AMENDMENT NO. 2

TO THE

CONSOLIDATED, AMENDED AND RESTATED POWER PURCHASE CONTRACT

Between

SOUTHERN CALIFORNIA EDISON COMPANY

And

TERRA-GEN DIXIE VALLEY, LLC

(f/k/a Caithness Dixie Valley)

And

AGREEMENT TERMINATING INTERCONNECTION FACILITIES AGREEMENT, ADDED FACILITIES BASIS

RAP ID 3011

The Parties to this Amendment No. 2 of the Consolidated, Amended and Restated Power Purchase Contract and Agreement Terminating Interconnection Facilities Agreement, Added Facilities Basis ("Amendment No. 2") are TERRA-GEN DIXIE VALLEY, LLC, a Delaware limited liability company ("Seller"), and Southern California Edison Company, a California corporation ("Edison"). Edison and Seller are hereinafter sometimes referred to individually as a "Party" and jointly as the "Parties."

RECITALS

The Parties enter into this Amendment No. 2 with reference to the following facts:

A. On July 29, 1986, Edison and Seller's predecessor consolidated three separate Power Purchase Contracts into one Consolidated, Amended and Restated Power Purchase Contract ("PPC") with an agreed effective date of July 20, 1984, which establishes, among other things, the terms and conditions pursuant to which Edison purchases electric power from Seller and Seller sells electric power to Edison.

B. Edison and Seller's predecessor executed the Interconnection Facilities Agreement, Added Facilities Basis ("IFA"), on August 19, 1987.

C. Edison and Seller's predecessor executed Amendment No. 1 to the PPC on August 19, 1987 which deleted Appendix A of the PPC, the Interconnection Facilities Agreement, Seller Owned and Operated Basis, and replacing it with the IFA as the new PPC Appendix A.

D. On June 27, 2000, Edison consented to the Assignment of the PPC from Seller's predecessor to Seller and such assignment was made.

E. Following an efficiency upgrade resulting in additional capacity (the "New

Interconnection Capacity") to Seller's steam turbine generator in October of 2003, Seller began to consistently deliver energy in excess of the currently applicable interconnection capacity of 50 MW. Seller requires the additional provisions contained in a Large Generator Interconnection Agreement ("LGIA") (described below) in order to consistently deliver energy at the New Interconnection Capacity.

F. The Parties have agreed upon the terms of, and shortly intend to execute, an LGIA, a copy of which is attached hereto as Exhibit 1.

G. The Parties intend to file the LGIA with the Federal Energy Regulatory Commission ("FERC"). The date that the LGIA is approved by FERC, with no further rights to appeal, such approval, whether by a "deemed approved" process or through some other process or order, is referred to as the "FERC Approval Date."

H. Seller also intends to obtain confirmation in writing from the California Independent System Operator ("ISO") that the metering equipment installed and operated pursuant to the IFA as of the execution date of this Amendment No. 2 (the "Metering Equipment") will be, as of the Effective Date (as set forth in Section 3.6 of this Amendment No. 2) in compliance with the requirements of the LGIA and the California Independent System Operator Corporation Operating Agreement and Tariff, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC ("ISO Tariff"). Seller intends to seek such confirmation expeditiously after execution of this Amendment No. 2 and to provide written notice to Edison including a copy of such confirmation. The date that Seller provides the written notice to Edison contemplated by the previous sentence or stating that the Metering Equipment (or such other equipment as may be required to be installed in order to be in compliance with the requirements of the LGIA and the ISO Tariff) is approved by ISO is referred to as the "Meter Approval Date."

I. Seller may require financing for the upgrades contemplated by the LGIA pursuant to terms satisfactory to Seller, as a condition precedent to the effectiveness of the PPC amendments contemplated by this Amendment No. 2 ("Seller Financing"). Seller intends to seek any such Seller Financing expeditiously after execution of this Amendment No. 2 and to provide written notice to Edison that it has obtained any such Seller Financing. The date that Seller provides written notice to Edison that it has obtained Seller Financing is referred to as the "Seller Financing Approval Date."

J. Seller is required to obtain the approval of its lenders under the terms and conditions of certain existing financing agreements as a condition precedent to the effectiveness of the PPC amendments contemplated under this Amendment No. 2 ("Existing Lender Consent"). Seller intends to seek any such approval expeditiously after execution of this Amendment No. 2 and to provide written notice to Edison that it has obtained the Existing Lender Consent. The date that Seller provides written notice to Edison that it has obtained the Existing Lender Consent is referred to as the "Existing Lender Consent Date."

K. Effective as of the last to occur of (i) the FERC Approval Date, (ii) the Meter Approval Date, (iii) the Seller Financing Approval Date, if required, and (iv) the Existing Lender Consent Date, the Parties desire to terminate the IFA, and to amend the PPC by replacing the IFA (as Appendix A thereto), with the LGIA, to make corresponding changes to the PPC related to the substitution of the LGIA for the IFA, and to make other changes to the PPC that they mutually deem to be appropriate, all subject to the continued effectiveness of the LGIA.

L. Edison hereby confirms that it shall continue to act as scheduling coordinator under the PPC as amended by this Amendment No. 2 and will assume any related roles and responsibilities in connection therewith.

M. All capitalized terms used and not defined herein shall have the meanings set forth in the PPC.

AGREEMENT

In consideration of the promises, mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, as set forth herein, the Parties agree to amend the PPC as follows.

1. TERMINATION OF IFA

Subject to Section 3.6 below, the IFA shall be terminated and the amendments to the PPC set forth in Section 2 herein shall be effective as of the last to occur of (i) the FERC Approval Date, (ii) the Meter Approval Date, (iii) the Seller Financing Approval Date, if required, and (iv) the Existing Lender Consent Date. Any obligations of either party outstanding as of such termination date of the IFA shall survive termination of the IFA until all such obligations are fully satisfied.

2. AMENDMENT

2.1 Section 1.1 shall be deleted in its entirety and replaced with the following:

"1.1 All Notices shall be sent to the Seller at the following address:
Terra-Gen Dixie Valley
9590 E. Prototype Ct. – Suite 200
Reno, NV 89521
Attention: Contract Administration

2.2 Section 1.2(a) shall be amended by deleting the Nameplate Rating of "56,000 kW" and replacing it with a Nameplate Rating of "67,230 kW".

2.3 Section 1.10 shall be deleted in its entirety and replaced with the following:

"1.10 Large Generator Interconnection Agreement pursuant to Section 6 shall be:

Large Generator Interconnection Agreement ("LGIA")."

2.4 Section 2.3 shall be deleted in its entirety and replaced with the following:

"2.3 Appendix A: Large Generator Interconnection Agreement."

2.5 Section 2.22 shall be amended by deleting the words "Edison's Tariff Rule No. 21 titled Cogeneration and Small Power Production Interconnection Standards filed with the Commission" and replacing them with the words "the LGIA".

2.6 Section 2.23 shall be amended by deleting the words "Interconnection Facilities Agreement," and replacing them with the words "Large Generator Interconnection Agreement."

2.7 A new Section 2.42 shall be added and will read as follows:

"2.42 Amendment No. 2: The second amendment to the Contract."

2.8 A new Section 2.43 shall be added and will read as follows:

"2.43 Capacity Attributes: Any and all current or future defined characteristics, certificates, tags, credits, ancillary service attributes, or accounting construct, howsoever entitled, including any accounting construct counted toward any resource adequacy requirements, attributed to or associated with any unit of generating capacity of the Generating Facility during the Contract Term."

2.9 A new Section 2.44 shall be added and will read as follows:

"2.44 CPUC: The California Public Utilities Commission."

2.10 A new Section 2.45 shall be added and will read as follows:

"2.45 CEC: The California Energy Commission or any successor entity performing the same functions."

2.11 A new Section 2.46 shall be added and will read as follows:

"2.46 Eligible Renewable Energy Resource or ERR: An Eligible Renewable Energy Resource as such term is defined in Public Utility Code Section 399.12 or Section 399.16, or any successor law thereto."

2.12 A new Section 2.47 shall be added and will read as follows:

"2.47 FERC: The Federal Energy Regulatory Commission."

2.13 A new Section 2.48 shall be added and will read as follows:

"2.48 Generator Operator: The entity that operates the Generating Facility and performs the functions of supplying energy and interconnected operations services as described at http://www.nerc.com/~filez/standards/Reliability_Standards_Regulatory_Approved.html or any successor thereto."

2.14 A new Section 2.49 shall be added and will read as follows:

"2.49 Generator Operator Obligations: The obligations of a Generator Operator as set forth in all applicable NERC Reliability Standards available at http://www.nerc.com/~filez/standards/Reliability_Standards_Regulatory_Approved.html or any successor thereto."

2.15 A new Section 2.50 shall be added and will read as follows:

"2.50 Green Attributes: Any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its displacement of conventional energy generation. Green Attributes include but are not limited to Renewable Energy Credits, as well as:

(a) Any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants;

(b) Any avoided emissions of carbon dioxide (CO_2), methane (CH_4), 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;

(c) The reporting rights to these avoided emissions, such as Green Tag Reporting Rights.

Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of energy.

Green Attributes do *not* include:

(a) Any energy, capacity, reliability or other power attributes from the Project,

(b) 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,

(c) 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

(d) 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 landfill gas 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."

2.16 A new Section 2.51 shall be added and will read as follows:

"2.51 Governmental Authority: Any (a) federal, state, local, municipal or other government; (b) governmental regulatory or administrative agency, commission, or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or (c) court or

governmental tribunal, having or asserting jurisdiction over a Party, the Generating Facility or this Contract."

2.17 A new Section 2.52 shall be added and will read as follows:

"2.52 ISO: the California Independent System Operator or any successor entity performing the same functions."

2.18 A new Section 2.53 shall be added and will read as follows:

"2.53 Meter: an electrical energy measurement device that records energy flow over time, of revenue quality, conforming to the ISO Tariff."

2.19 A new Section 2.54 shall be added and will read as follows:

"2.4 NERC: The North American Electric Reliability Council, or any successor thereto."

2.20 A new Section 2.55 shall be added and will read as follows:

"2.55 NERC Reliability Standards: The NERC State of Compliance Registry Criteria (Revision 3.1), which is, as of the Effective Date, available at ftp://www.nerc.com/pub/sys/all_updl/ero/Statement_of_Registry_Criteria_Rev3-1.pd, or any successor thereto."

2.21 A new Section 2.56 shall be added and will read as follows:

"2.56 NERC Standards Compliance Penalties: Any and all monetary fines, penalties, damages, interest or assessments by a NERC, the ISO, WECC, a Governmental Authority or any entity acting at the direction of a Governmental Authority arising from or relating to a failure to perform the obligations of Generator Operator as set forth in the NERC Reliability Standards."

2.22 A new Section 2.57 shall be added and will read as follows:

"2.57 Product: (a) all electric energy produced by the Generating Facility and delivered to SCE; and (b) all Green Attributes, Capacity Attributes, and Resource Adequacy Benefits generated by, associated with or attributable to the Generating Facility.

2.23 A new Section 2.58 shall be added and will read as follows:

"2.58 Seller's 30-Day Forecast: the hourly capacity output estimates produced and submitted by Seller to Edison pursuant to the procedures set forth in Section 25 of the Contract."

2.24 A new Section 2.59shall be added and will read as follows:

"2.59 Renewable Energy Credit: As set forth in Public Utilities Code Section 399.12(g), as may be amended from time-to-time or as further defined or supplemented by applicable law."

2.25 A new Section 2.60 shall be added and will read as follows:

"2.60 Resource Adequacy Benefits: The rights and privileges attached to the Generating Facility that qualify to satisfy any entity's resource adequacy obligations, as those obligations are set forth in any Resource Adequacy Rulings and shall include any local, zonal or otherwise locational attributes associated with the Generating Facility."

2.26 A new Section 2.61 shall be added and will read as follows:

"2.61 Resource Adequacy Ruling: Commission Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-024, 06-07-031 and any Commission ruling or decision issued after the issuance of Decision 06-07-031 relating to resource adequacy, or any other resource adequacy laws, rules or regulations enacted, adopted or promulgated by any applicable Governmental Authority, as such decisions, rulings, laws, rules or regulations may be amended or modified from time-to-time during the Contract Term."

2.27 A new Section 2.62 shall be added and will read as follows:

"2.62 RPS Legislation: The State of California Renewable Portfolio Standard Program, as codified at California Public Utilities Code Section 399.11 *et seq.*, or any successor to this legislation."

2.28 A new Section 2.63 shall be added and will read as follows:

"2.63 WECC: The Western Electricity Coordinating Council, or any successor thereto."

2.29 Section 6.1 shall be deleted in its entirety and replaced with the following:

"6.1 The Parties have executed an LGIA specified by Seller in Section 1.10, covering the design, installation, operation and maintenance of the Interconnection Facilities, including any network upgrades thereto. The Parties acknowledge that these issues were previously addressed under that certain Interconnection Facilities Agreement, Added Facilities Basis, dated August 19, 1987 which has terminated as of the Effective Date of Amendment No. 2 to the Contract."

2.30 Sections 6.2 through 6.6 shall be deleted in their entirety.

2.31 Section 8.1 is herby amended by deleting the words "Edison's Tariff Rule No. 21" and replacing them with the words "Article 7, - "Metering" of the LGIA".

2.32 Section 8.5 and 8.6 are hereby amended by deleting the words "Edison's meters" and replacing them with the words "The Meters".

2.33 Section 9.1.2.2(b) is herby amended by deleting the words "due to a Forced Outage on the Edison system or" and replacing them with "as a direct result of a loss in Edison transmission line capability, or a request by Edison to reduce or curtail generation below Contract Capacity, including".

2.34 New Sections 9.6, 9.7 and 9.8shall be added following Section 9.5 as follows:

"9.6 Green Attributes. Seller hereby provides and conveys all Green Attributes

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

Other Attributes and Benefits. In addition, Seller shall dedicate and convey any and all Capacity Attributes and Resource Adequacy Benefits generated by, associated with or attributable to the Generating Facility during the Contract Term to Edison and Edison shall be given sole title to all such Capacity Attributes and Resource Adequacy Benefits.

9.7 In addition, Seller shall, at its own cost, take all actions that are commercially reasonable (for this purpose, "commercially reasonable" means that Seller shall not be required to incur out-of-pocket expenses in excess of $10,000 per year) and execute all documents or instruments necessary to effectuate the use of the Green Attributes, Capacity Attributes and Resource Adequacy Benefits for Edison's sole benefit throughout the Contract Term. Subject to the foregoing, such actions shall include, without limitation:

(a) Ensure (or support Edison's efforts to ensure) that, throughout the Contract Term: (i) the Generating Facility is certified by the CEC as an ERR for purposes of the RPS Legislation; and (ii) all electrical output delivered to Edison from the Generating Facility is certified by the CEC as an ERR for purposes of the RPS Legislation

(b) Cooperating with and encouraging the regional entity responsible for resource adequacy administration to certify or qualify the Contract Capacity for resource adequacy purposes;

(c) Testing the Generating Facility in order to certify the Contract Capacity for resource adequacy purposes;

(d) Complying with all current and future ISO Tariff provisions that address resource adequacy, including but not limited to provisions regarding performance obligations and penalties; and

(e) Committing to Edison the full Contract Capacity subject to Section 2.1.

Edison will have the exclusive right, at any time or from time-to-time during the Contract Term, to sell, assign, convey, transfer, allocate, designate, award, report or otherwise provide any and all such Green Attributes, Capacity Attributes or Resource Adequacy Benefits to third parties; provided, however, any such action shall not constitute a transfer of, or release Edison of its obligations under the Contract and Seller shall not be required to incur any out-of-pocket costs to facilitate such action.

Edison shall be responsible for any costs associated with Edison's accounting for or otherwise claiming Green Attributes, Capacity Attributes and Resource Adequacy Benefits.

9.8 Seller grants, pledges, assigns and otherwise commits to Edison the full Contract Capacity in order for Edison to meet its resource adequacy obligations under any Resource Adequacy Rulings.

Seller also represents, warrants and covenants to Edison that Seller has not used, granted, pledged, hypothecated, assigned or otherwise committed, and will not, during the Contract Term use, grant, pledge, hypothecate, assign or otherwise commit, any portion of the Generating Facility to meet the resource adequacy requirements of, or to confer Resource Adequacy Benefits upon, any entity other than Edison."

2.35 Section 10.2 shall be amended by deleting the words "the Interconnection Facilities Agreement contained in the Appendix specified in Section 1.10." and replacing them with the words "Section 12.1 of the LGIA."

2.36 Section 17 shall be amended by adding the following to the end of the first sentence: "; provided that if there is a conflict between this document and the LGIA, the provisions of the LGIA shall govern".

2.37 Section 18 shall be amended by deleting the words "Post Office Box 800" and replacing them with "2244 Walnut Grove Avenue" and deleting the words "Secretary" and replacing with "Contract Administration - Renewable and Alternative Power".

2.38 A new Section 25 "Energy Scheduling" shall be added and will read as follows:

25. Energy Scheduling

25.1 Seller shall electronically provide Edison with a rolling 30-day hourly forecast ("Seller's 30-Day Forecast"), within three (3) business days of the Effective Date of Amendment No. 2. Seller's 30-Day Forecast shall be submitted as a Microsoft Excel Workbook attachment according to the format shown in Appendix D. Seller shall update Seller's 30-Day Forecast weekly and send the electronic file to "esmstpoutage@sce.com" with a copy to "presched@sce.com" by 5:00 PM PPT each Wednesday. The subject line of the email shall read "Terra-Gen Dixie Valley - Seller's 30-Day Forecast". To the extent known by Seller and not previously communicated by Seller to Edison, by 8:00 AM PPT each day, Seller shall notify Edison of any change of two (2) MW or more to Seller's hourly forecasts for that day. Seller is also encouraged to include hourly forecast changes for subsequent days preceding the next weekly update of Seller's 30-Day Forecast. Seller shall notify Edison of such changes by telephoning Edison's Real-Time Scheduling Operations Desk at (626) 307- 4424 / 4423 or using an ISO or Edison provided web client (the "Web Client") if it is available.

25.2 If for any reason Seller believes that Seller's actual deliveries of energy to Edison (as measured by meter(s) installed pursuant to Section 8) will deviate from Seller's forecasted deliveries of energy to Edison by two (2) MW or more (plus or minus) on an hourly basis for two (2) consecutive hours or more (a "Forecast Deviation"), Seller shall report the Forecast Deviation to Edison (a "Forecast Deviation Report") within one (1) hour

from the occurrence of the event that caused the Forecast Deviation, or earlier, if it is reasonably possible to provide an earlier Forecast Deviation Report. Seller shall provide the Forecast Deviation Report via the Web Client if it is available. If the Web Client is unavailable or not accessible by Seller, Seller shall provide the Forecast Deviation Report by telephoning Edison's Real-Time Group at (626) 307-4424 / 4423, facsimile (626) 302-3444. The Forecast Deviation Report will include Seller's best available information regarding the following: (1) the effective date and time of the change in the most recently submitted forecast (2) the change in the most recently submitted forecast; and (3) the duration of the change in the most recently submitted forecast. Seller shall provide an updated Forecast Deviation Report in the manner set forth above as soon as is reasonably practicable after Seller learns that any information provided in its initial Forecast Deviation Report is inaccurate.

25.3 Any payment adjustment protocol related to scheduling and/or scheduling deviations charges that is approved by the CPUC or application to SO4 QF contracts after the Effective Date of Amendment No. 2 will be deemed incorporated into this Contract; provided, however, that Edison will not enforce, and Seller shall not be obligated for any such payment adjustment protocol against Seller under any circumstances so long as Seller materially complies with Sections 25.1 and 25.2 above.

25.4 Edison will schedule Seller's forecasted deliveries of energy with the ISO in accordance with this Section 25 until such time that Edison is no longer able to do so due to an Uncontrollable Force that is an action or inaction of legislative, judicial or regulatory agencies, or other authority, which conflicts with the terms of this Contract, provided that Edison complies with its obligations under Section 15.

2.39 A new Section 26 shall be added as follows:

"26. <u>NERC Generation Facility Requirements.</u>

26.1 <u>Notices</u>. Edison shall submit all notices and updates required under the ISO Tariff regarding each Generator's status to the ISO, including all Scheduling and Logging for the ISO of California ("SLIC") Outage Requests, SLIC Forced Outages, ISO Forced Outage Reports, or must offer waiver forms, or any other notices or updates required by the CAISO for the Generating Facility, in each case in accordance with CAISO procedures. Seller acknowledges and agrees that nothing in this or in any other provision of this Contract shall negate, diminish, impact or in any way modify Seller's covenant to perform (or cause the performance through an approved agent) the Generator Operator Obligations as set forth below.

26.2 Electric System Reliability Standards. During the Contract Term, for purposes of complying with any NERC Reliability Standards applicable to the Generating Facility, Seller (or another entity with which Seller has entered into a written agreement requiring such entity to perform the obligations imposed on a Generator Operator for the Generating Facility, as agreed to by Edison, which agreement shall not be unreasonably withheld) shall be registered with NERC as the Generator Operator for the Generating Facility and shall perform all Generator Operator Obligations, except such Generator Operator Obligations which Edison, in its capacity as scheduling coordinator, is required to perform under this Contract. Edison hereby acknowledges and agrees that Terra-Gen Operating Company, LLC is currently the Generator Operator for the Generating Facility.

Notwithstanding anything to the contrary set forth above, each Party acknowledges that such Party's performance of the Generator Operator Obligations may not satisfy the requirements for self-certification or compliance with the NERC Reliability Standards, and that it shall be the sole responsibility of each Party to implement the processes and procedures required by NERC, WECC, or the ISO in order to comply with the NERC Reliability Standards.

26.3 NERC Compliance Standards Compliance Penalties. Seller shall be solely responsible for any NERC Standards Compliance Penalties arising from or relating to Seller's failure (or the failure of the entity that has registered with NERC as the Generator Operator for the Generating Facility) to perform the Generator Operator Obligations, in accordance with Section 26.2, and shall indemnify, defend and hold Edison harmless from and against all liabilities, damages, claims, losses, costs, attorneys fees (which shall include costs of in-house counsel) or expenses incurred by Edison to the extent that such liabilities, damages, claims, losses, costs, attorneys fees (which shall include costs of in-house counsel) or expenses arise from or relate to Seller's failure (or the failure of the entity that has registered with NERC as the Generator Operator for the Generating Facility) to perform the Generator Operator Obligations and that result in NERC Standards Compliance Penalties or an attempt by any Governmental Authority, person or entity to assess such NERC Standards Compliance Penalties against Edison. Edison shall indemnify, defend and hold Seller harmless from and against all liabilities, damages, claims, losses, costs, attorneys fees (which shall include costs of in-house counsel) or expenses incurred by Seller for any NERC Standards Compliance Penalties to the extent that such liabilities, damages, claims, losses, costs, attorneys fees (which shall include costs of in-house counsel) or expenses are due to Edison's failure or negligence in performing its role as Seller's scheduling coordinator during the Contract Term.

2.40 Appendix A of the Contract, the IFA, shall be deleted in its entirety and replaced with the LGIA.

2.41 Appendix D (Rule 21) of the Contract shall be deleted in its entirety and replaced with

"Appendix D – Seller's 30-Day Energy Forecast," a copy of which is attached hereto as Exhibit 2.

3. MISCELLANEOUS

(a) Reservation of Rights. Each of the Parties expressly reserves all of its respective rights and remedies under the PPC.

(b) Legal Effect. Except as expressly set forth herein, the PPC remains unchanged and, as so modified, the PPC shall remain in full force and effect.

(c) Governing Law. THIS AMENDMENT NO. 2 SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO ANY CONFLICT OF LAWS PROVISIONS THEREOF.

(d) Successors and Assigns. This Amendment No. 2 shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

(e) Authorized Signatures; Notices. Each Party represents and warrants that the person who signs below on behalf of that Party has authority to execute this Amendment No. 2 on behalf of such Party and to bind such Party to this Amendment No. 2. Any written notice required to be given under the terms of this Amendment No. 2 shall be given in accordance with the terms of the PPC.

(f) Effective Date and Termination. This Amendment No. 2 shall be deemed effective as of the last to occur of (i) the FERC Approval Date, (ii) the Meter Approval Date, (iii) the Seller Financing Approval Date, if required, and (iv) the Existing Lender Consent Date, *provided* that this Amendment No. 2 shall be subject to termination by either Party on five (5) days written notice if any of the dates specified in (i) through (iii) above have not occurred on or before 270 days from the date this Amendment No. 2 is executed by both Parties. The Parties hereby acknowledge that upon the termination of this Amendment No. 2 pursuant to the terms of this Section 3(f), the IFA shall continue to be in full force and effect, and the terms of the PPC effective prior to this Amendment No. 2 shall remain in effect.

(g) Edison Confirmation. Edison hereby confirms that it shall continue to act as scheduling coordinator under the PPC as amended by this Amendment No. 2 and will assume any related roles and responsibilities in connection therewith.

(h) Further Agreements. This Amendment No. 2 shall not be amended, changed, modified, abrogated or superseded by a subsequent agreement unless such subsequent agreement is in the form of a written instrument signed by the Parties.

(i) Counterparts. This Amendment No. 2 may be signed in counterparts, each of which shall be deemed an original.

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IN WITNESS THEREOF, Edison and Seller have caused this Amendment No. 2 to be duly executed as provided below.

Terra-Gen Dixie Valley, a Delaware Limited Liability Company

By: _____

Name: Joseph Greco
Title: Senior Vice President
Date: 4/18/08

Southern California Edison Company, a California corporation

By: _____

Name: Stuart R. Hemphill
Title: Vice President, Renewable and Alternative Power
Date: 4/17/08