator Interconnection Agreement between SPI, PG&E, and the CAISO dated 10/28/2014.

**CAISO Conditions/Comments**

Appropriate losses be applied to the revenue meter.

**Disposition**

| | |
|---|---|
| Granted | Date:12/8/2014 |
| Meter Engineering & Analysis Manager Name: [redacted] | Meter Engineering & Analysis Manager Signature: [redacted] |