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CONSOLIDATION, AMENDMENT, AND RESTATEMENT OF
THREE POWER PURCHASE CONTRACTS

BETWEEN

SOUTHERN CALIFORNIA EDISON COMPANY

AND:

1) TGS ASSOCIATES, 2) TGS ASSOCIATES,

3) SUN GEOTHERMAL COMPANY

INTO THIS

CONSOLIDATED, AMENDED AND RESTATED

POWER PURCHASE CONTRACT

BETWEEN

SOUTHERN CALIFORNIA EDISON COMPANY

AND

OXBOW GEOTHERMAL CORPORATION

QF ID NO. 3011

CLD NO. 382502

DOCUMENT NO.: 3506H
REVISED: May 4, 1984

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1 0. SUMMARY

2 0.1 PARTIES: This Consolidation, Amendment and
3 Restatement of Three Power Purchase Contracts
4 between Southern California Edison Company and
5 1) TGS Associates, 2) TGS Associates, and 3) Sun
6 Geothermal Company into this Consolidated, Amended
7 and Restated Power Purchase Contract between
8 Southern California Edison Company and Oxbow
9 Geothermal Corporation ("Contract") is entered into
10 by Oxbow Geothermal Corporation ("Seller") and
11 Southern California Edison Company ("Edison"),
12 individually "Party", collectively "Parties".

13 0.2 RECITALS: This Contract is made with reference to
14 the following facts among others:

15 0.2.1 Edison and Sun Geothermal Company, a
16 Delaware corporation ("Sun"), entered into
17 a Power Purchase Contract as of July 20,
18 1984 ("Sun Contract").

19 0.2.2 Sun merged with and into Seller as of
20 August 20, 1985.

21 0.2.3 Edison and TGS Associates, a Nevada
22 partnership (the "Partnership"), entered
23 into a Power Purchase Contract as of
24 October 12, 1984, for the Partnership's
25 Dixie Central Project ("Dixie Central
26 Contract").

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0.2.4 Edison and the Partnership entered into a Power Purchase Contract as of October 12, 1984, for Partnership's Dixie Belle Project ("Dixie Belle Contract").

0.2.5 As of June 14, 1985, Seller acquired the majority interest in the Partnership and the Partnership changed its name to Oxbow Geothermal Company.

0.2.6 The remaining partnership interest in the Partnership was acquired by Lantern Corporation, a Delaware corporation and affiliate of Seller ("Lantern"), as of August 12, 1985.

0.2.7 Lantern merged into Seller as of July 29, 1986, thereby transferring its partnership interest in the Partnership to Seller and causing dissolution of the Partnership by operation of Nevada law. In connection with the winding up of the Partnership affairs, Seller was assigned all of the Partnership's assets, and assumed all the Partnership's liabilities, as of July 29, 1986.

0.2.8 Pursuant to Section 21 of the Sun Contract, and by virtue of the merger

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described in Section 0.2.3 herein, Seller became "Seller" under the Sun Contract.

0.2.9 Pursuant to Section 21 of both the Dixie Central Contract and the Dixie Belle Contract, and by virtue of the transactions described in Sections 0.2.5, 0.2.6 and 0.2.7, herein, Seller became "Seller" under the Dixie Central Contract and the Dixie Belle Contract.

0.2.10 The projects covered by the Sun Contract, the Dixie Central Contract, and the Dixie Belle Contract, are located on adjacent sites and share a common geothermal reservoir.

0.2.11 For administrative efficiency and to optimize use of the geothermal resource reservoir, Edison and Seller desire to consolidate, amend and restate the Sun Contract, the Dixie Central Contract, and the Dixie Belle Contract into one contract by entering into this Contract.

0.2.12 Pursuant to this Contract, a common geothermal resource reservoir and single generating and interconnection facility will be used for the production and transmission of sufficient electrical

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power to satisfy the aggregate energy and capacity requirements specified in the Sun Contract, the Dixie Central Contract, and the Dixie Belle Contract.

0.2.13 The project covered by this Contract shall be located on the same site, shall use the same technology and geothermal reservoir, and shall be of the same aggregate capacity as the Sun Contract, the Dixie Belle Contract, and the Dixie Central Contract.

0.2.14 The Parties desire that the effective date of this Contract shall be the effective date of the Sun Contract, i.e., July 20, 1984. Dates specified by this Contract shall be based upon such July 20, 1984, effective date.

0.2.15 Seller desires to incorporate a revised expected date of firm operation into the Contract.

0.2.16 Seller desires to incorporate the capacity payment rate associated with the revised date of firm operation into this Contract.

0.2.17 Edison has completed a second method-of-service study for the interconnection of Seller's 67.5 MW which changes the scope

1 of the Edison installed appendant facil-
2 ities. The Parties desire to amend
3 Appendix A of the Contract (Inter-
4 connection Facilities Agreement) to
5 reflect this change and to provide for the
6 establishment of a binding estimate for
7 the Edison installed appendant facilities.

8 0.3 AGREEMENT: The Parties agree to consolidate, amend
9 and restate the Sun Contract, the Dixie Central
10 Contract, and the Dixie Belle Contract as follows:

11 1. PROJECT SUMMARY

12 Seller is willing to construct, own, and operate a
13 Qualifying Facility and sell electric power to Edison and
14 Edison is willing to purchase electric power delivered by
15 Seller to Edison at the Point of Interconnection pursuant
16 to the terms and conditions set forth as follows:

17 1.1 All Notices shall be sent to Seller at the following
18 address: Oxbow Geothermal Corporation
19 333 Elm Street
20 Dedham, MA 02026
21 Attention: Mr. Bernard H. Cherry
22 Executive Vice President

23 1.2 Seller's Generating Facility:

- 24 a. Nameplate Rating: 56,000 kW.
25 b. Location: Dixie Valley, Nevada

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c. Type (Check One):

 Cogeneration Facility

 X Small Power Production Facility

d. Delivery of power to Edison at a nominal
115,000 volts.

e. Seller shall commence construction of the
Generating Facility by September 1985.

1.3 Edison Customer Service District:

Bishop District

1.4 Location of Edison Operating Switching Center:

Control Substation

Bishop, California

1.5 Contract Capacity: 49,800 kW

1.5.1 Estimated as-available capacity: N/A kW.

1.6 Expected annual production: 357,000,000 kWh.

1.7 Expected Firm Operation: January 1988.

1.8 Contract Term: 30 years.

1.9 Operating Option pursuant to Section 5: 49,800 kW
dedicated to Edison. No electric service or standby
service required.

1.10 Interconnection Facilities Agreement pursuant to
Section 6 shall be:

 X - Seller Owned and Operated Basis (Appendix A)

1.11 The Capacity Payment Option selected by Seller
pursuant to Section 9.1 shall be: (Check One)

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Option A - As-available capacity based upon:
 Standard Offer No. 1 Capacity Payment
Schedule, or
 Forecast of Annual As-Available Capacity
Payment Schedule. The as-available
capacity price (first year):
\$ _____ kW-yr.

Option B - Firm Capacity (check one)
 Standard Offer No. 2 Capacity Payment
Schedule in effect on July 20, 1984.
 Standard Offer No. 2 Capacity Payment
Schedule in effect at time of Firm
Operation of first generating unit.
Contract Capacity Price: \$184/kW-yr.
(Firm Capacity).

1.12 The Energy Payment Option selected by Seller
pursuant to Section 9.2 shall be: (Check One)

Option 1 - Forecast of Annual Marginal Cost of
Energy in effect as of date of July 20, 1984.
(Appendix B)
 Option 2 - Levelized Forecast of Marginal Cost
of Energy in effect at date of execution of
this Contract. Levelized Forecast for expected
date of Firm Operation is 9.1¢/kWh.

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If Seller's Generating Facility is an oil/
natural gas fueled cogenerator, Seller may not
select Option 2.

For the energy payment refund pursuant to
Section 9.5 under Option 2, Edison's
Incremental Cost of Capital is 15%.

Seller may change once between Options 1 and 2,
provided Seller delivers written notice of such
change at least 90 days prior to the date of
Firm Operation.

For Option 1 or 2, Seller elects to receive the
following percentages in 20% increments, the
total of which shall equal 100%:

100 Percent of Forecast of Marginal Cost of
Energy (Annual or Levelized), not to
exceed 20% of the annual forecast for
oil/natural gas fueled cogenerators, and
 Percent of Edison's published avoided cost
of energy based on Edison's full avoided
operating costs as updated periodically
and accepted by the Commission.

1.13 Metering Location (Check one)

Seller elects metering location pursuant to
Section 8 as follows:

 X Edison's side of the Interconnection Facilities

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____ Seller's side of the Interconnection
Facilities. Loss compensation factor is equal
to _____, pursuant to Section 8.3.

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GENERAL TERMS & CONDITIONS

2. DEFINITIONS

When used with initial capitalizations, whether in the singular or in the plural, the following terms shall have the following meanings:

- 2.1 Adjusted Capacity Price: The \$/kW-yr capacity purchase price based on the Capacity Payment Schedule in effect on July 20, 1984, for the time period beginning on the date of Firm Operation for the first generating unit and ending on the date of termination or reduction of Contract Capacity under Capacity Payment Option B.
- 2.2 Appendant Facilities: Those facilities, which are part of the Interconnection Facilities, to be installed by Edison at Seller's expense.
- 2.3 Appendix A: Interconnection Facilities Agreement -- Seller Owned and Operated Basis
- 2.4 Appendix B: Forecast of Annual Marginal Cost of Energy
- 2.5 Capacity Payment Schedule(s): Published capacity payment schedule(s) as authorized by the Commission for as-available or firm capacity.
- 2.6 Commission: The Public Utilities Commission of the State of California.
- 2.7 Contract: This document and Appendices, as amended from time to time.

1 2.8 Contract Capacity: The electric power producing
2 capability of the Generating Facility which is
3 committed to Edison.

4 2.9 Contract Capacity Price: The capacity purchase
5 price from the Capacity Payment Schedule approved by
6 the Commission for Capacity Payment Option B.

7 2.10 Contract Term: Period in years commencing with date
8 of Firm Operation for the first generating unit(s)
9 during which Edison shall purchase electric power
10 from Seller.

11 2.11 Current Capacity Price: The \$/kW-yr capacity price
12 provided in the Capacity Payment Schedule determined
13 by the year of termination or reduction of Contract
14 Capacity and the number of years from such
15 termination or reduction to the expiration of the
16 Contract Term for Capacity Payment Option B.

17 2.12 Edison: The Southern California Edison Company.

18 2.13 Edison Electric System Integrity: The state of
19 operation of Edison's electric system in a manner
20 which is deemed to minimize the risk of injury to
21 persons and/or property and enables Edison to
22 provide adequate and reliable electric service to
23 its customers.

24 2.14 Emergency: A condition or situation which in
25 Edison's sole judgment affects Edison Electric
26 System Integrity.

1 2.15 Energy: Kilowatthours generated by the Generating
2 Facility which are purchased by Edison at the Point
3 of Interconnection.

4 2.16 Firm Operation: The date agreed on by the Parties
5 on which each generating unit(s) of the Generating
6 Facility is determined to be a reliable source of
7 generation and on which such unit can be reasonably
8 expected to operate continuously at its effective
9 rating (expressed in kW).

10 2.17 First Period: The period of the Contract Term
11 specified in Section 3.1.

12 2.18 Forced Outage: Any outage other than a scheduled
13 outage of the Generating Facility that fully or
14 partially curtails its electrical output.

15 2.19 Generating Facility: All of Seller's generators,
16 together with all protective and other associated
17 equipment and improvements, necessary to produce
18 electrical power at Seller's Facility excluding
19 associated land, land rights, and interests in land.

20 2.20 Generator: The generator(s) and associated prime
21 mover(s), which are a part of the Generating
22 Facility.

23 2.21 Incremental Heat Rate(s): Those Edison system
24 values expressed in Btu/kWh by time of delivery for
25 the Summer and Winter Periods which are authorized
26 and adopted by the Commission to be used in the

1 calculation of Edison's published avoided cost of
2 energy.

3 2.22 Interconnection Facilities: Those protection,
4 metering, electric line(s), and other facilities
5 required to permit an electrical interface between
6 Edison's system and the Generating Facility in
7 accordance with Edison's Tariff Rule No. 21 titled
8 Cogeneration and Small Power Production
9 Interconnection Standards filed with the Commission.

10 2.23 Interconnection Facilities Agreement: That document
11 which is specified in Section 1.10 and is attached
12 hereto.

13 2.24 KVAR: Reactive kilovolt-ampere, a unit of measure
14 of reactive power.

15 2.25 Operate: To provide the engineering, purchasing,
16 repair, supervision, training, inspection, testing,
17 protection, operation, use, management, replacement,
18 retirement, reconstruction, and maintenance of and
19 for the Generating Facility in accordance with
20 applicable California utility standards and good
21 engineering practices.

22 2.26 Operating Representatives: Individual(s) appointed
23 by each Party for the purpose of securing effective
24 cooperation and interchange of information between
25 the Parties in connection with administration and
26 technical matters related to this Contract.

- 1 2.27 Parties: Edison and Seller.
- 2 2.28 Party: Edison or Seller.
- 3 2.29 Peak Months: Those months in which the Edison
4 annual system peak demand could occur. Currently,
5 but subject to change with notice, the peak months
6 for the Edison system are June, July, August, and
7 September.
- 8 2.30 Point of Interconnection: The point where the
9 transfer of electrical energy between Edison and
10 Seller takes place.
- 11 2.31 Project: The Generating Facility and
12 Interconnection Facilities required to permit
13 operation of Seller's Generator in parallel with
14 Edison's electric system.
- 15 2.32 Protective Apparatus: That equipment and apparatus
16 installed by Seller and/or Edison pursuant to
17 Section 4.2.
- 18 2.33 Qualifying Facility: Cogeneration or Small Power
19 Production Facility which meets the criteria as
20 defined in Title 18, Code of Federal Regulations,
21 Section 292.201 through 292.207.
- 22 2.34 Second Period: The period of the Contract Term
23 specified in Section 3.2.
- 24 2.35 Seller: The Party identified in Section 1.0.
- 25 2.36 Seller's Facility: The premises and equipment of
26 Seller located as specified in Section 1.2.

1 2.37 Small Power Production Facility: The facilities and
2 equipment which use biomass, waste, or Renewable
3 Resources, including wind, solar, geothermal, and
4 water, to produce electrical energy as defined in
5 Title 18, Code of Federal Regulations, Section
6 292.201 through 292.207.

7 2.38 Summer Period: Defined in Edison's Tariff Schedule
8 No. TOU-8 as now in effect or as may hereafter be
9 authorized by the Commission.

10 2.39 Tariff Schedule No. TOU-8: Edison's time-of-use
11 energy tariff for electric service exceeding 500 kW,
12 as now in effect or as may hereafter be authorized
13 by the Commission.

14 2.40 Uncontrollable Forces: Any occurrence beyond the
15 control of a Party which causes that Party to be
16 unable to perform its obligations hereunder and which
17 a Party has been unable to overcome by the exercise
18 of due diligence, including but not limited to
19 flood, drought, earthquake, storm, fire, pestilence,
20 lightning and other natural catastrophes, epidemic,
21 war, riot, civil disturbance or disobedience,
22 strike, labor dispute, action or inaction of
23 legislative, judicial, or regulatory agencies, or
24 other proper authority, which may conflict with the
25 terms of this Contract, or failure, threat of
26 failure or sabotage of facilities which have been

1 maintained in accordance with good engineering and
2 operating practices in California.

3 2.41 Winter Period: Defined in Edison's Tariff Schedule
4 No. TOU-8 as now in effect or as may hereafter be
5 authorized by the Commission.

6 3. TERM

7 The effective date of this Contract has previously been
8 established as July 20, 1984, the date on which the Sun
9 Contract was executed. The terms and conditions
10 contained in this consolidation, amendment and
11 restatement shall become effective upon execution by the
12 Parties and shall remain effective until either Party
13 gives 90 days prior written notice of termination to the
14 other Party, except that such notice of termination shall
15 not be effective to terminate this Contract prior to
16 expiration of the Contract Term specified in Section 1.8.

17 3.1 The First Period of the Contract Term shall commence
18 upon date of Firm Operation but not later than
19 July 20, 1989. The First Period of the Contract
20 Term shall be for 10 years.

21 3.2 The Second Period of the Contract Term shall
22 commence upon expiration of the First Period and
23 shall continue for the remainder of the Contract
24 Term.

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1 4. GENERATING FACILITY

2 4.1 Ownership

3 The Generating Facility shall be owned by Seller.

4 4.2 Design

5 4.2.1 Seller, at no cost to Edison, shall:

- 6 a. Design the Generating Facility.
- 7 b. Acquire all permits and other approvals
- 8 necessary for the construction,
- 9 operation, and maintenance of the
- 10 Generating Facility.
- 11 c. Complete all environmental impact
- 12 studies necessary for the construction,
- 13 operation, and maintenance of the
- 14 Generating Facility.
- 15 d. Furnish and install the relays, meters,
- 16 power circuit breakers, synchronizer,
- 17 and other control and Protective
- 18 Apparatus as shall be agreed to by the
- 19 Parties as being necessary for proper
- 20 and safe operation of the Project in
- 21 parallel with Edison's electric system.

22 4.2.2 Edison shall have the right to:

- 23 a. Review the design of the Generating
- 24 Facility's electrical system and
- 25 Seller's Interconnection Facilities.
- 26 Such review may include, but not be

1 limited to, the Generator, governor,
2 excitation system, synchronizing
3 equipment, protective relays, and
4 neutral grounding.

5 The Seller shall be notified in writing
6 of the outcome of the Edison review
7 within 30 days of the receipt of all
8 specifications for both the Generating
9 Facility and Seller's Interconnection
10 Facilities. Any flaws perceived by
11 Edison in the design shall be described
12 in Edison's written notice.

- 13 b. Request modifications to the design of
14 the Generating Facility's electrical
15 system and Seller's Interconnection
16 Facilities. Such modifications shall be
17 required if necessary to maintain Edison
18 Electric System Integrity when in
19 parallel with the Edison electric system.

20 4.2.3 If Seller's Generating Facility includes an
21 induction-type generator(s), Seller shall
22 provide individual power factor correction
23 capacitors for each such generator. Such
24 capacitors shall be switched on and off
25 simultaneously with each of the associated
26 induction-type generator(s) of the

1 Generating Facility. The KVAR rating of
2 such capacitors shall be the highest standard
3 value which will not exceed such generators'
4 no-load KVAR requirement. Seller shall not
5 install power factor correction in excess of
6 that required by this Section unless agreed
7 to in writing by the Parties.

8 4.2.4 Seller shall not locate any part of a wind-
9 driven generating unit of the Generating
10 Facility within a distance 1.25 times the
11 height of a wind turbine structure of an
12 existing electric utility 33 kV, 66 kV, or
13 115 kV transmission line right of way or
14 within three rotor blade diameters of an
15 existing electric utility 220 kV or 500 kV
16 transmission line right of way or any
17 proposed transmission line right of way of
18 which Edison is pursuing regulatory approval
19 for construction.

20 4.2.5 If Seller's Generating Facility is a small
21 hydro project, the Contract Capacity in
22 Section 1.5 shall be based on the average of
23 the 5 lowest years of stream flow taken from
24 a study covering a minimum 50 years of
25 continuous data. The Parties may agree upon

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1 a shorter period if data for a 50-year
2 period is not obtainable.

3 4.3 Construction

4 Edison shall have the right to review, consult with,
5 and make recommendations regarding Seller's
6 construction schedule and to monitor the construction
7 and start-up of the Project. Seller shall notify
8 Edison, at least one year prior to Firm Operation,
9 of changes in Seller's Construction Schedule which
10 may affect the date of Firm Operation.

11 4.4 Operation

12 4.4.1 The Generating Facility and Seller's
13 Protective Apparatus shall be operated and
14 maintained in accordance with applicable
15 California utility industry standards and
16 good engineering practices with respect to
17 synchronizing, voltage and reactive power
18 control. Edison shall have the right to
19 monitor operation of the Project and may
20 require changes in Seller's method of
21 operation if such changes are necessary, in
22 Edison's sole judgment, to maintain Edison
23 Electric System Integrity.

24 4.4.2 Seller shall notify in writing Edison's
25 Operating Representative at least 14 days
26 prior to:

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- (a) the initial testing of Seller's Protective Apparatus; and
- (b) the initial parallel operation of Seller's Generators with Edison's electrical system.

Edison shall have the right to have a representative present at each event.

4.4.3

Edison shall have the right to require Seller to disconnect the Generator from the Edison electric system or to reduce the electrical output from the Generator into the Edison electric system, whenever Edison determines, in its sole judgment, that such a disconnection is necessary to facilitate maintenance of Edison's facilities, or to maintain Edison Electric System Integrity. If Edison requires Seller to disconnect the Generator from the Edison electric system pursuant to this Section 4.4.3, Seller shall have the right to continue to serve its total electrical requirements. Each Party shall endeavor to correct, within a reasonable period, the condition on its system which necessitates the disconnection or the reduction of electrical output. The duration of the disconnection or the

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reduction in electrical output shall be limited to the period of time such a condition exists.

4.4.4 The Generating Facility shall be operated with all of Seller's Protective Apparatus in service whenever the Generator is connected to or is operated in parallel with the Edison electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Parties.

4.4.5 Each Party shall keep the other Party's Operating Representative informed as to the operating schedule of their respective facilities affecting each other's operation hereunder, including any reduction in Contract Capacity availability. In addition, Seller shall provide Edison with reasonable advance notice regarding its scheduled outages including any reduction in Contract Capacity availability. Reasonable advance notice is as follows:

<u>SCHEDULED OUTAGE</u> <u>EXPECTED DURATION</u>	<u>ADVANCE NOTICE</u> <u>TO EDISON</u>
Less than one day	24 Hours
One day or more (except major overhauls)	1 Week
Major overhaul	6 Months

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1 4.4.6 Notification by each Party's Operating
2 Representative of outage date and duration
3 should be directed to the other Party's
4 Operating Representative by telephone.

5 4.4.7 Seller shall not schedule major overhauls
6 during Peak Months.

7 4.4.8 Seller shall maintain an operating log at
8 Seller's Facility with records of: real and
9 reactive power production; changes in
10 operating status, outages, Protective
11 Apparatus operations; and any unusual
12 conditions found during inspections.

13 Changes in setting shall also be logged for
14 Generators which are "block-loaded" to a
15 specific kW capacity. In addition, Seller
16 shall maintain records applicable to the
17 Generating Facility, including the
18 electrical characteristics of the Generator
19 and settings or adjustments of the Generator
20 control equipment and protective devices.
21 Information maintained pursuant to this
22 Section 4.4.8 shall be provided to Edison,
23 within 30 days of Edison's request.

24 4.4.9 If, at any time, Edison doubts the integrity
25 of any of Seller's Protective Apparatus and
26 believes that such loss of integrity would

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impair the Edison Electric System Integrity,
Seller shall demonstrate, to Edison's
satisfaction, the correct calibration and
operation of the equipment in question.

4.4.10 Seller shall test all protective devices
specified in Section 4.2 with qualified
Edison personnel present at intervals not to
exceed four years.

4.4.11 Seller shall, to the extent possible,
provide reactive power for its own
requirements, and where applicable, the
reactive power losses of interfacing
transformers. Seller shall not deliver
excess reactive power to Edison unless
otherwise agreed upon between the Parties.

4.4.12 The Seller warrants that the Generating
Facility met the requirements of a
Qualifying Facility as of July 20, 1984, and
will meet such requirements through the
Contract Term.

4.4.13 The Seller warrants that the Generating
Facility shall at all times conform to all
applicable laws and regulations. Seller
shall obtain and maintain any governmental
authorizations and permits for the continued
operation of the Generating Facility. If,

1 at any time, Seller does not hold such
2 authorizations and permits, Seller agrees to
3 reimburse Edison for any loss which Edison
4 incurs as a result of the Seller's failure
5 to maintain governmental authorization and
6 permits.

7 4.4.14 At Edison's request, Seller shall make all
8 reasonable effort to deliver power at an
9 average rate of delivery at least equal to
10 the Contract Capacity during periods of
11 Emergency. In the event that the Seller has
12 previously scheduled an outage coincident
13 with an Emergency, Seller shall make all
14 reasonable efforts to reschedule the
15 outage. The notification periods listed in
16 Section 4.4.5 shall be waived by Edison if
17 Seller reschedules the outage.

18 4.4.15 Seller shall demonstrate the ability to
19 provide Edison the specified Contract
20 Capacity within 30 days of the date of Firm
21 Operation. Thereafter, at least once per
22 year at Edison's request, Seller shall
23 demonstrate the ability to provide Contract
24 Capacity for a reasonable period of time as
25 required by Edison. Seller's demonstration
26 of Contract Capacity shall be at Seller's

1 expense and conducted at a time and pursuant
2 to procedures mutually agreed upon by the
3 Parties. If Seller fails to demonstrate the
4 ability to provide the Contract Capacity,
5 the Contract Capacity shall be reduced by
6 agreement of the Parties pursuant to
7 Section 9.1.2.6.

8 4.4.16 Seller agrees to design the Project in a
9 manner such that power is not drawn from
10 Edison's electric system.

11 4.5 Maintenance

12 4.5.1 Seller shall maintain the Generating
13 Facility in accordance with applicable
14 California utility industry standards and
15 good engineering and operating practices.
16 Edison shall have the right to monitor such
17 maintenance of the Generating Facility.
18 Seller shall maintain and deliver a
19 maintenance record of the Generating Facility
20 to Edison's Operating Representatives upon
21 request.

22 4.5.2 Seller shall make a reasonable effort to
23 schedule routine maintenance during Off-Peak
24 Months. Outages for scheduled maintenance
25 shall not exceed a total of 30 peak hours
26 for the Peak Months.

1 4.5.3 The allowance for scheduled maintenance is
2 as follows:

- 3 a. Outage periods for scheduled maintenance
4 shall not exceed 840 hours (35 days) in
5 any 12-month period. This allowance may
6 be used in increments of an hour or longer
7 on a consecutive or nonconsecutive basis.
8 b. Seller may accumulate unused maintenance
9 hours on a year-to-year basis up to a
10 maximum of 1,080 hours (45 days). This
11 accrued time must be used consecutively
12 and only for major overhauls.

13 4.6 Disclaimer

14 Any review by Edison of the design, construction,
15 operation, or maintenance of the Project is solely
16 for the information of Edison. By making such
17 review, Edison makes no representation as to the
18 economic and technical feasibility, operational
19 capability, or reliability of the Project. Seller
20 shall in no way represent to any third party that
21 any such review by Edison of the Project, including
22 but not limited to, any review of the design,
23 construction, operation, or maintenance of the
24 Project by Edison is a representation by Edison as
25 to the economic and technical feasibility,
26 operational capability, or reliability of said

1 facilities. Seller is solely responsible for
2 economic and technical feasibility, operational
3 capability, or reliability thereof.

4 5. OPERATING OPTION

5 5.1 Seller shall operate its Generating Facility in
6 parallel with Edison's electric system pursuant to
7 the following: Seller dedicates 49,800 kW to Edison
8 with no electrical service required from Edison.

9 6. INTERCONNECTION FACILITIES

10 6.1 The Parties shall execute an Interconnection
11 Facilities Agreement specified by Seller in
12 Section 1.10, covering the design, installation,
13 operation and maintenance of the Interconnection
14 Facilities.

15 6.2 The cost for the Appendant Facilities set forth in
16 the appendix specified in Section 1.10, are estimates
17 only for Seller's information and will be adjusted
18 to reflect recorded costs after installation is
19 complete; except that, upon Seller's written request
20 to Edison, Edison shall provide a binding estimate
21 which shall be the basis for the Appendant Facilities
22 cost in the Interconnection Facilities Agreement
23 executed by the Parties.

24 6.3 The nature of the Appendant Facilities and the Point
25 of Interconnection shall be set forth either by
26 equipment lists or appropriate one-line diagrams and

1 shall be attached to the appropriate appendix
2 specified in Section 1.10.

3 6.4 The design, installation, operation, maintenance,
4 and modifications of the Interconnection Facilities
5 shall be at Seller's expense.

6 6.5 Seller shall not commence parallel operation of the
7 Generating Facility until written approval for
8 operation of the Interconnection Facilities has been
9 received from Edison. The Seller shall notify
10 Edison at least forty-five days prior to the initial
11 energizing of the Point of Interconnection. Edison
12 shall have the right to inspect the Interconnection
13 Facilities within thirty days of receipt of such
14 notice. If the facilities do not pass Edison's
15 inspection, Edison shall provide in writing the
16 reasons for this failure within five days of the
17 inspection.

18 6.6 Seller, at no cost to Edison, shall acquire all
19 permits and approvals and complete all environmental
20 impact studies necessary for the design,
21 installation, operation, and maintenance of the
22 Interconnection Facilities.

23 7. ELECTRIC LINES AND ASSOCIATED EASEMENTS

24 7.1 Edison shall, as it deems necessary or desirable,
25 build electric lines, facilities and other
26 equipment, both overhead and underground, on and off

1 Seller's Facility, for the purpose of effecting the
2 agreements contained in this Contract. The physical
3 location of such electric lines, facilities and
4 other equipment on Seller's Facility shall be
5 determined by agreement of the Parties.

6 7.2 Seller shall reimburse Edison for the cost of
7 acquiring property rights off Seller's Facility
8 required by Edison to meet its obligations under
9 this Contract.

10 7.3 Seller shall grant to Edison, without cost to
11 Edison, and by an instrument of conveyance,
12 acceptable to Edison, rights of way, easements and
13 other property interests necessary to construct,
14 reconstruct, use, maintain, alter, add to, enlarge,
15 repair, replace, inspect and remove, at any time,
16 the electric lines, facilities or other equipment,
17 both overhead and underground, which are required by
18 Edison to effect the agreements contained in the
19 Contract. The rights of ingress and egress at all
20 reasonable times necessary for Edison to perform the
21 activities contemplated in the Contract.

22 7.4 The electric lines, facilities, or other equipment
23 referred to in this Section 7 installed by Edison on
24 or off Seller's Facility shall be and remain the
25 property of Edison.

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1 7.5 Edison shall have no obligation to Seller for any
2 delay or cancellation due to inability to acquire a
3 satisfactory right of way, easements, or other
4 property interests.

5 8. METERING

6 8.1 All meters and equipment used for the measurement of
7 electric power for determining Edison's payments to
8 Seller pursuant to this Contract, whether installed
9 initially or at a future time, shall be provided,
10 owned, and maintained by Edison at Seller's expense
11 in accordance with Edison's Tariff Rule No. 21.
12 Seller shall, as required by Edison, provide
13 suitable locations for such meters.

14 8.2 The meters and equipment used for measuring the
15 Energy sold to Edison shall be located on Edison's
16 side of the Interconnection Facilities unless
17 Edison, in its sole discretion, determines that an
18 alternate arrangement is necessary. Such arrange-
19 ments shall be compatible with Seller's electrical
20 facilities.

21 8.3 For purposes of monitoring the Generator operation,
22 Edison shall have the right to require, at Seller's
23 expense, the installation of generation metering.
24 Edison may also require the installation of
25 telemetering equipment at Seller's expense for
26 Generating Facilities equal to or greater than

1 10 MW. Edison may require the installation of
2 telemetering equipment at Edison's expense for
3 Generating Facilities less than 10 MW.

4 8.5 Edison's meters shall be sealed and the seals shall
5 be broken only when the meters are to be inspected,
6 tested, or adjusted by Edison. Seller shall be
7 given reasonable notice of testing and have the
8 right to have its Operating Representative present
9 on such occasions.

10 8.6 Edison's meters installed pursuant to this Contract
11 shall be tested by Edison, at Edison's expense, at
12 least once each year and at any reasonable time upon
13 request by either Party, at the requesting Party's
14 expense. If Seller makes such request, Seller shall
15 reimburse said expense to Edison within thirty days
16 after presentation of a bill therefor.

17 8.7 Metering equipment found to be inaccurate shall be
18 repaired, adjusted, or replaced by Edison such that
19 the metering accuracy of said equipment shall be
20 within two percent. If metering equipment
21 inaccuracy exceeds two percent, the correct amount
22 of Energy and Contract Capacity delivered during the
23 period of said inaccuracy shall be estimated by
24 Edison and agreed upon by the Parties.

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1 9. POWER PURCHASE PROVISIONS

2 Prior to the date of Firm Operation, Seller shall be paid
3 for Energy only pursuant to Edison's published avoided
4 cost of energy based on Edison's full avoided operating
5 cost as periodically updated and accepted by the
6 Commission. If at any time Energy can be delivered to
7 Edison and Seller is contesting the claimed jurisdiction
8 of any entity which has not issued a license or other
9 approval for the Project, Seller, in its sole discretion
10 and risk, may deliver Energy to Edison and for any Energy
11 purchased by Edison Seller shall receive payment from
12 Edison for (i) Energy pursuant to this Section, and
13 (ii) as-available capacity based on a capacity price from
14 the Standard Offer No. 1 Capacity Payment Schedule as
15 approved by the Commission. Unless and until all
16 required licenses and approvals have been obtained,
17 Seller may discontinue deliveries at any time.

18 9.1 Capacity Payments

19 Seller shall sell to Edison and Edison shall
20 purchase from Seller capacity pursuant to the
21 Capacity Payment Option selected by Seller in
22 Section 1.11. The Capacity Payment Schedules will
23 be based on Edison's full avoided operating costs as
24 approved by the Commission throughout the life of
25 this Contract. Data used to derive Edison's full

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1 avoided costs will be made available to the Seller,
2 to the extent specified by Seller upon request.

3 9.1.1 Capacity Payment Option A -- As Available
4 Capacity.

5 If Seller selects Capacity Payment Option A,
6 Seller shall be paid a monthly capacity
7 payment calculated pursuant to the following
8 formula:

9 MONTHLY CAPACITY PAYMENT = (A x D)+(B x D)+(C x D)

10 Where A = kWh purchased by Edison during
11 on-peak periods defined in
12 Edison's Tariff Schedule
13 No. TOU-8.

14 B = kWh purchased by Edison during
15 mid-peak periods defined in
16 Edison's Tariff Schedule
17 No. TOU-8.

18 C = kWh purchased by Edison during
19 off-peak periods defined in
20 Edison's Tariff Schedule
21 No. TOU-8.

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D = The appropriate time differentiated capacity price from either the Standard Offer No. 1 Capacity Payment Schedule or Forecast of Annual As-Available Capacity Payment Schedule as specified by Seller in Section 1.11.

9.1.1.1 If Seller specifies the Standard Offer No. 1 Capacity Payment Schedule in Section 1.11, then the formula set forth in Section 9.1.1 shall be computed with D equal to the appropriate time differentiated capacity price from the Standard Offer No. 1 Capacity Payment Schedule for the Contract Term.

9.1.1.2 If Seller specifies the Forecast of Annual As-Available Capacity Payment Schedule in Section 1.11, the formula set forth in Section 9.1.1 shall be computed as follows:

a. During the First Period of the Contract Term D shall equal the appropriate time differentiated capacity price from the Forecast

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1 of Annual As-Available Capacity
2 Payment Schedule.

3 b. During the Second Period of the
4 Contract Term, the formula shall
5 be computed with D equal to the
6 appropriate time differentiated
7 capacity price from Standard
8 Offer No. 1 Capacity Payment
9 Schedule, but not less than the
10 greater of (i) the appropriate
11 time differentiated capacity
12 price from the Forecast of Annual
13 As-Available Capacity Payment
14 Schedule for the last year of
15 the First Period, or (ii) the
16 appropriate time differentiated
17 capacity price from the Standard
18 Offer No. 1 Capacity Payment
19 Schedule for the first year of
20 the Second Period.

21 9.1.2 Capacity Payment Option B -- Firm Capacity
22 Purchase

23 If Seller selects Capacity Payment Option B,
24 Seller shall provide to Edison for the
25 Contract Term the Contract Capacity
26 specified in Section 1.5, or as adjusted

1 pursuant to Section 9.1.2.7, and Seller
2 shall be paid as follows:

3 9.1.2.1 If Seller meets the performance
4 requirements set forth in
5 Section 9.1.2.2, Seller shall be
6 paid a Monthly Capacity Payment,
7 beginning from the date of Firm
8 Operation equal to the sum of the
9 on-peak, mid-peak, and off-peak
10 Capacity Period Payments. Each
11 capacity period payment is calculated
12 pursuant to the following formula:

13 MONTHLY PERIOD CAPACITY PAYMENT = A x B x C x D

14 Where A = Contract Capacity Price
15 specified in Section 1.11 based
16 on the Standard Offer No. 2
17 Capacity Payment Schedule as
18 approved by the Commission and
19 in effect on July 20, 1984.

20 B = Conversion factors to convert
21 annual capacity prices to monthly
22 payments by time of delivery as
23 specified in Standard Offer No. 2
24 Capacity Payment Schedule and
25 subject to periodic modifications
26 as approved by the Commission.

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C = Contract Capacity specified in Section 1.5.

D = Period Performance Factor, not to exceed 1.0, calculated as follows:

$$\frac{\text{Period kWh purchased by Edison limited by the level of Contract Capacity}}{0.8 \times \text{Contract Capacity} \times (\text{Period Hours minus Maintenance Hours Allowed in Section 4.5.})}$$

9.1.2.2 Performance Requirements

To receive the Monthly Capacity Payment in Section 9.1.2.1, Seller shall provide the Contract Capacity in each Peak Month for all on-peak hours as such peak hours are defined in Edison's Tariff Schedule No. TOU-8 on file with the Commission, except that Seller is entitled to a 20% allowance for Forced Outages for each Peak Month. Seller shall not be subject to such performance requirements for the remaining hours of the year.

a. If Seller fails to meet the requirements specified in Section 9.1.2.2, Seller, in Edison's sole discretion, may be

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placed on probation for a period not to exceed 15 months. If Seller fails to meet the requirements specified in Section 9.1.2.2 during the probationary period, Edison may derate the Contract Capacity to the greater of the capacity actually delivered during the probationary period, or the capacity at which Seller can reasonably meet such requirements. A reduction in Contract Capacity as a result of this Section 9.1.2.2 shall be subject to Section 9.1.2.6.

b. If Seller fails to meet the requirements set forth in Section 9.1.2.2 due to a Forced Outage on the Edison system or a request to reduce or curtail delivery under Section 9.4, Edison shall continue Monthly Capacity Payments pursuant to Capacity Payment Option B. The Contract Capacity curtailed

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shall be treated the same as
scheduled maintenance outages in
the Calculation of the Monthly
Capacity Payment.

9.1.2.3 If Seller is unable to provide
Contract Capacity due to
Uncontrollable Forces, Edison shall
continue Monthly Capacity Payments
for 90 days from the occurrence of
the Uncontrollable Force. Monthly
Capacity Payments payable during a
period of interruption or reduction
by reason of an Uncontrollable Force
shall be treated the same as
scheduled maintenance outages.

9.1.2.4 Hydroelectric facilities which have
their Contract Capacity based on the
five dry-year average, shall not
have their Contract Capacity derated
when failure to meet the
requirements set forth in
Section 9.1.2.2 is due solely to the
occurrence of a dry year which is
drier than the five dry-year average.

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1 9.1.2.5 Capacity Bonus Payment

2 For Capacity Payment Option B,
3 Seller may receive a Capacity Bonus
4 Payment as follows:

5 a. Bonus During Peak Months -- For
6 a Peak Month, Seller shall
7 receive a Capacity Bonus Payment
8 if (i) the requirements set
9 forth in Section 9.1.2.2 have
10 been met, and (ii) the on-peak
11 capacity factor exceeds 85%.

12 b. Bonus During Non-Peak
13 Months -- For a non-peak month,
14 Seller shall receive a Capacity
15 Bonus Payment if (i) the
16 requirements set forth in
17 Section 9.1.2.2 have been met,
18 (ii) the on-peak capacity factor
19 for each Peak Month during the
20 year was at least 85%, and
21 (iii) the on-peak capacity
22 factor for the non-peak month
23 exceeds 85%.

24 c. For any eligible month, the
25 Capacity Bonus Payment shall be
26 calculated as follows:

1 CAPACITY BONUS PAYMENT = A x B x C x D

2 Where A = (1.2 x On-Peak Capacity Factor) - 1.02

3 Where the On-Peak Capacity Factor, not
4 to exceed 1.0, is calculated as follows:

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$$\frac{\text{Period kWh purchased by Edison limited}}{\text{by the level of Contract Capacity}} \times \frac{\text{Period Hours}}{\text{minus Maintenance Hours Allowed in}} \text{Section 4.5)}$$

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8 B = Contract Capacity Price specified in
9 Section 1.11 for Capacity Payment
10 Option B

11 C = 1/12

12 D = Contract Capacity specified in
13 Section 1.5

14 d. When Seller is entitled to
15 receive a Capacity Bonus
16 Payment, the Monthly Capacity
17 Payment shall be the sum of the
18 Monthly Capacity Payment
19 pursuant to Section 9.1.2.1 and
20 the Monthly Capacity Bonus
21 Payment pursuant to this Section.

22 e. For Capacity Payment Option B,
23 Seller shall be paid for
24 capacity in excess of Contract
25 Capacity based on the
26 as-available capacity price in

1 Standard Offer No. 1 Capacity
2 Payment Schedule, as updated and
3 approved by the Commission.
4 Seller shall not receive any
5 as-available capacity payment in
6 excess of Contract Capacity if
7 Seller's Generating Facility is
8 a small hydro project.

9 9.1.2.6 Capacity Reduction

10 a. Seller may reduce the Contract
11 Capacity specified in
12 Section 1.5, provided that
13 Seller gives Edison prior
14 written notice for a period
15 determined by the amount of
16 Contract Capacity reduced as
17 follows:

18 <u>AMOUNT OF CONTRACT</u>	<u>LENGTH OF</u>
19 <u>CAPACITY REDUCED</u>	<u>NOTICE REQUIRED</u>
20 25,000 kW or under	12 months
21 25,001 - 50,000 kW	36 months
22 50,001 - 100,000 kW	48 months
23 over 100,000 kW	60 months

24 b. Subject to Section 10.4, Seller
25 shall refund to Edison with
26 interest at the current
published Federal Reserve Board
three months prime commercial

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paper rate an amount equal to the difference between (i) the accumulated Monthly Capacity Payments paid by Edison pursuant to Capacity Payment Option B up to the time the reduction notice is received by Edison, and (ii) the total capacity payments which Edison would have paid if based on the Adjusted Capacity Price.

c. From the date the reduction notice is received to the date of actual capacity reduction, Edison shall make capacity payments based on the Adjusted Capacity Price for the amount of Contract Capacity being reduced.

d. Seller may reduce Contract Capacity without the notice prescribed in Section 9.1.2.6(a), provided that Seller shall refund to Edison the amount specified in Section 9.1.2.6(b) and an amount equal to: (i) the amount of Contract Capacity

1 being reduced, times (ii) the
2 difference between the Current
3 Capacity Price and the Contract
4 Capacity Price, times (iii) the
5 number of years and fractions
6 thereof (not less than one year)
7 by which the Seller has been
8 deficient in giving prescribed
9 notice. If the Current Capacity
10 Price is less than the Contract
11 Capacity Price, only payment
12 under Section 9.1.2.6(b) shall
13 be due to Edison.

14 9.1.2.7 Adjustment to Contract Capacity

15 The Parties may agree in writing at
16 any time to adjust the Contract
17 Capacity. Seller may reduce the
18 Contract Capacity pursuant to
19 Section 9.1.2.6. Seller may increase
20 the Contract Capacity with Edison's
21 approval and thereafter receive
22 payment for the increased capacity
23 in accordance with the Contract
24 Capacity Price for the Capacity
25 Payment Option selected by Seller
26 for the remaining Contract Term.

1 9.2 Energy Payments - First Period

2 During the First Period of the Contract Term, Seller
3 shall be paid a Monthly Energy Payment for the
4 Energy delivered by the Seller to Edison at the
5 Point of Interconnection pursuant to the Energy
6 Payment Option selected by Seller in Section 1.12,
7 as follows. (Data used to derive Edison's Energy
8 payments for the First Period will be made available
9 to the Seller, to the extent specified by Seller,
10 upon request.)

11 9.2.1 Energy Payment Option 1 -- Forecast of
12 Annual Marginal Cost of Energy.

13 If Seller selects Energy Payment Option 1,
14 then during the First Period of the Contract
15 Term, Seller shall be paid a Monthly Energy
16 Payment for Energy delivered by Seller and
17 purchased by Edison during each month in the
18 First Period of the Contract Term pursuant
19 to the following formula:

20 MONTHLY ENERGY PAYMENT = (A x D) + (B x D) + (C x D)

21 Where A = kWh purchased by Edison during
22 on-peak periods defined in
23 Edison's Tariff Schedule
24 No. TOU-8.

25 B = kWh purchased by Edison during
26 mid-peak periods defined in

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Edison's Tariff Schedule

No. TOU-8.

C = kWh purchased by Edison during
off-peak periods defined in
Edison's Tariff Schedule
No. TOU-8.

D = The sum of:

(i) the appropriate time
differentiated energy price from
the Forecast of Annual Marginal
Cost of Energy, multiplied by
the decimal equivalent of the
percentage of the forecast
specified in Section 1.12, and
(ii) the appropriate time
differentiated energy price from
Edison's published avoided cost
of energy multiplied by the
decimal equivalent of the
percentage of the published
energy price specified in
Section 1.12.

9.2.2 Energy Payment Option 2 -- Levelized
Forecast of Marginal Cost of Energy.
If Seller selects Energy Payment Option 2,
then during the First Period of the Contract

1 Term, Seller shall be paid a Monthly Energy
2 Payment for Energy delivered by Seller and
3 purchased by Edison each month during the
4 First Period of the Contract Term pursuant
5 to the following formula:

6 MONTHLY ENERGY PAYMENT = (A x D) + (B x D) + (C x D)

7 Where A = kWh purchased by Edison during
8 on-peak periods defined in
9 Edison's Tariff Schedule
10 No. TOU-8.

11 B = kWh purchased by Edison during
12 mid-peak periods defined in
13 Edison's Tariff Schedule
14 No. TOU-8.

15 C = kWh purchased by Edison during
16 off-peak periods defined in
17 Edison's Tariff Schedule
18 No. TOU-8.

19 D = The sum of:
20 (i) the appropriate time
21 differentiated energy price from
22 the Levelized Forecast of
23 Marginal Cost of Energy, for the
24 First Period of the Contract
25 Term multiplied by the decimal
26 equivalent of the percentage of

1 the levelized forecast specified
2 in Section 1.12, and
3 (ii) the appropriate time
4 differentiated energy price from
5 Edison's published avoided cost
6 of energy multiplied by the
7 decimal equivalent of the
8 percentage of the published
9 energy price specified in
10 Section 1.12.

11 9.2.2.1 Performance Requirement for Energy
12 Payment Option 2

13 During the First Period when the
14 annual forecast referred to in
15 Section 9.2.1 is greater than the
16 levelized forecast referred to in
17 Section 9.2.2, Seller shall deliver
18 to Edison at least 70 percent of the
19 average annual kWh delivered to Edison
20 during those previous periods when
21 the levelized forecast referred to
22 in Section 9.2.2 is greater than the
23 annual forecast referred to in
24 Section 9.2.1 as resource conditions
25 permit for solar, wind, and hydro
26 Generating Facilities and excluding

1 uncontrollable forces. If Seller
2 does not meet the performance
3 requirements of this Section 9.2.2.1,
4 Seller shall be subject to
5 Section 9.5.

6 **9.3 Energy Payments - Second Period**

7 During the Second Period of the Contract Term,
8 Seller shall be paid a Monthly Energy Payment for
9 Energy delivered by Seller and purchased by Edison
10 at a rate equal to 100% of Edison's published
11 avoided cost of energy based on Edison's full
12 avoided operating cost as updated periodically and
13 accepted by the Commission, pursuant to the
14 following formula:

15 MONTHLY ENERGY PAYMENT = kWh purchased by Edison for each
16 on-peak, mid-peak, and off-peak
17 time period defined in Edison's
18 Tariff Schedule No. TOU-8
19 x Edison's published avoided cost
20 of energy by time of delivery
21 for each time period.

22 Data used to derive Edison's full avoided costs will
23 be made available to the Seller, to the extent
24 specified by Seller, upon request.

25 **9.4** Edison shall not be obligated to accept or pay for
26 Energy, and may request Seller whose Generating

1 Facility is one (1) MW or greater to discontinue or
2 reduce delivery of Energy, for not more than
3 300 hours annually during off-peak hours when
4 (i) purchases would result in costs greater than
5 those which Edison would incur if it did not purchase
6 Energy from Seller but instead utilized an equivalent
7 amount of Energy generated from another Edison
8 source, or (ii) the Edison Electric System demand
9 would require that Edison hydro-energy be spilled to
10 reduce generation.

11 9.5 Energy Payment Refund

12 If Seller elects Energy Payment Option 2, Seller
13 shall be subject to the following:

14 9.5.1 If Seller fails to perform the Contract
15 obligations for any reason during the First
16 Period of the Contract Term, or fails to
17 meet the performance requirements set forth
18 in Section 9.2.2.1, and at the time of such
19 failure to perform, the net present value of
20 the cumulative Energy payments received by
21 Seller pursuant to Energy Payment Option 2
22 exceeds the net present value of what Seller
23 would have been paid pursuant to Energy
24 Payment Option 1, Seller shall make an energy
25 payment refund equal to the difference in
26 such net present values in the year in which

1 the refund is due. The present value
2 calculation shall be based upon the rate of
3 Edison's incremental cost of capital
4 specified in Section 1.12.

5 9.5.2 Not less than 90 days prior to the date
6 Energy is first delivered to the Point of
7 Interconnection, Seller shall provide and
8 maintain a performance bond, surety bond,
9 performance insurance, corporate guarantee,
10 or bank letter of credit, satisfactory to
11 Edison, which shall insure payment to Edison
12 of the Energy Payment Refund at any time
13 during the First Period. Edison may, in its
14 sole discretion accept another form of
15 security except that in such instance a
16 1-1/2 percent reduction shall then apply to
17 the levelized forecast referred to in
18 Section 9.2.2 in computing payments for
19 Energy. Edison shall be provided with
20 certificates evidencing Seller's compliance
21 with the security requirements in this
22 Section which shall also include the
23 requirement that Edison be given 90 days
24 prior written notice of the expiration of
25 such security.

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1 9.5.3 If Seller fails to provide replacement
2 security not less than 60 days prior to the
3 date of expiration of existing security, the
4 Energy Payment Refund provided in Section 9.5
5 shall be payable forthwith. Thereafter,
6 payments for Energy shall be 100 percent of
7 the Monthly Energy Payment provided in
8 Section 9.2.1.

9 9.5.4 If Edison at any time determines the
10 security to be otherwise inadequate, and so
11 notifies Seller, payments thereafter for
12 Energy shall be 100 percent of the Monthly
13 Energy Payment provided in Section 9.2.1.
14 If within 30 days of the date Edison gives
15 notice of such inadequacies, Seller
16 satisfies Edison's security requirements,
17 Energy Payment Option 2 shall be reinstated.
18 If Seller fails to satisfy Edison's security
19 requirements within the 30-day period, the
20 Energy Payment Refund provided in Section 9.5
21 shall be payable forthwith.

22 10. PAYMENT AND BILLING PROVISIONS

23 10.1 For Energy and capacity purchased by Edison:

24 10.1.1 Edison shall mail to Seller not later than
25 thirty days after the end of each monthly
26 billing period (1) a statement showing the

1 Energy and Contract Capacity delivered to
2 Edison during the on-peak, mid-peak, and
3 off-peak periods, as those periods are
4 specified in Edison's Tariff Schedule
5 No. TOU-8 for that monthly billing period,
6 (2) Edison's computation of the amount due
7 Seller, and (3) Edison's check in payment of
8 said amount.

9 10.1.2 If the monthly payment period involves
10 portions of two different published Energy
11 payment schedule periods, the monthly Energy
12 payment shall be prorated on the basis of
13 the percentage of days at each price.

14 10.1.3 If the payment period is less than 27 days
15 or greater than 33 days, the capacity
16 payment shall be prorated on the basis of
17 the average days per month per year.

18 10.1.4 If within thirty days of receipt of the
19 statement Seller does not make a report in
20 writing to Edison of an error, Seller shall
21 be deemed to have waived any error in
22 Edison's statement, computation, and
23 payment, and they shall be considered
24 correct and complete.

25 10.2 Monthly charges associated with Interconnection
26 Facilities shall be billed pursuant to the

1 Interconnection Facilities Agreement contained in
2 the Appendix specified in Section 1.10.

3 10.3 Payments due to Contract Capacity Reduction

4 10.3.1 The Parties agree that the refund and
5 payments provided in Section 9.1.2.6
6 represent a fair compensation for the
7 reasonable losses that would result from
8 such reduction of Contract Capacity.

9 10.3.2 In the event of a reduction in Contract
10 Capacity, the quantity, in kW, by which the
11 Contract Capacity is reduced shall be used
12 to calculate the refunds and payments due
13 Edison in accordance with Section 9.1.2.6,
14 as applicable.

15 10.3.3 Edison shall provide invoices to Seller for
16 all refunds and payments due Edison under this
17 section which shall be due within 60 days.

18 10.3.4 If Seller does not make payments as required
19 in Section 10.3.3, Edison shall have the
20 right to offset any amounts due it against
21 any present or future payments due Seller
22 and may pursue any other remedies available
23 to Edison as a result of Seller's failure to
24 perform.

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1 10.4 Energy Payment Refund

2 Energy Payment Refund is immediately due and payable
3 upon Seller's failure to perform the contract
4 obligations as specified in Section 9.5.

5 11. TAXES

6 11.1 Seller shall pay ad valorem taxes and other taxes
7 properly attributable to the Project. If such taxes
8 are assessed or levied against Edison, Seller shall
9 pay Edison for such assessment or levy.

10 11.2 Seller shall pay ad valorem taxes and other taxes
11 properly attributed to land, land rights, or
12 interest in land for the Project. If such taxes are
13 assessed or levied against Edison, Seller shall pay
14 Edison for such assessment or levy.

15 11.3 If the Interconnection Facilities are owned by
16 Edison, Edison shall pay ad valorem taxes and other
17 taxes properly attributed to said facilities. If
18 such taxes are assessed or levied against Seller,
19 Edison shall pay Seller for such assessment or levy.

20 11.4 Seller or Edison shall provide information
21 concerning the Project to any requesting taxing
22 authority.

23 12. TERMINATION

24 12.1 This Contract shall terminate if Firm Operation does
25 not occur by July 20, 1989.

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1 13. LIABILITY

2 13.1 Each Party (First Party) releases the other Party
3 (Second Party), its directors, officers, employees
4 and agents from any loss, damage, claim, cost,
5 charge, or expense of any kind or nature (including
6 any direct, indirect or consequential loss, damage,
7 claim, cost, charge, or expense), including
8 attorney's fees and other costs of litigation
9 incurred by the First Party in connection with
10 damage to property of the First Party caused by or
11 arising out of the Second Party's construction,
12 engineering, repair, supervision, inspection,
13 testing, protection, operation, maintenance,
14 replacement, reconstruction, use or ownership of its
15 facilities, to the extent that such loss, damage,
16 claim, cost, charge, or expense is caused by the
17 negligence of Second Party, its directors, officers,
18 employees, agents, or any person or entity whose
19 negligence would be imputed to Second Party.

20 13.2 Each Party shall indemnify and hold harmless the
21 other Party, its directors, officers, and employees
22 or agents from and against any loss, damage, claim,
23 cost, charge, (including direct, indirect or
24 consequential loss, damage, claim, cost charge, or
25 expense), including attorney's fees and other costs
26 of litigation incurred by the other Party in

1 connection with the injury to or death of any person
2 or damage to property of a third party arising out
3 of the indemnifying Party's construction,
4 engineering, repair, supervision, inspection,
5 testing, protection, operation, maintenance,
6 replacement, reconstruction, use, or ownership of
7 its facilities, to the extent that such loss,
8 damage, claim, cost, charge, or expense is caused by
9 the negligence of the indemnifying Party, its
10 directors, officers, employees, agents, or any
11 person or entity whose negligence would be imputed
12 to the indemnifying Party; provided, however, that
13 each Party shall be solely responsible for and shall
14 bear all cost of claims brought by its contractors
15 or its own employees and shall indemnify and hold
16 harmless the other Party for any such costs including
17 costs arising out of any workers compensation law.
18 Seller releases and shall defend and indemnify
19 Edison from, any claim, cost, loss, damage, or
20 liability arising from any contrary representation
21 concerning the effect of Edison's review of the
22 design, construction, operation, or maintenance of
23 the Project.

24 13.3 The provisions of this Section 13 shall not be
25 construed so as to relieve any insurer of its
26 obligations to pay any insurance claims in

1 accordance with the provisions of any valid
2 insurance policy.

3 13.4 Neither Party shall be indemnified under this
4 Section 13 for its liability or loss resulting from
5 its sole negligence or willful misconduct.

6 14. INSURANCE

7 14.1 Until Contract is terminated, Seller shall obtain
8 and maintain in force as hereinafter provided
9 comprehensive general liability insurance, including
10 contractual liability coverage, with a combined
11 single limit of not less than \$1,000,000 each
12 occurrence. The insurance carrier or carriers and
13 form of policy shall be subject to review and
14 approval by Edison.

15 14.2 Prior to the date Seller's Generating Facility is
16 first operated in parallel with Edison's electric
17 system, Seller shall (i) furnish certificate of
18 insurance to Edison, which certificate shall provide
19 that such insurance shall not be terminated nor
20 expire except on thirty days prior written notice to
21 Edison, (ii) maintain such insurance in effect for
22 so long as Seller's Generating Facility is operated
23 in parallel with Edison's electric system, and
24 (iii) furnish to Edison an additional insured
25 endorsement with respect to such insurance in
26 substantially the following form:

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"In consideration of the premium charged, Southern California Edison Company (Edison) is named as additional insured with respect to all liabilities arising out of Seller's use and ownership of Seller's Generating Facility."

"The inclusion of more than one insured under this policy shall not operate to impair the rights of one insured against another insured and the coverages afforded by this policy will apply as though separate policies had been issued to each insured. The inclusion of more than one insured will not, however, operate to increase the limit of the carrier's liability. Edison will not, by reason of its inclusion under this policy, incur liability to the insurance carrier for payment of premium for this policy."

"Any other insurance carried by Edison which may be applicable shall be deemed excess insurance and Seller's insurance primary for all purposes despite any conflicting provisions in Seller's policy to the contrary."

If the requirement of Section 14.2(iii) prevents Seller from obtaining the insurance required in Section 14.1 then upon written notification by Seller to Edison, Section 14.2(iii) shall be waived.

1 14.3 The requirements of this Section 14 shall not apply
2 to Seller who is a self-insured governmental agency
3 with established record of self-insurance.

4 14.4 If Seller fails to comply with the provisions of
5 this Section 14, Seller shall, at its own cost,
6 defend, indemnify, and hold harmless Edison, its
7 directors, officers, employees, agents, assigns, and
8 successors in interest from and against any and all
9 loss, damage, claim, cost, charge, or expense of any
10 kind of nature (including direct, indirect or
11 consequential loss, damage, claim, cost, charge, or
12 expense, including attorney's fees and other costs
13 of litigation) resulting from the death or injury to
14 any person or damage to any property, including the
15 personnel and property of Edison, to the extent that
16 Edison would have been protected had Seller complied
17 with all of the provisions of this Section 14.

18 15. UNCONTROLLABLE FORCES

19 15.1 Neither Party shall be considered to be in default
20 in the performance of any of the agreements
21 contained in this Contract, except for obligations
22 to pay money, when and to the extent failure of
23 performance shall be caused by an Uncontrollable
24 Force.

25 15.2 If either Party because of an Uncontrollable Force
26 is rendered wholly or partly unable to perform its

1 obligations under this Contract, the Party shall be
2 excused from whatever performance is affected by the
3 Uncontrollable Force to the extent so affected
4 provided that:

5 (1) the nonperforming Party, within two weeks after
6 the occurrence of the Uncontrollable Force,
7 gives the other Party written notice describing
8 the particulars of the occurrence,

9 (2) the suspension of performance is of no greater
10 scope and of no longer duration than is
11 required by the Uncontrollable Force,

12 (3) the nonperforming Party uses its best efforts
13 to remedy its inability to perform (this
14 subsection shall not require the settlement of
15 any strike, walkout, lockout or other labor
16 dispute on terms which, in the sole judgment of
17 the Party involved in the dispute, are contrary
18 to its interest. It is understood and agreed
19 that the settlement of strikes, walkouts,
20 lockouts or other labor disputes shall be at
21 the sole discretion of the Party having the
22 difficulty),

23 (4) when the nonperforming Party is able to resume
24 performance of its obligations under this
25 Contract, that Party shall give the other Party
26 written notice to that effect, and

1 (5) capacity payments during such periods of
2 Uncontrollable Force on Seller's part shall be
3 governed by Section 9.1.2.3.

4 15.3 In the event that either Party's ability to perform
5 cannot be corrected when the Uncontrollable Force is
6 caused by the actions or inactions of legislative,
7 judicial or regulatory agencies or other proper
8 authority, this Contract may be amended to comply
9 with the legal or regulatory change which caused the
10 nonperformance.

11 If a loss of Qualifying Facility status occurs due
12 to an Uncontrollable Force and Seller fails to make
13 the changes necessary to maintain its Qualifying
14 Facility status, the Seller shall compensate Edison
15 for any economic detriment incurred by Edison as a
16 result of such failure.

17 16. NONDEDICATION OF FACILITIES

18 Neither Party, by this Contract, dedicates any part of
19 its facilities involved in this Project to the public or
20 to the service provided under the Contract, and such
21 service shall cease upon termination of the Contract.

22 17. PRIORITY OF DOCUMENTS

23 If there is a conflict between this document and any
24 Appendix, the provisions of this document shall govern.
25 Each Party shall notify the other immediately upon the
26 determination of the existence of any such conflict.

1 18. NOTICES AND CORRESPONDENCE

2 All notices and correspondence pertaining to this
3 Contract shall be in writing and shall be sufficient if
4 delivered in person or sent by certified mail, postage
5 prepaid, return receipt requested, to Seller as specified
6 in Section 1.1, or to Edison as follows:

7 Southern California Edison Company
8 Post Office Box 800
9 Rosemead, California 91770
10 Attention: Secretary

11 All notices sent pursuant to this Section 18 shall be
12 effective when received, and each Party shall be entitled
13 to specify as its proper address any other address in the
14 United States upon written notice to the other Party.

15 19. PREVIOUS COMMUNICATIONS

16 With the exception of the Agreement for Joint Right-of-Way
17 Use between Oxbow Geothermal Corporation and Southern
18 California Edison Company, this Contract contains the
19 entire agreement and understanding between the Parties,
20 their agents, and employees as to the subject matter of
21 the Sun Contract, the Dixie Belle Contract, and the Dixie
22 Central Contract, which are hereby amended, consolidated,
23 and restated. Except as noted herein, no Party shall be
24 bound to any other obligations, conditions, or
25 representations with respect to the subject matter of
26 this Contract.

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1 20. NONWAIVER

2 None of the provisions of the Contract shall be considered
3 waived by either Party except when such waiver is given
4 in writing. The failure of either Edison or Seller to
5 insist on any one or more instances upon strict
6 performance of any of the provisions of the Contract or
7 to take advantage of any of its rights hereunder shall
8 not be construed as a waiver of any such provisions or
9 the relinquishment of any such rights for the future, but
10 the same shall continue to remain in full force and
11 effect.

12 21. SUCCESSORS AND ASSIGNS

13 Neither Party shall voluntarily assign its rights nor
14 delegate its duties under this Contract, or any part of
15 such rights or duties, without the written consent of the
16 other Party, except in connection with the sale or merger
17 of a substantial portion of its properties. Any such
18 assignment or delegation made without such written
19 consent shall be null and void. Consent for assignment
20 shall not be withheld unreasonably. Such assignment
21 shall include, unless otherwise specified therein, all of
22 Seller's rights to any refunds which might become due
23 under this Contract.

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1 22. EFFECT OF SECTION HEADINGS

2 Section headings appearing in this Agreement are inserted
3 for convenience only, and shall not be construed as
4 interpretations of text.

5 23. GOVERNING LAW

6 This Contract shall be interpreted, governed, and
7 construed under the laws of the State of California as if
8 executed and to be performed wholly within the State of
9 California.

10 24. MULTIPLE ORIGINALS

11 This Contract is executed in two counterparts, each of
12 which shall be deemed an original.

13 SIGNATURES

14 IN WITNESS WHEREOF, the Parties hereto have executed this
15 Contract this 29th of July, 19 86.

16
17 SOUTHERN CALIFORNIA EDISON COMPANY

18
19 By  8/21/86

20 GLENN J. BJORKLUND
21 Vice President

22 OXBOW GEOTHERMAL CORPORATION

23
24 By 

25 BERNARD H. CHERRY
26 President