

August 9, 2016

Via Email & US Mail

Sierra Pacific Industries
Attn: George Emmerson
PO Box 496028
Redding, CA 96049

Re: Letter Agreement to Address Settlement of Variations under Term of Agreement for Incremental Generation (PG&E Log No. 33R254)

Dear George:

This Letter Agreement refers to the Power Purchase Agreement, by and between Pacific Gas and Electric Company, a California corporation ("PG&E" or "Buyer") and Sierra Pacific Industries, a California corporation ("Seller" or "SPI") dated as of August 9, 2012, as amended (the "Agreement"). Any capitalized term used but not defined herein shall have the meaning specified for such term in the Agreement.

By countersigning this Letter Agreement in the space provided below, Seller agrees to amend the Agreement during the term of the Fifth Amendment executed on March 17, 2016 as follows:

- (1) Section 1.256 of the Agreement is hereby amended and restated in its entirety as follows:

"Variation(s) means, for each Aggregated Generation Facility, the absolute value of the difference, in MWh, in any Settlement Interval between (a) Available Capacity submitted in accordance with the provisions of 3.4(b)(iii)(C) ("Seller's Day-Ahead Availability"); and (b) Delivered Energy for the Settlement Interval"
- (2) In Section 4.7(c), all references to "DA Scheduled Energy" shall hereby be replaced with "Seller's Day-Ahead Availability."
- (3) If DA Scheduled Energy does not equal Seller's Day-Ahead Availability as a result of Seller's error, Seller shall be responsible for the CAISO Costs for the corresponding Settlement Interval. Seller's errors include but are not limited to:
 - i. Seller's Day-Ahead Availability in PG&E's Power Procurement Information Center is outside the operation ranges of Pmin and Pmax as defined in the Master File.
 - ii. Seller's Day Ahead Availability in PG&E's Power Procurement Information Center is greater than the outage or derate card in CAISO's Outage Management System.
- (4) In all other respects, the Agreement shall remain unchanged by this Letter Agreement. This Letter 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 email will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this Agreement by 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.

- (5) Effective Date. This Letter Agreement shall become effective on the date it has been duly executed by the authorized representatives of each of Buyer and Seller, and will expire with the expiration of the Fifth Amendment.

Sincerely,

By: 

Name: Martin Wyspianski

Title: Senior Director, Renewable Energy

Date: 8-9-2016

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation

Acknowledged and Agreed:

By: 

Name: George Emmerson

Title: President

Date: 8/9/16

SIERRA PACIFIC INDUSTRIES, a California corporation