



An *EDISON INTERNATIONAL* Company

**RENEWABLE POWER PURCHASE AND SALE AGREEMENT**

**between**

**SOUTHERN CALIFORNIA EDISON COMPANY**

**and**

**AERO ENERGY L.L.C.**

**(QFID #6307)**

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**RENEWABLE POWER PURCHASE AND SALE AGREEMENT**

**between**

**SOUTHERN CALIFORNIA EDISON COMPANY**

**and**

**AERO ENERGY L.L.C.**

**(QFID #6307)**

This Renewable Power Purchase and Sale Agreement, together with the exhibits, attachments, and any referenced collateral agreement or similar arrangement between the Parties (collectively, the “Agreement”) is made and effective as of the following date: March 8, 2005 (“Effective Date”).

This Agreement is entered into between:

- (a) **Southern California Edison Company** (“SCE”), a California corporation, whose principal place of business is at 2244 Walnut Grove Avenue, Rosemead, California 91770, and
- (b) **AERO ENERGY L.L.C.** (“Seller”), a California limited liability company, whose principal place of business is at 632 Foster Avenue, Coquitlam, British Columbia, V3J 2L7.

SCE and Seller are sometimes referred to herein individually as a “Party” and jointly as “Parties.”

Seller is willing to construct, own, and Operate an electric energy Generating Facility which qualifies as of the Effective Date as an eligible renewable energy resource under the State of California Renewable Portfolio Standard Program as codified at California Public Utilities Code Section 399.11, *et seq.*, and to sell all electric energy produced by the Generating Facility together with all Environmental and Capacity Attributes to SCE; and SCE is willing to purchase all electric energy delivered by Seller to SCE generated by such facility together with all Environmental and Capacity Attributes pursuant to the terms and conditions set forth herein.

Capitalized terms in this Agreement have the meanings set forth in Article One.

## SPECIAL CONDITIONS

### A. Generating Facility.

- (i) Name: **WindStar I.**
- (ii) Location of Site: **Tehachapi, CA** near Willow Springs Road. in the Tehachapi Wind Resource Area, as further described in Exhibit A.
- (iii) Eligible Renewable Resource Type: **Wind Generating Facility.**
- (iv) Nameplate Contract Capacity shall be equal to **50,000 kW**, subject to adjustment as set forth below:
  - (a) Seller shall have the right to increase the Nameplate Contract Capacity up to an additional **70,000 kW** (the “Expansion”) by adding additional land to the Site, for a potential total Generating Facility size of **120,000 kW**. To exercise its right to increase the Nameplate Contract Capacity, Seller must do all of the following:
    - (1) On or before the Final Configuration Date, provide:
      - (i) A Notice to SCE of Seller’s Expansion election, including a specification of the size of the Expansion and the total Nameplate Contract Capacity, in kW, which Seller elects to develop;
      - (ii) A revised Exhibit A describing the Generating Facility, including the Expansion; and
      - (iii) A revised Milestone Schedule in the form of Exhibit F including the Expansion; and
    - (2) Post with SCE a Development Fee for the Expansion, as provided in Section 3.03(a); and
  - (b) The Nameplate Contract Capacity may be subject to reduction as set forth in Section 3.03(d).

- (v) Expected Annual Net Energy Production:

The Expected Annual Net Energy Production shall be the value calculated in accordance with the following formula:

EXPECTED ANNUAL NET ENERGY PRODUCTION

$$= A \times B \times C$$

Where A = Nameplate Contract Capacity in kW.

B = 35.2%.

C = 8,760 hours per year.

**B. Startup Deadline.**

The Startup Deadline shall be **December 31, 2007**, or such other date as provided in this Agreement or as may be agreed to in a writing signed by both Parties. The Startup Deadline shall be extended on a day-for-day basis for any delay in:

- (i) Enactment of the Federal Production Tax Credit Legislation beyond **March 1, 2006**; or
- (ii) Seller's securing reasonably satisfactory interconnection and transmission rights for the Generating Facility beyond **June 30, 2006**. Seller shall provide Notice to SCE within fifteen (15) days of its obtaining such reasonably satisfactory interconnection and transmission rights;

*provided that, in no event shall the Startup Deadline be later than **December 31, 2008**.*

**C. Term.**

The Term shall commence as set forth in Section 2.03(a) and shall end on the last day of the calendar month which is **twenty (20) years** from the month of the Firm Operation Date.

**D. Energy Price.**

The Energy Price is fifty-two dollars and fifty two cents (**\$52.52 per MWh**).

**E. Performance Assurance Amount.**

One hundred dollars (**\$100.00 per kW**) of Nameplate Contract Capacity.



**F. Seller's Guarantor.**

As of the Effective Date, not applicable.

**G. ISO Change Cost Threshold Amount.**

The ISO Change Cost Threshold Amount shall be the value calculated in accordance with the following formula:

$$\text{ISO CHANGE COST THRESHOLD AMOUNT} = A \times B \times C$$

Where A = Expected Annual Net Energy Production set forth in Special Condition A(v) in kWh.

B = Energy Price specified in Special Condition D in \$/kWh (i.e., \$/MWh/1000).

C = Two percent (2%).

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\*\*\* *End of Special Conditions* \*\*\*

**ARTICLE ONE. DEFINITIONS**

The following terms shall have the following meaning for purposes of this Agreement.

- 1.01 “Affiliate” means, with respect to a Party, any entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with such Party. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.
- 1.02 “Agreement” has the meaning set forth in the Preamble.
- 1.03 “Applicable Laws” means all constitutions, treaties, laws, ordinances, rules, regulations, interpretations, permits, judgments, decrees, injunctions, writs and orders of any Governmental Authority or arbitrator that apply to either or both of the Parties, the Generating Facility or the terms of this Agreement.
- 1.04 “Arbitrator” has the meaning set forth in Article 12.
- 1.05 “Bankrupt” means with respect to any entity, such entity:
- (a) Files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it (and such petition is not dismissed within sixty (60) days of filing);
  - (b) Makes an assignment or any general arrangement for the benefit of creditors;
  - (c) Otherwise becomes bankrupt or insolvent (however evidenced);
  - (d) Has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets;
  - (e) Is generally unable to pay its debts as they fall due.
- 1.06 “Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall begin at 8:00 a.m. and end at 5:00 p.m. local time for the Party sending the Notice or payment or performing a specified action.
- 1.07 “Capacity Attributes” means any current or future defined characteristic, certificate, tag, credit, ancillary service attribute, or accounting construct, including any accounting construct counted toward resource adequacy requirement, associated with the Generating Facility or any unit of generating capacity of the Generating Facility

- during the Term. An example of a Capacity Attribute would be an “ACAP” credit, or “Available Capacity” credit as defined in the ISO’s Market Design ‘02 Proposal or any subsequent ISO Tariff incorporating such similar terms.
- 1.08 “CEC” means the California Energy Commission.
- 1.09 “CEC Certification and Verification” means that the CEC has certified (or, with respect to periods before the Generating Facility has been constructed, that the CEC has pre-certified) that the Generating Facility is an ERR for purposes of the RPS Legislation and that all electric energy produced by the Generating Facility qualifies as generation from an ERR for purposes of the RPS Legislation.
- 1.10 “Change in ISO Tariff” means that the ISO Tariff has been changed and such change has a material impact on either Party, or the ISO has been dissolved or replaced and any successor to the ISO operates under rules, protocols, procedures or standards that differ in a material respect from the ISO Tariff, after the Effective Date.
- 1.11 “Claiming Party” has the meaning set forth in Section 5.02.
- 1.12 “Claims” means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys’ fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.
- 1.13 “Collateral Assignment Agreement” has the meaning set forth in Section 6.04.
- 1.14 “Conditional Use Permit” has the meaning set forth in Section 2.02(c)(i).
- 1.15 “Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions, legal expenses and other similar third party transaction costs and expenses reasonably incurred by such Party in entering into any new arrangement which replaces this Agreement.
- 1.16 “CPUC” means the California Public Utilities Commission.
- 1.17 “CPUC Approval” means that the CPUC has issued a final decision, no longer subject to appeal, without conditions or modifications unacceptable to either Party, that:
- (a) Approves as reasonable all aspects of the solicitation for renewable power which resulted in this Agreement and of SCE’s conduct with respect to the solicitation;

- (b) Finds that any electric energy sold or dedicated to SCE pursuant to this Agreement (hereinafter, "Agreement Procurement") constitutes procurement by SCE from an ERR for purposes of determining SCE's compliance with any obligation that it may have to procure from ERRs pursuant to the RPS Legislation, or other applicable law concerning the procurement of electric energy from renewable energy resources;
- (c) Finds that all Agreement Procurement counts, in full and without condition, toward any annual procurement target or incremental procurement target established by the RPS Legislation or the CPUC which is applicable to SCE;
- (d) Finds that all Agreement Procurement counts, in full and without condition, toward the requirement in the RPS Legislation that SCE procure 20% (or such other percentage as may be established by law) of its retail sales from ERRs by 2017 (or such other date as may be established by law); and
- (e) Finds that this Agreement, and SCE's entry into this Agreement is reasonable and prudent for all purposes, including, but not limited to, recovery in rates of payments made pursuant to this Agreement, subject only to further review with respect to the reasonableness of SCE's administration of this Agreement.

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

- 1.18 "Credit Rating" means with respect to any entity, on the relevant date of determination, the respective ratings then assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancement) by S&P or Moody's. If no rating is assigned to such entity's unsecured, senior long-term debt or deposit obligation by either S&P or Moody's, then "Credit Rating" shall mean the general corporate credit rating or long-term issuer rating assigned by S&P or Moody's, as the case may be.
- 1.19 "Daily Delay Liquidated Damages" has the meaning set forth in Section 3.03(b).
- 1.20 "Defaulting Party" has the meaning set forth in Section 6.01.
- 1.21 "Delivered Amounts" means the Metered Amounts less Delivery Losses.
- 1.22 "Delivery Losses" means all electrical losses occurring between the ISO Approved Meter and the Delivery Point and electrical losses occurring over the ISO Grid as such losses are assigned by the ISO to the Generating Facility including if applicable, but not limited to:

- (a) If the ISO Approved Meter is not installed on the high voltage side of the Generating Facility's substation bus bar, transformer and other electrical losses occurring between the ISO Approved Meter and the high voltage side of the Generating Facility's substation bus bar;
  - (b) Any applicable DLF, or if no DLF is applicable, then electrical losses between the high voltage side of the Generating Facility's substation bus bar and the ISO Grid; and
  - (c) Electrical losses determined by utilizing the GMM, assigned to the Generating Facility.
- 1.23 "Delivery Point" means ISO Zone SP-15. Notwithstanding anything to the contrary in Section 11.01, after a Change in ISO Tariff that impacts the trading points or trading rules thereof in ISO Zone SP-15, the "Delivery Point" shall be a valid Scheduling point in SP-15 that is either:
- (a) The SCE load aggregation point, if defined by the ISO; or
  - (b) If an SCE load aggregation point is not defined by the ISO, the ISO-defined trading hub designated by SCE as most closely representing SCE's bundled customer load.
- 1.24 "Demonstrated Nameplate Contract Capacity" has the meaning set forth in Section 3.03(d).
- 1.25 "Development Fee" means the fee described in Section 3.03(a).
- 1.26 "Development Fee Guaranty Agreement" means the Guaranty Agreement described in Section 3.03(a).
- 1.27 "DLF" means a measure of all net electrical losses as determined by the CPUC associated with the transmission of electric energy through the electric system from the high voltage side of the Generating Facility's substation bus bar to the interface with the ISO Grid, also known as the distribution loss factor.
- 1.28 "Early Termination Date" has the meaning set forth in Section 6.02(a).
- 1.29 "Effective Date" has the meaning set forth in the Preamble.
- 1.30 "Energy Payment" has the meaning set forth in Section 4.02(b).
- 1.31 "Energy Payment Allocation Factor" has the meaning set forth in Exhibit J.
- 1.32 "Energy Price" means the energy price set forth in Special Condition D.

- 1.33 “Energy Replacement Damage Amount” has the meaning set forth in Section 3.04(b).
- 1.34 “Environmental Attributes” mean any and all current or future credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributed to or associated with the Generating Facility and any electric energy produced therewith during the Term. Environmental Attributes include, but are not limited to:
- (a) Any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO) and other pollutants;
  - (b) Any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and other greenhouse gases (GHGs) that have been determined by any applicable governmental body or association of governmental representatives, such as, but not limited to, the United Nations Intergovernmental Panel on Climate Change, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere;
  - (c) The reporting rights, such as, but not limited to, Green Tag Reporting Rights, to these avoided emissions. 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.

Environmental Attributes do not include:

- (w) Production Tax Credits associated with the construction or Operation of the Generating Facility and other financial incentives in the form of credits, reductions, or allowances associated with the Generating Facility that are applicable to a state or federal income taxation obligation; or
- (x) Fuel-related subsidies or tipping fees that may be paid to Seller to accept certain fuels, or local subsidies received by the Seller for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits;
- (y) Any subsidies or awards paid by the CEC; or
- (z) Any other local, state, federal or private payments or grants relating in any way to the Generating Facility or its output.

- 1.35 “Equitable Defense” means any bankruptcy, insolvency, reorganization and other laws affecting creditors’ rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.
- 1.36 “ERR” means a generating facility that qualifies as an eligible renewable energy resource for purposes of the RPS Legislation.
- 1.37 “Event of Default” has the meaning set forth in Section 6.01.
- 1.38 “Event of Deficient Energy Deliveries” has the meaning set forth in Section 3.04(a)(ii).
- 1.39 “Exercise Notice” has the meaning set forth in Section 8.03(c).
- 1.40 “Expansion” has the meaning set forth in Special Condition A(iv)(a).
- 1.41 “Expected Annual Net Energy Production” means the Generating Facility’s expected annual Metered Amounts as set forth in Special Condition A(v).
- 1.42 “Extraordinary SCE Force Majeure” means a Force Majeure as to which SCE is the Claiming Party that results in SCE not accepting electric energy for more than five (5) consecutive days during which Seller was prepared and able to Schedule at the Delivery Point.
- 1.43 “Federal Production Tax Credit Legislation” means validly enacted Federal legislation extending the applicability and rate of the renewable energy production tax credit (26 U.S.C. § 45) to owners of generating facilities which use wind to produce electric energy which are placed in service on or before December 31, 2007, or such other date as may be agreed to in a writing signed by both Parties, on terms no less favorable to owners of wind generating facilities than those available with respect to such facilities placed in service on or after January 1, 2004 and before January 1, 2006 pursuant to the law governing Production Tax Credits as in effect on the Effective Date including, but not limited to, a tax credit allowable for at least ten years of at least \$18.00 per MWh in 2004 dollars adjusted for inflation as set forth therein.
- 1.44 “FERC” means the Federal Energy Regulatory Commission.
- 1.45 “Final Configuration Date” means June 30, 2006.

- 1.46 “Firm Operation Date” means the last day of the calendar month which is:
- (a) Twelve (12) months after the date of Initial Operation plus any additional days for Force Majeure as provided in Section 5.04; or
  - (b) A date agreed to in a writing signed by both Parties.

- 1.47 “Force Majeure” means any occurrence that was not anticipated as of the Effective Date:
- (a) That, in whole or in part, delays a Party’s performance under this Agreement, causes a Party to be unable to perform its obligations, or prevents a Party from complying with or satisfying the conditions of this Agreement;
  - (b) That is not within the control of that Party; and
  - (c) That the Party has been unable to overcome by the exercise of due diligence, including, but not limited to, an act of God, extreme or severe weather conditions that materially affect access to the site or that damage the Wind Turbines, flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, terrorism, sabotage, strike or labor dispute, or actions or inactions of any Governmental Authority, or curtailment or reduction in deliveries at the direction of a Transmission Provider or the ISO (except as provided in (y) below).

None of the following shall constitute a Force Majeure under this Agreement:

- (x) The lack of wind, sun or other fuel source of an inherently intermittent nature; nor
  - (y) Curtailment or reduction in deliveries at the direction of a Transmission Provider or the ISO; *provided that*, the basis of the curtailment or reduction in deliveries ordered by a Transmission Provider or the ISO is congestion arising in the ordinary course of operations of the Transmission Provider’s system or the ISO Grid, including congestion caused by outages or capacity reductions for maintenance, construction or repair.
- 1.48 “Forward Settlement Amount” means any amount by which the Non-Defaulting Party’s Costs and Losses exceed Gains. If the Non-Defaulting Party’s Gains exceed its Costs and Losses, then the Forward Settlement Amount shall be zero dollars (\$0). The Forward Settlement Amount shall not include consequential, incidental, punitive, exemplary or indirect damages.



- 1.49 “Gains” means, with respect to any Party, an amount equal to the present value of the economic benefit to it as of the Early Termination Date, if any (exclusive of Costs), resulting from the termination of this Agreement for the remaining Term of this Agreement, expressed in U.S. dollars and determined in a commercially reasonable manner. Factors used in determining the gain of economic benefit to a Party may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market price referents for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transaction at liquid trading hubs (e.g., NYMEX), all of which should be calculated for the remaining Term of this Agreement and include the value of Environmental Attributes.
- 1.50 “Generating Facility” means Seller’s Wind Turbines as more particularly described in Exhibit A, including any Expansion, together with all materials, equipment systems, structures, features and improvements necessary to produce electric energy at such facility, excluding the Site, land rights and interests in land.
- 1.51 “Generating Facility Availability” means the Wind Turbine availability in any Term Year determined in accordance with the procedures and methodology set forth in the Wind Turbine Supply Contract.
- 1.52 “Generating Facility Capacity” means the Generating Facility’s total rated electric energy generating capacity determined by the total of the manufacturer’s nameplate ratings of all installed Wind Turbines, consistent with Prudent Electrical Practices and accepted industry standards, as indicated on the nameplates physically attached to the individual Wind Turbine generators.
- 1.53 “Generating Facility Power Curve” means a table used to estimate the Generating Facility’s Metered Amounts as a function of the recorded wind speed at the Site as described in Exhibit L.
- 1.54 “GMM(s)” means the generation meter multipliers as determined by the ISO representing the calculation of all electrical losses assigned to the Generating Facility associated with the transmission of electric energy delivered by the Generating Facility over the ISO Grid, which values are, as of the Effective Date, posted by the ISO on its website. The values used in the Agreement will be those appearing on the ISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

- 1.55 “Governmental Authority” means:
- (a) Any federal, state, local, municipal or other government;
  - (b) Any 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) Any court or governmental tribunal.
- 1.56 “Governmental Charges” has the meaning as set forth in Section 9.02.
- 1.57 “Guarantor” has the meaning set forth in Special Condition F.
- 1.58 “Guaranty Agreement” means, if a Guarantor has been identified, the guaranty agreement from the Guarantor in the form attached hereto as Exhibit H.
- 1.59 “Initial Operation” means the date selected by Seller in accordance with Section 2.03(b).
- 1.60 “Interest Rate” means an annual rate equal to:
- (a) The rate published in The Wall Street Journal as the “Prime Rate” (or, if more than one rate is published, the arithmetic mean of such rates) as of the date payment is due; provided however, in the event the payment due date falls on a non-Business Day, the Parties shall utilize the rate published for the Business Day immediately preceding the payment due date; plus
  - (b) Two hundred (200) basis points;
- provided, however, that in no event shall the Interest Rate exceed the maximum interest rate permitted by Applicable Laws.*
- 1.61 “ISO” means the California Independent System Operator Corporation or successor entity that dispatches certain generating units and loads and controls the transmission facilities of entities that:
- (a) Own, operate and maintain transmission lines and associated facilities or have entitlements to use certain transmission lines and associated facilities; and
  - (b) Have transferred to the ISO or its successor entity operational control of such facilities or entitlements.

- 1.62 “ISO Approved Meter” has the meaning set forth in Section 3.05.
- 1.63 “ISO Change Cost” has the meaning set forth in Section 11.02(a).
- 1.64 “ISO Change Cost Payment” means a payment for any Term Year, either from SCE to Seller or from Seller to SCE, due to an ISO Change Cost as described in Section 11.02(b).
- 1.65 “ISO Change Cost Threshold Amount” means the threshold amount in Special Condition G at the time any ISO Change Cost Payment is calculated pursuant to Exhibit M.
- 1.66 “ISO Grid” means the system of transmission lines and associated facilities of the participating transmission owners that have been placed under the ISO’s operational control.
- 1.67 “ISO PIRP Charges” means those ISO charges under the Participating Intermittent Resource Program identified as charge types 701, 711 and 721 (as of the Effective Date) as such charges are defined in the ISO Tariff, plus any forecast fee imposed by the ISO on Seller not included in such charges, or any successor charges that accomplish a similar purpose to any of the foregoing charges.
- 1.68 “ISO Tariff” means 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.
- 1.69 “kW” means a kilowatt of electric energy generating capacity.
- 1.70 “kWh” means a kilowatt-hour of electric energy.
- 1.71 “Lease” means one or more agreements whereby Seller leases the Site(s) described in Special Condition A(ii) from a third party, the term of which lease begins on or before the commencement of the Term and extends at least through the last day of the Term.
- 1.72 “Lender” means any financial institution(s) or other lender or investor that provide(s) development, bridge, construction, permanent debt or tax equity financing or refinancing for the Generating Facility to Seller.
- 1.73 “Letter of Credit” means an irrevocable, nontransferable standby letter of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank with such bank having a Credit Rating of at least “A-” from S&P and “A3” from Moody’s,

- substantially in the form of Exhibit N and reasonably acceptable to SCE and the issuing bank. All Letter of Credit costs shall be borne by Seller.
- 1.74 “Letter of Credit Default” means with respect to a Letter of Credit, the occurrence of any of the following events:
- (a) The issuer of such Letter of Credit fails to maintain a Credit Rating of at least “A-” by S&P and “A3” by Moody’s;
  - (b) The issuer of the Letter of Credit fails to comply with or perform its obligations under such Letter of Credit;
  - (c) The issuer of such Letter of Credit disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Letter of Credit;
  - (d) Such Letter of Credit expires or terminates, or fails or ceases to be in full force and effect at any time during the Term, in any such case without replacement; or
  - (e) The issuer of such Letter of Credit becomes Bankrupt; provided, however, that no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Agreement.
- 1.75 “Losses” means, with respect to any Party, an amount equal to the present value of the economic loss to it as of the Early Termination Date, if any (exclusive of Costs), resulting from the termination of this Agreement for the remaining Term of this Agreement, expressed in U.S. dollars and determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit to a Party may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market price referents for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transaction at liquid trading hubs (e.g., NYMEX), all of which should be calculated for the remaining Term of this Agreement and include the value of Environmental Attributes.
- 1.76 “Lost Output” means the sum of the Metered Amounts over the relevant measurement period that the Generating Facility was available to produce and could reasonably have been expected to produce, based upon historical performance and/or actual operating conditions, but was not delivered due to:

- (a) Force Majeure;
  - (b) An Event of Default where SCE is the Defaulting Party; or
  - (c) A curtailment or reduction of deliveries ordered or caused by the ISO, or SCE acting as a Transmission Provider.
- 1.77 “Lost Output Report” means the a report of Lost Output prepared in accordance with the procedures set forth in Section 3.17 and Exhibit L.
- 1.78 “Market Price” means the ISO Real-Time Price for uninstructed deviations or any successor price for short term imbalance energy delivered to the Delivery Point, as such price or successor price is defined in the ISO Tariff Appendix A, that would apply to the Generating Facility, which values are, as of the Effective Date, posted by the ISO on its website. The values used in the Agreement will be those appearing on the ISO website on the third (3rd) Business Day of the calendar month following the month for which such prices are being applied.
- 1.79 “Metered Amounts” means the electric energy produced by the Generating Facility and expressed in kWh that qualifies as eligible renewable energy for purposes of the RPS Legislation pursuant to CEC Certification and Verification, subject to a change in the RPS Legislation, as measured by the ISO Approved Meter.
- 1.80 “Milestone Schedule” means the Seller’s schedule to develop the Generating Facility as set forth in Exhibit F, including any revisions thereto.
- 1.81 “Moody’s” means Moody’s Investor Services, Inc.
- 1.82 “MWh” means a megawatt-hour of electric energy.
- 1.83 “Nameplate Contract Capacity” means the electrical generating capacity that Seller commits to install at the Site as set forth in Special Condition A(iv) subject to reduction as set forth in Section 3.03(d).
- 1.84 “Non-Defaulting Party” has the meaning set forth in Section 6.02.
- 1.85 “Notice” means notices, requests, statements or payments provided in accordance with Section 10.06 and Exhibit B.
- 1.86 “OMAR” means the Operational Metering Analysis and Reporting System operated and maintained by the ISO as the repository of settlement quality meter data or its successor.
- 1.87 “Operate,” “Operating” or “Operation” means to provide (or the provision of) the engineering, purchasing, repair, supervision, training, inspection, testing, protection,

- use, management, replacement, retirement, reconstruction, and maintenance of or for the Generating Facility in accordance with Prudent Electrical Practices.
- 1.88 “Operations Agreement” has the meaning set forth in Section 8.04(c).
- 1.89 “Participating Intermittent Resource” means an intermittent resource generating facility that is certified, and remains certified, under PIRP as set forth in the ISO Tariff.
- 1.90 “Participating Intermittent Resource Program” or “PIRP” means the ISO’s intermittent resource program initially established pursuant to Amendment No. 42 of the California ISO Tariff in Docket No. ER02-922-000 or any successor to that program
- 1.91 “Party” or “Parties” have the meaning set forth in the Preamble.
- 1.92 “Performance Assurance” means collateral in the amount set forth in Special Condition E for Seller’s performance during the Term in the form of either cash, a Letter of Credit, a Guarantee Agreement from a guarantor meeting those requirements set forth in Section 8.02(a), or other security approved by SCE.
- 1.93 “Product” means:
- (a) All electric energy produced by the Generating Facility, net of Station Use and Delivery Losses; and
  - (b) All associated Environmental Attributes and Capacity Attributes.
- 1.94 “Production Tax Credits” or “PTC” mean production tax credits under Section 45 of the Internal Revenue Code as in effect from time-to-time during the Term or any successor or other provision providing for a federal tax credit determined by reference to renewable electric energy produced from wind resources for which the Generating Facility is eligible.
- 1.95 “Prudent Electrical Practices” means those practices, methods and acts that would be implemented and followed by a prudent operator of facilities similar to the Generating Facility in the Western United States during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with good business practices, reliability and safety. Prudent Electrical Practices shall include, at a minimum, those professionally responsible practices, methods and acts described in the preceding sentence that comply with

- manufacturers' warranties, restrictions in this Agreement, and the requirements of Governmental Authorities, WECC standards, the ISO and Applicable Laws.
- 1.96 "PTC *Before-Tax Benefit*" means the economic benefit to Seller (or, as appropriate to a determination of the ISO Change Cost, which would have been realized by Seller) of Production Tax Credits, which amount is equal to the dollar value of the Production Tax Credits at issue, increased so that when the impact of taxes is applied to such PTC Before Tax Benefit amount, such amount is merely reduced to the original amount of the Production Tax Credits, all as calculated in accordance with Exhibit P.
- 1.97 "RPS Legislation" means the State of California Renewable Portfolio Standard Program, as codified at California Public Utilities Code Section 399.11, *et seq.*
- 1.98 "S&P" means the Standard & Poor's Rating Group.
- 1.99 "SCE" has the meaning set forth in the Preamble.
- 1.100 "SCE Mitigation Rights" has the meaning set forth in Section 11.04(a).
- 1.101 "Schedule," "Scheduled" or "Scheduling" means the action of Seller and SCE, or their designated representatives, including any third party provider of scheduling services, if applicable, of notifying, requesting, and confirming to each other or to the ISO, as appropriate, the "ISO Approved Quantity" of electric energy from the Generating Facility being delivered by Seller to SCE in the form of Scheduling Coordinator Trades for any given day, hour, or relevant period at the Delivery Point, all in accordance with the provisions of Section 3.02. The "ISO Approved Quantity" of electric energy means the quantity of Seller's Scheduling Coordinator's schedule request as approved by the ISO in its final schedule published in accordance with the ISO Tariff.
- 1.102 "Scheduled Amounts" means the Scheduled quantity, expressed in kWh, of electric energy in the form of Scheduling Coordinator Trades confirmed to SCE on any given day, hour, or relevant period at the Delivery Point.
- 1.103 "Scheduling Coordinator" or "SC" means an entity certified by the ISO for the purposes of undertaking the functions specified by ISO Tariff Section 2.2.6, as amended by FERC from time-to-time.
- 1.104 "Scheduling Coordinator Trades" means Scheduling Coordinator to Scheduling Coordinator trades of electric energy by the Seller, or Seller's authorized agent, to SCE in accordance with the ISO Tariff.
- 1.105 "Security Interest" has the meaning set forth in Section 8.03.

- 1.106 “Selected Date” has the meaning set forth in Section 2.03(b).
- 1.107 “Seller” has the meaning set forth in the Preamble.
- 1.108 “Seller’s Energy Delivery Obligation” has the meaning set forth in Section 3.04(a).
- 1.109 “Seller’s Actual Revenue” means the total of payments received by Seller pursuant to Article Four, excluding any payment adjustments pursuant to Section 4.02(c), plus any PTC *Before-Tax* Benefit.
- 1.110 “Seller’s Adjusted Revenue” has the meaning set forth in the Exhibit M.
- 1.111 “Seller’s Net Revenue” means, for any applicable interval, the total of:
- (a) Seller’s Actual Revenue; *plus*
  - (b) ISO Change Cost Payment, if any; *minus*
  - (c) The sum of all ISO charges to Seller or Seller’s Scheduling Coordinator on behalf of Seller.
- 1.112 “Seller’s Transmission Consultant” means an independent consultant selected by Seller who will analyze the scope of congestion or curtailments that may be experienced by the Generating Facility during the Term, or transmission upgrades that may be required to mitigate congestion or curtailments.
- 1.113 “Settlement Interval” means a ten (10) minute time interval beginning on the hour (e.g., 12:00 to 12:10, 12:10 to 12:20, etc.).
- 1.114 “Site” means the real property described on Exhibit A, on which the Generating Facility is, or will be located, or as adjusted in accordance with Section 3.07.
- 1.115 “Site Control” means that Seller satisfies the criteria of Section 3.06(a).
- 1.116 “Startup Deadline” means the date as set forth in Special Condition B by which Seller must have commenced Initial Operation as set forth in Section 2.03, subject to extension as provided in this Agreement.
- 1.117 “Station Use” means electric energy produced by the Generating Facility that is used to power the auxiliary equipment required to Operate the Generating Facility including, but not limited to, rotating motors, lubricating oil systems, plant lighting, and control systems.
- 1.118 “Step In Rights” has the meaning set forth in Section 8.04.



- 1.119 “Supplemental Lost Output” has the meaning set forth in Section 3.17(c).
- 1.120 “Supplemental Lost Output Report” has the meaning set forth in Section 3.17(c).
- 1.121 “Transmission Rights Date” has the meaning set forth in Section 2.04(b)(iv).
- 1.122 “Term” has the meaning used in Special Condition C.
- 1.123 “Term Year” means a twelve (12) month period beginning on the first day of the calendar month following the Firm Operation Date and each successive twelve (12) month period thereafter.
- 1.124 “Termination Payment” has the meaning set forth in Section 6.03.
- 1.125 “TOD Period(s)” means the time of delivery period(s) set forth in Exhibit J.
- 1.126 “TOD Period Energy Payment” has the meaning set forth in Section 4.02(b).
- 1.127 “Transmission Provider” means any entity or entities responsible for the interconnection of the Generating Facility with the ISO Grid or transmitting the Metered Amounts on behalf of Seller from the Generating Facility to the Delivery Point.
- 1.128 “Unincluded Capacity” has the meaning set forth in Section 3.03(d).
- 1.129 “Uninstructed Imbalance Energy” has the meaning set forth in Appendix A of the ISO Tariff.
- 1.130 “Warranty Availability Lost Production” means, during any Term Year when the Generating Facility Availability is less than the Warranty Availability Guarantee, the amount of electric energy (in kWh) that would have been produced but for the failure of the Warranty Availability Guarantee to be met, as determined pursuant to the Warranty.
- 1.131 “Warranty Availability Lost Production Payment” means liquidated damages calculated in accordance with Exhibit O and payable to SCE pursuant to Section 3.14 in respect to the Generating Facility’s failure to achieve the Warranty Availability Guarantee in any Term Year.
- 1.132 “Warranty Availability Guarantee” means a Generating Facility Availability of 90%.
- 1.133 “Warranty Period” means the period of five (5) years following the Firm Operation Date.

- 1.134 “WECC” means the Western Electricity Coordinating Council, the regional reliability council for the Western United States and Canada.
- 1.135 “Wind Turbine” or “Wind Turbines” means the wind turbine generators installed on the Site as part of the Generating Facility including any replacements or substitutes therefore.
- 1.136 “Wind Turbine Manufacture’s Warranty Availability Damages” means any liquidated damages or other amounts received by Seller from the Wind Turbine manufacturer pursuant to Seller’s availability warranty or other similar guarantee with the manufacture or any warranty or guarantee under the Wind Turbine Supply Contract.
- 1.137 “Wind Turbine Supply Contract” means the contract or agreement to be entered into between Seller and the Wind Turbine manufacturer providing for the sale and purchase of the Wind Turbines.
- 1.138 “Workbook” has the meaning set forth in Exhibit L.

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\*\*\* End of ARTICLE ONE \*\*\*

**ARTICLE TWO. TERM AND CONDITIONS PRECEDENT; TERMINATION****2.01 Effective Date and Term**

This Agreement shall become effective on the Effective Date, although, as described herein, many of the rights and responsibilities of the Parties commence with the beginning of the Term as described herein.

**2.02 Obligations Prior to Commencement of Term****(a) CPUC Filing and Approval of this Agreement.**

Within forty-five (45) days of the Effective Date, SCE shall file with the CPUC the appropriate request for CPUC Approval. SCE shall seek such approval expeditiously, including promptly responding to any requests for information related to the request for approval from the CPUC. Seller shall use commercially reasonable efforts to support SCE in obtaining CPUC Approval. SCE shall have no obligation to seek rehearing or to appeal a CPUC decision which disapproves the Agreement or fails to contain findings required for CPUC Approval.

**(b) Seller's Interconnection Application.**

As soon as practicable, but in any event no later than thirty (30) days after the March 1, 2006, Seller shall submit in accordance with applicable tariffs and regulations an application(s) or other appropriate request(s) to interconnect the Generating Facility including any Expansion to the applicable Transmission Provider's electric system and, if applicable, to deliver electric energy from the Generating Facility to the Delivery Point. Seller shall thereafter exercise diligence in proceeding with the application process in order to obtain a FERC-accepted interconnection agreement and any transmission, distribution or other service agreement required to deliver electric energy from the Generating Facility to the Delivery Point.

SCE acknowledges that as of the Effective Date, Seller represents that it does not possess interconnection or transmission rights.

**(c) Seller's Regulatory and Governmental Filings.**

Within one hundred eighty (180) days of the Effective Date (or, in the case of any Expansion, within one hundred eighty (180) days of Seller's Notice to SCE of Seller's Expansion election), Seller shall file all of the following:

- (i) An application or applications, or other appropriate request or requests with the appropriate state or local authority for a permit authorizing Seller to construct and Operate the Generating Facility and any Expansion (the “Conditional Use Permit”);
- (ii) An application or other appropriate request to the CEC for CEC Certification and Verification.

Seller shall seek the Conditional Use Permit and CEC Certification and Verification expeditiously, including promptly responding to any requests for information related to the Conditional Use Permit and CEC Certification and Verification from the requesting authority. SCE shall use commercially reasonable efforts to support Seller in obtaining CEC Certification and Verification.

- (d) Seller’s Application for Participation in the Participating Intermittent Resource Program

As soon as practicable, but in any event no later than thirty (30) days after CPUC Approval, or such later date as may be agreed to in a writing signed by both Parties, Seller shall submit in accordance with applicable tariffs and regulations an application or other appropriate request for participation and certification in the Participating Intermittent Resource Program and shall thereafter exercise diligence and expeditiously proceed with the application process.

## 2.03 Conditions Precedent to Commencement of Term

- (a) Commencement of Term

The Term shall commence on the last to occur of the following:

- (i) This Agreement has been duly executed by authorized representatives of Seller and SCE;
- (ii) CPUC Approval has been obtained or waived by SCE, as provided herein;
- (iii) CEC Certification and Verification has been obtained; or
- (iv) Initial Operation.

(b) Initial Operation.

Initial Operation shall be the date selected by Seller (the “Selected Date”) to begin Scheduling and delivering Product to SCE. Seller shall provide at least three (3) Business Days advance Notice to SCE of the Selected Date. The Selected Date shall be no later than the last to occur of the following:

- (i) Sixty (60) days from the first date that the Generating Facility operates in parallel with the applicable Transmission Provider’s electric system if Seller chooses not to participate in PIRP;
- (ii) One hundred twenty (120) days from the first date that the Generating Facility operates in parallel with the applicable Transmission Provider’s electric system if Seller chooses to participate in PIRP; or
- (iii) Five (5) days from the date that Seller becomes a Participating Intermittent Resource.

In addition, as of the Selected Date:

- (iv) The Generating Facility shall be Operating in parallel with the applicable Transmission Provider’s electric system; and
- (v) Seller shall be Scheduling electric energy to SCE at the Delivery Point.

2.04 Termination Rights of the Parties.

(a) Termination Rights of Both Parties.

Either Party shall have the right to terminate the Agreement on written Notice, which shall be effective five (5) Business Days after such Notice is given in the following circumstances:

- (i) If CPUC Approval has not been obtained within one hundred eighty (180) days after SCE files the request for CPUC Approval and a Notice of termination is given on or before the two hundred tenth (210th) day after SCE files the request for CPUC Approval;
- (ii) If *either* CEC Certification and Verification or Conditional Use Permit have not been obtained within eighteen (18) months of the Effective Date and a Notice of termination is given on or before the end of the nineteenth (19th) month after the Effective Date; provided, however, the date shall be extended for obtaining either the CEC Certification and Verification or Conditional Use Permit on a day-for-day basis for

any delay in enactment of the Federal Production Tax Credit Legislation beyond March 1, 2006.

(b) Termination Rights of Seller.

Seller shall have the right to terminate the Agreement on written Notice which shall be effective five (5) Business Days after such Notice is given to SCE in the following circumstances:

- (i) If Federal Production Tax Credit Legislation is not enacted on or before 11:59 p.m. on December 31, 2006, or such later date as may be agreed to in a writing signed by both Parties, and such Notice is given to SCE not later than March 31, 2007, or such later date as may be agreed to in a writing signed by both Parties;
- (ii) If Seller reasonably determines based upon the results of any study or analysis of congestion by the ISO or the Seller's Transmission Consultant, that, without transmission upgrades, curtailments of Generating Facility deliveries during the Term will regularly exceed ten percent (10%) of the Expected Annual Net Energy Production and a Notice of termination is given within thirty (30) days of the later of:
  - 1) The end of the ninth (9th) month after the Effective Date, or
  - 2) The date that a completed system impact study performed pursuant to the ISO Tariff or any Transmission Providers tariff is sent to Seller;
- (iii) If as a result of the ISO's or any Transmission Provider's issuance of a final interconnection facilities study for the Generating Facility, the total cost of transmission or distribution facilities to Seller, that are not reimbursed or paid by SCE will exceed two million five hundred thousand dollars (\$2,500,000) and a Notice of termination is given within thirty (30) days of the ISO's or any Transmission Provider's approval of an interconnection connection facilities study for the Generating Facility;
- (iv) If on or before the Final Configuration Date, Seller is unable to secure transmission and interconnection rights for the Generating Facility which rights are satisfactory to Seller in its reasonable discretion (the date on which Seller notifies SCE it has obtained such rights, referred to herein as the "Transmission Rights Date"); or

- (v) If on or before the Final Configuration Date, either:
- 1) The price then being quoted by GE Energy for wind turbines permitted for use on the Site, inclusive of a five-year, 95% availability warranty and other standard terms, exceeds eight hundred fifty dollars (\$850) per kilowatt of nameplate capacity, or
  - 2) The construction cost for the project, as reasonably estimated by Seller and inclusive of any access charges, permit fees and downwind project damage payments, exceeds \$110 per kilowatt of nameplate capacity to be installed.

provided, that Seller shall give SCE Notice of the foregoing within thirty (30) days after the Final Configuration Date.

(c) Termination Rights of SCE.

On or before the date that is sixty (60) days after the date Seller provides to SCE the final interconnection facilities study for the Generating Facility issued by the ISO or any Transmission Provider, SCE shall have the right to terminate the Agreement on written Notice to Seller which shall be effective five (5) Business Days after such Notice is given in the following circumstances:

- (i) If as a result of the ISO's or any Transmission Provider's issuance of a final interconnection facilities study for the Generating Facility, the total cost of transmission or distribution upgrades or new transmission or distribution facilities to SCE, that are not reimbursed or paid by Seller, will exceed two million five hundred thousand dollars (\$2,500,000); or
- (ii) If the ISO requires SCE to procure transmission service from any other Transmission Provider to allow Seller to Schedule electric energy to SCE and the cost for such transmission service is not reimbursed or paid by Seller.

(d) Uncured Defaults.

In the event of an uncured Event of Default or an Event of Default for which there is no cure, the Non-Defaulting Party may terminate this Agreement as set forth in Section 6.02.

(e) End of Term

At the end of the Term as set forth in Special Condition C, this Agreement shall automatically terminate.

(f) No Liability.

Any termination under Sections 2.04(a), 2.04(b) or 2.04(c) shall be without liability to any Party, but shall be subject to Section 2.05(c).

2.05 Obligations Surviving Termination.

(a) Obligations of Both Parties Surviving Termination.

The obligations that are intended to survive the termination under Section 2.04(d) or 2.04(e) above of this Agreement are all of those obligations which arise from Seller's or SCE's covenants, representations, and warranties applicable to, or to be performed, at or during any time period prior to, or as a result of, such termination, including, without limitation:

- (i) Seller's obligation to pay the Energy Replacement Damage Amount in accordance with Section 3.04;
- (ii) Seller's obligation to pay the Warranty Availability Lost Production Payment in accordance with Section 3.14.
- (iii) The obligation to make a Termination Payment in accordance with Section 6.03;
- (iv) Any indemnity obligations that may arise under Section 10.03;
- (v) The obligation of confidentiality as set forth in Section 10.08;
- (vi) The right to pursue remedies under Section 6.02;
- (vii) The right to receive a termination payment under Section 6.03; and
- (viii) The limitation of damages under Article Seven.

- (b) The obligations intended to survive termination under Sections 2.04(a), 2.04(b) or 2.04(c) shall be limited to the items described in Sections 2.05(a)(iv), 2.05(a)(v) or 2.05(a)(viii) above and Section 2.05(c) below.



(c) Limitations on Seller's Ability to Make or Agree to Third Party Sales from the Generating Facility after Certain Terminations of the Agreement.

If Seller terminates the Agreement as provided in Sections 2.04(a)(ii), 2.04(b)(ii), 2.04(b)(iii), 2.04(b)(iv), 2.04(b)(v) or 5.05 (based upon a Force Majeure as to which Seller is the Claiming Party), Seller may not sell, or enter into an agreement to sell, electric energy, Environmental Attributes, or Capacity Attributes associated with or attributable to a generating facility installed at the Site to a party other than SCE for a period of one (1) years following the effective date of such termination by Seller.

The prohibition on contracting and sale in the preceding sentence shall not apply if, prior to entering into the contract or making a sale to a party other than SCE, Seller has provided SCE with a written offer to sell the electric energy, Environmental Attributes, and Capacity Attributes to SCE on terms and conditions materially similar to the terms and conditions contained in this Agreement and SCE fails to accept such offer within forty-five (45) days of SCE's receipt thereof.

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\*\*\* End of ARTICLE TWO \*\*\*

**ARTICLE THREE. SELLER'S OBLIGATIONS****3.01 Conveyance of Entire Output – Conveyance of Environmental and Capacity Attributes.**

Seller shall use diligent efforts and Prudent Electrical Practices to Schedule and convey the *entire* Metered Amounts during the Term to SCE consistent with the ISO's Scheduling Protocols and Exhibit C for day ahead forecasts and hourly scheduling. Any day ahead forecast for hourly scheduling provided hereunder is provided by Seller to SCE as a non-binding, good faith estimate. The Parties acknowledge that variations between Delivered Amounts and Scheduled Amounts will occur from time to time in the ordinary course of Operation of the Generating Facility due to the nature of the wind resource.

In addition, Seller shall dedicate and convey any and all Environmental Attributes and Capacity Attributes during the Term to SCE and SCE shall be given sole title to all Capacity and Environmental Attributes during the Term.

SCE will have the exclusive right, at any time or from time-to-time during the Term, to sell, convey, transfer, allocate, designate, award, report or otherwise provide any and all such Capacity and Environmental Attributes to third parties. SCE shall be responsible for any costs associated with SCE's accounting for or otherwise claiming Environmental and Capacity Attributes.

Seller shall convey title to and risk of loss of all Scheduled Amounts to SCE at the Delivery Point.

Seller shall have the right to sell into the ISO real time market any electric energy generated by the Generating Facility before the beginning of the Term and Environmental and Capacity Attributes related to such electric energy generation, and to retain all proceeds of such sales.

Notwithstanding anything to the contrary contained in this Agreement, in the event of an Extraordinary SCE Force Majeure, Seller may, but shall not be obligated to, sell the electric energy produced by the Generating Facility to a third party but such third party sales may take place only during the period that SCE is not accepting Seller's energy.

**3.02 Seller's Obligations to Schedule and Deliver.**

Seller shall be responsible for providing or securing any and all Scheduling, interconnection and transmission service rights (including all regulatory approvals) required to effect delivery and Scheduling of the electric energy from the Seller's

Generating Facility at the Delivery Point in the form of Scheduling Coordinator Trades.

Seller shall pay all Transmission Provider, Scheduling Coordinator and any other charges directly caused by, associated with, or allocated to the interconnection of the Generating Facility to the Transmission Provider's electric system, and the Scheduling and delivery of electric energy from Seller's Generating Facility at the Delivery Point.

Seller shall Schedule or cause to be Scheduled the electric energy generated by the Generating Facility in accordance with all applicable ISO requirements and the provisions of Exhibit C. If Seller is not participating in PIRP, or any successor program that accomplishes a similar purpose to PIRP, and there is a difference between the ISO requirements and Exhibit C, Seller shall be responsible for following the more stringent requirements and conforming to the earlier of any filing deadlines.

Seller shall reimburse SCE for ISO PIRP Charges incurred during any period in which SCE serves as Seller's Scheduling Coordinator pursuant to Article Eleven.

### 3.03 Development Fee.

#### (a) Posting the Development Fee.

Seller shall post and thereafter maintain, subject to the provision to increase the Development Fee set forth in the next paragraph, a Development Fee equal to twenty dollars (\$20) for each kilowatt of Nameplate Contract Capacity specified pursuant to Special Condition A(iv). One-half of the Development Fee shall be posted within thirty (30) days following the Effective Date of this Agreement, with the remainder to be posted within sixty (60) days following CPUC Approval.

If Seller elects to increase the Nameplate Contract Capacity pursuant to Special Condition A(iv)(a), Seller shall post and thereafter maintain an additional Development Fee equal to twenty dollars (\$20) for each kilowatt of increased Nameplate Contract Capacity, such posting to occur no later than thirty (30) days following the date that Seller provides SCE with Notice of such increase in the Nameplate Contract Capacity.

SCE may, but is not obligated to, extend the foregoing deadline to post the Development Fee.

The Development Fee shall be held by SCE as security for Seller maintaining adequate progress in the development of the Generating Facility and any

Expansion in accordance with the Milestone Schedule and installing and demonstrating the Nameplate Contract Capacity by the Firm Operation Date.

The Development Fee shall be in the form of either a cash deposit, a Letter of Credit or a Guaranty Agreement from a guarantor acceptable to SCE in its reasonable discretion and meeting the requirements of Section 8.02(c). If the Development Fee is in the form of a Guaranty Agreement, the Guaranty Agreement for the Development Fee shall be known as the "Development Fee Guaranty Agreement" and shall be separate from and in addition to the Guaranty Agreement delivered as Performance Assurance pursuant to Section 8.02 of this Agreement. If Seller establishes the Development Fee by means of a Letter of Credit, such Letter of Credit shall be provided substantially in the form of Exhibit N.

(b) Forfeiture of the Development Fee for Failure to Meet Startup Deadline; Extension of the Startup Deadline.

Subject to Seller's right to extend the Startup Deadline as provided in this Section 3.03(b), in the event that Initial Operation does not occur on or before the Startup Deadline, SCE shall be entitled to retain the entire Development Fee (or to obtain payment of the Development Fee from Seller under this Agreement or from Seller's Guarantor under the Development Fee Guaranty Agreement) and terminate this Agreement.

The Parties agree that the Development Fee constitutes liquidated damages and receipt of such Development Fee by SCE is SCE's sole and exclusive remedy for Seller's failure to achieve Initial Operation by the Startup Deadline, as the same may be extended as provided herein, and neither Party shall have liability for damages for failure to deliver or purchase Product after the effective date of such termination, *provided that* Seller may not sell, or enter into an agreement to sell, electric energy, Environmental Attributes, or Capacity Attributes associated with or attributable to a generating facility installed at the Site to a party other than SCE for a period of one (1) years following the effective date of a termination of this Agreement by SCE for Seller's failure to achieve Initial Operation on or before the Startup Deadline.

The prohibition on contracting and sale in the preceding paragraph shall not apply if, prior to entering into the contract or making a sale to a party other than SCE, Seller has provided SCE with a written offer to sell the electric energy, Environmental Attributes, and Capacity Attributes to SCE on terms and conditions materially similar to the terms and conditions contained in this Agreement and SCE fails to accept such offer within forty-five (45) days of SCE's receipt thereof.

Seller may elect to extend the Startup Deadline by paying to SCE Daily Delay Liquidated Damages in an amount equal to one percent (1%) of the Development Fee per day for each day (or portion thereof) from and including the Startup Deadline to and excluding the date of Initial Operation (“Daily Delay Liquidated Damages”).

Seller must, at the earliest possible time, but no later than 6 a.m. on the first day of the proposed Startup Deadline extension, provide SCE with Notice of its election to extend the Startup Deadline along with its estimate of the duration of the extension and its payment of Daily Delay Liquidated Damages for the full estimated Startup Deadline extension period.

Seller may further extend the Startup Deadline beyond the original Startup Deadline extension period subject to the advance Notice, estimation and payment terms applicable to the original Startup Deadline extension.

If the Development Fee has been posted in the form of cash or a Letter of Credit, the Daily Delay Liquidated Damages payments shall be drawn from the Development Fee by SCE as incurred until the Development Fee is depleted, after which Seller shall pay any additional Daily Delay Liquidated Damages in advance in ten (10) day increments.

If the Development Fee is posted in the form of a Development Fee Guaranty Agreement, Seller shall pay SCE the Daily Delayed Liquidated Damages payments in cash in advance in ten (10) day increments, and the amount guaranteed under the Development Fee Guaranty Agreement shall be deemed reduced to the extent of such payments. All Daily Delay Liquidated Damages payments applicable to days included in any Startup Deadline extension shall be nonrefundable and are not to be considered as part of the Development Fee. Any Daily Delay Liquidated Damages in excess of the Development Fee shall not be considered as part of the Development Fee.

The Daily Delay Liquidated Damages payments applicable to days included in any Startup Deadline extension shall be nonrefundable and shall be deducted from the Development Fee.

Seller shall be entitled to a refund of any estimated Daily Delay Liquidated Damages payments paid by Seller which exceed the amount required to cover the number of days by which the Startup Deadline was actually extended.

In no event may Seller extend the Startup Deadline for more than a total of one hundred eighty (180) days by the payment of Daily Delay Liquidated Damages.

Payment of Daily Delay Liquidated Damages by Seller is SCE's sole and exclusive remedy in connection with Seller's extension of the Startup Deadline as provided herein.

(c) Full Return of Development Fee.

The Development Fee shall be returned to Seller (or, if the Development Fee is posted in the form of a Development Fee Guaranty Agreement, the liability of Seller's Guarantor shall be deemed fully satisfied and discharged) in each of the following circumstances:

(i) Seller Demonstrates Development of the Generating Facility and Installation of Full Nameplate Contract Capacity.

Subject to Seller's achievement of Initial Operation by the Startup Deadline or any extended Startup Deadline as provided in Section 3.03(b), if on or before the Firm Operation Date Seller demonstrates the full Nameplate Contract Capacity in accordance with the procedure set forth in Exhibit K, SCE shall return the Development Fee to Seller (or provide Notice to Seller and Seller's Guarantor that the Development Fee obligation contemplated by the Development Fee Guaranty Agreement has been fully satisfied and discharged) in accordance with the procedure set forth in Exhibit K.

(ii) Certain Terminations of the Agreement.

If this Agreement is terminated in accordance with Sections 2.04(a), 2.04(b), 2.04(c) or 5.05, SCE shall return the Development Fee to Seller; provided, however that a termination under Section 5.05 shall only entitle Seller to a return of the Development Fee (or provide Notice to Seller and Seller's Guarantor that the Development Fee obligation contemplated by the Development Fee Guaranty Agreement has been fully satisfied and discharged) if it is based upon a Force Majeure which prevents Seller from achieving the conditions necessary to obtain a return of the Development Fee and which occurs prior to SCE providing Notice to Seller that Seller has not complied with conditions necessary to achieve a return of the Development Fee.

If Seller's entitlement to a return of the Development Fee is based upon this Section 3.03(c)(ii), SCE shall return the Development Fee to Seller in accordance with the procedure set forth in Exhibit K.

(d) Deficient Installation of Nameplate Contract Capacity; Partial Forfeiture and Partial Return of the Development Fee.

If, on or before the Firm Operation Date, Seller satisfies all conditions set forth in Section 3.03(c) above, except that Seller is only able to demonstrate a portion of the Nameplate Contract Capacity in accordance with the procedures set forth in Exhibit K (the “Demonstrated Nameplate Contract Capacity”), then Seller shall only be entitled to a return of the portion of the Development Fee equal to the product of \$20 per kilowatt times the kilowatts of Demonstrated Nameplate Contract Capacity. Seller shall forfeit and SCE shall be entitled to retain the balance of the Development Fee plus any interest earned on the portion of the Development Fee that is not refunded to Seller.

If the Development Fee had been posted in the form of a Development Fee Guaranty Agreement, Seller or Seller’s Guarantor shall make a cash payment to SCE in the amount of the Development Fee owing as provided in Exhibit K.

If Seller is unable to demonstrate the ability of the Generating Facility to deliver the Nameplate Contract Capacity as set forth in Special Condition A(iv), the Nameplate Contract Capacity shall be reduced as of the applicable Firm Operation Deadline by the amount of Nameplate Contract Capacity not demonstrated (the “Unincluded Capacity”) and the Expected Annual Net Energy Production shall be adjusted pursuant to Special Condition A(v).

If Seller is entitled to a return of a portion of the Development Fee pursuant to this Section 3.03(d), SCE shall provide Notice to Seller and return the Development Fee to Seller in accordance with the procedure set forth in Exhibit K.

In the event SCE determines, pursuant to this Section 3.03(d) and the procedure set forth in Exhibit K, that Seller is entitled to only a partial refund of the Development Fee, the Parties agree that the forfeiture of the aforementioned Development Fee constitutes liquidated damages and receipt of such forfeited Development Fee by SCE is SCE’s sole and exclusive remedy for Seller’s failure to demonstrated the required Nameplate Contract Capacity, and neither Party shall have any liability for failure to purchase or deliver Product associated with or attributable to Unincluded Capacity; *provided that* Seller may not sell, or enter into an agreement to sell, electric energy, Environmental Attributes, or Capacity Attributes associated with or attributable to Unincluded Capacity from a generating facility installed at the Site to a party other than SCE for a period of one (1) years following SCE’s Notice to Seller of its partial forfeiture of the Development Fee pursuant to Exhibit K.

The prohibition on contracting and sale in the preceding paragraph shall not apply if, prior to entering into the contract or making a sale to a party other than SCE, Seller has provided SCE with a written offer to sell the electric energy, Environmental Attributes, and Capacity Attributes to SCE on terms and conditions materially similar to the terms and conditions contained in this Agreement and SCE fails to accept such offer within forty-five (45) days of SCE's receipt thereof.

If Seller's entitlement to a return of a portion of the Development Fee (or, as appropriate, a partial exoneration of a Development Fee Guaranty Agreement) is based upon this Section 3.03(d), SCE shall provide Notice to Seller and return the Development Fee (or provide Notice of partial exoneration of a Development Fee Guaranty Agreement) to Seller and Seller's Guarantor in accordance with the procedure set forth in Exhibit K.

### 3.04 Seller's Energy Delivery Performance Requirements.

#### (a) Performance Requirements.

After the Firm Operation Date, Seller shall be subject to the following electric energy delivery performance requirements and damages for failure to perform as set forth below:

##### (i) Seller's Energy Delivery Obligation.

"Seller's Energy Delivery Obligation" shall be equal to one hundred forty percent (140%) of the Expected Annual Net Energy Production identified in Special Condition A(v);

##### (ii) Event of Deficient Energy Deliveries.

At the end of each Term Year commencing with the end of the second Term Year, if the sum of Seller's Metered Amounts plus any Lost Output in the twenty (24) month period immediately preceding the end of the applicable Term Year does not equal or exceed Seller's Energy Delivery Obligation, then an "Event of Deficient Energy Deliveries" shall be deemed to have occurred.

#### (b) Energy Replacement Damage Amount.

If an Event of Deficient Energy Deliveries occurs, as determined in accordance with Section 3.04(a)(ii) above, the Parties acknowledge that the damages sustained by SCE associated with Seller's failure to meet Seller's Energy Delivery Obligation would be difficult or impossible to determine, or



that obtaining an adequate remedy would be unreasonably time consuming or expensive, and therefore agree that Seller shall pay SCE as liquidated damages the “Energy Replacement Damage Amount,” which is intended to compensate SCE for Seller’s failure to perform, irrespective of whether SCE actually purchased such replacement electric energy by reason of Seller’s failure to perform. Payment of such Energy Replacement Damage Amount shall be SCE’s sole and exclusive remedy for an Event of Deficient Energy Deliveries, unless such payment by Seller is not timely made.

Within ninety (90) days of the end of the applicable Term Year, SCE shall calculate any Energy Replacement Damage Amount as set forth in Exhibit E, and shall provide Notice to Seller of any Energy Replacement Damage Amount owing, including a detailed explanation of, and rationale for, its calculation methodology, annotated work papers, and source data.

Seller shall have thirty (30) days after receipt of SCE’s Notice to review SCE’s calculation of the Energy Replacement Damage Amount owing, and either pay the entire Energy Replacement Damage Amount claimed by SCE or pay any undisputed portion and provide Notice to SCE of the portion it disputes along with a detailed explanation of, and rationale for, Seller’s calculation methodology, annotated work papers, and source data.

The Parties shall negotiate in good faith to resolve any disputed portion of the Energy Replacement Damage Amount and shall, as part of such good faith negotiations, promptly provide information or data relevant to the dispute as each Party may possess which is requested by the other Party.

Such information may be provided pursuant either to the Non-Disclosure Agreement attached at Exhibit I or to such other agreement that the Parties shall negotiate to provide reasonable protection for their confidential business information or trade secrets.

If the Parties are unable to resolve a dispute regarding any Energy Replacement Damage Amount within thirty (30) days of the sending of a Notice of dispute by Seller, either Party may submit the dispute to arbitration as provided in Article Twelve.

(c) Continuing Obligations of Seller.

Notwithstanding any payment of an Energy Replacement Damage Amount, Seller shall remain obligated to Schedule and convey all electric energy generated by the Generating Facility and to dedicate and convey all Environmental Attributes and Capacity Attributes to SCE during the Term, as provided in Section 3.01.

**3.05 Metering.**

- (a) Seller shall install and pay for any and all metering services and related equipment required by SCE, the ISO, the Transmission Provider and Seller's Scheduling Coordinator. Such equipment shall include, but not be limited to, an ISO approved revenue quality meter or meters, ISO approved data processing gateway, telemetering equipment and data acquisition services sufficient for recording and reporting all electric energy produced by the Generating Facility less Station Use (collectively the "ISO Approved Meter").
- (b) Subject to Section 3.13, Seller shall grant SCE reasonable access to the meter(s) for meter readings, testing and any purpose necessary to effectuate this Agreement, provided all such meter data shall be subject to the confidentiality provisions of Section 10.08 below and SCE's access to the meter(s) shall be subject to the provisions of Section 3.13 below.
- (c) Prior to Initial Operation, Seller shall provide instructions to the ISO granting authorizations or other documentation sufficient to provide SCE with access to the ISO Approved Meter in addition to Seller's settlement data on OMAR. Seller shall promptly inform SCE of meter quantity changes after being informed of any such changes by the ISO.

**3.06 Site Control.**

- (a) At all times after the Final Configuration Date, Seller shall have Site Control, which means that Seller shall:
  - (i) Own the Site;
  - (ii) Be the lessee under a Lease;
  - (iii) Be the holder of a right-of-way grant or similar instrument; or
  - (iv) Be the managing partner or other person or entity authorized to act in all matters relating to the control and Operation of the Site and Generating Facility.
- (b) Seller shall provide SCE with prompt written Notice of any change in the status of Seller's Site Control.

**3.07 Site Location.**

This Agreement is Site specific as set forth in Special Condition A(ii). However, on or before the Final Configuration Date, Seller may, with SCE's prior written consent (not to be unreasonably withheld or delayed), change the location of the Site or add

additional land to the Site provided that the interconnection point with the Transmission Provider is not changed. Seller shall promptly provide a revised Exhibit A describing any new Site in the event Seller elects to change the Site location.

### 3.08 Design.

At no cost to SCE, Seller shall be responsible to:

- (a) Design and construct the Generating Facility.
- (b) Use commercially reasonable efforts to acquire all permits and other approvals necessary for the construction and Operation of the Generating Facility.
- (c) Provide to SCE, at least thirty (30) days prior to the anticipated Initial Operation date, the following Generating Facility information:
  - (i) Site plan drawings;
  - (ii) Wind Turbine specifications;
  - (iii) Electrical single line diagrams describing generation, loads, metering and protection; and
  - (iv) Major electrical equipment specifications.
- (d) Provide SCE advance Notice at the earliest practicable time of any proposed changes in Seller's Generating Facility with such Notice to include the information set forth in Section 3.08(c) above, along with all specifications and drawings pertaining to any such changes.

### 3.09 Operation.

- (a) Seller shall Operate the Generating Facility in accordance with Prudent Electrical Practices.
- (b) Seller shall keep a daily operations log for the Generating Facility that shall include information on availability, maintenance outages, circuit breaker trip operations requiring a manual reset, and any significant events related to the Operation of the Generating Facility, including, but not limited to: real and reactive power production, changes in Operating status, protective apparatus operations, and any unusual conditions found during inspections.

In addition, Seller shall maintain complete records of the Generating Facility's wind speeds and other pertinent meteorological conditions, maintenance performed, kilowatts, kilovars and kilowatt-hours generated and settings or adjustments of the generator control equipment and protective devices.

Such information shall be provided or made available to SCE within twenty (20) days of any Notice from SCE requesting that the information be provided and shall be subject to confidentiality provisions of Section 10.08 below; regardless of whether such information is marked "confidential".

- (c) Seller shall give Notice to SCE of Seller's:
- (i) Forecast of the timing and duration of scheduled maintenance and Seller's forecast of daily Delivered Amounts from the Generating Facility for the following four month period by January 1, May 1, and September 1 of each year during the Term;
  - (ii) Forecast of the timing and duration of scheduled maintenance and Seller's forecast of daily Delivered Amounts from the Generating Facility for the following calendar year by September 1 of each year during the Term;
  - (iii) Scheduled outages by using SCE's automated telephone-based Interactive Voice Response System (IVR), or its replacement, with as much advanced notice as practicable, at the telephone number(s) listed in Exhibit B; and
  - (iv) Unexpected or unscheduled outages by telephoning SCE's Generation Operations Center as soon as practicable, at the telephone number(s) listed in Exhibit B.

With respect to Sections 3.09(c)(i) and 3.09(c)(ii) above, Seller shall have no liability to SCE for damages caused by inaccurate generation forecasts, provided that Seller uses PIRP or other commercially reasonable efforts in developing and submitting such forecasts to SCE.

- (d) Seller shall promptly prepare and provide to SCE upon request all reports of actual or forecasted outages that SCE may reasonably require for the purpose of enabling SCE to comply with Section 761.3 of the California Public Utilities Code or any applicable law mandating the reporting by investor-owned utilities of expected or experienced outages by facilities under contract with such investor-owned utilities to supply electric energy.

- (e) Seller shall comply with the Scheduling requirements and procedures set forth in Section 3.02 at its sole expense.
- (f) At least thirty (30) days prior to the commencement of Operation of the Generating Facility in parallel with the Transmission Provider's electric system, Seller shall provide SCE with all facility and metering information as may be requested by SCE, including, but not limited to, the following:

For each ISO meter:

- (i) Generating Station/Unit ID,
- (ii) ISO Global Resource ID,
- (iii) ISO Meter Device ID,
- (iv) Password,
- (v) Data path (network (ECN) or modem),
- (vi) If modem, phone number,
- (vii) Copy of meter certification,
- (viii) List of any ISO metering exemptions (if any),
- (ix) Description of any compensation calculations such as transformer losses and line losses.

For the Generating Facility:

- (i) Utility transmission/distribution one line diagram,
- (ii) Physical location, address or descriptive identification,
- (iii) Latitude and longitude,
- (iv) Telephone number on site,
- (v) Telephone number of control room,
- (vi) Telephone number for operational issues,
- (vii) Telephone number for administrative issues.

**3.10 Progress Reporting.**

- (a) Seller shall use commercially reasonable efforts to meet the Milestone Schedule and to avoid or minimize any delays in meeting such schedule provided, however, that if the Federal Production Tax Credit Legislation is not enacted on or before March 1, 2006, Seller shall have the right, upon Notice to SCE, to suspend performance of the Milestone Schedule on a day-for-day basis until the Federal Production Tax Credit Legislation is enacted. Seller shall have the right, from time to time, to modify and update the Milestone Schedule and shall promptly give SCE Notice of the same.
- (b) Seller shall provide a monthly written report of its progress toward meeting the Milestone Schedule using the form and procedures set forth in Exhibit G.
- (c) In addition to providing the monthly report set forth above, Seller shall advise SCE as soon as reasonably practicable of any problems or issues of which it is aware which may materially impact its ability to meet the Milestone Schedule.

**3.11 No Representation by SCE.**

- (a) Any review by SCE of the design, construction and Operation of the Generating Facility or interconnection facilities is solely for SCE's information. By making such review, SCE makes no representation as to the economic and technical feasibility, operational capability, or reliability of the Generating Facility.
- (b) Seller shall in no way represent to any third party that any such review by SCE of the Generating Facility, including, but not limited to, any review of the design, construction and Operation of the Generating Facility or interconnection facilities by SCE, is a representation by SCE as to the economic or technical feasibility, operational capability, or reliability of the Generating Facility. Seller is solely responsible for economic and technical feasibility, operational capability, and reliability of the Generating Facility.

**3.12 Provision of Information.**

- (a) Seller shall promptly provide to SCE copies of all agreements with providers of distribution, transmission or interconnection services for the Generating Facility and all amendments thereto, which may be redacted by Seller to eliminate any portions reasonably believed by Seller to contain confidential information.
- (b) Seller shall include in its monthly written report submitted to SCE pursuant to Section 3.10(b), a list of all letters, notices, applications, approvals,

authorizations, filings, permits and licenses between Seller and any Governmental Authority or the ISO and shall provide any such documents as may be reasonably requested on Notice from SCE.

- (c) Seller shall promptly provide to SCE copies of all applications and approvals relating to the Conditional Use Permit, PIRP and CEC Certification and Verification.
- (d) Seller shall promptly provide SCE with copies of all draft, preliminary, final and revision copies of reports, studies and analyses furnished by the ISO, Seller's Transmission Consultant, or any Transmission Provider, and any ISO correspondence related thereto, concerning the interconnection of the Generating Facility to the transmission system or the transmission of electric energy from the Generating Facility to the Delivery Point.
- (e) Seller shall promptly provide SCE with copies of all monthly settlement invoices Seller receives from its Scheduling Coordinator pertaining to the Generating Facility. All such settlement data may be provided pursuant either to the Non-Disclosure Agreement attached at Exhibit I or to such other agreement that the Parties shall negotiate to provide reasonable protection for their confidential business information or trade secrets.
- (f) Seller shall promptly provide SCE with copies of all written or electronic documents (including without limitation, correspondence, claims, renewals, and contract amendments) between Seller and the Wind Turbine manufacturer concerning Wind Turbine Manufacturer's Warranty Availability Damages for any year in which the Warranty Availability Guarantee is not met. Except for documents, or portions of documents, containing non-public information related to facilities other than the Generating Facility or economic terms with the Wind Turbine manufacturer unrelated to the Warranty, Seller shall not redact any portions of these materials before furnishing such materials to SCE.
- (g) Seller shall promptly provide SCE with copies of any reports, studies, or assessments prepared on behalf of Seller by any independent engineer.

### 3.13 SCE's Access Rights.

Upon at least three (3) days Notice to Seller or as set forth in any tariff, SCE shall have the right of ingress and egress to examine the Site and Generating Facility during regular business hours for any purpose reasonably connected with this Agreement or the exercise of any and all rights secured to SCE by law or its tariff schedules and rules on file with the CPUC; provided that:

- (a) SCE and its employees, representatives and agents, shall observe all safety and other rules governing Site personnel;
- (b) SCE shall bear all risk and expense of such entry onto the Site (except for claims, damages, costs and other liabilities cause by Seller's gross negligence or willful misconduct); and
- (c) SCE shall defend, indemnify and hold Seller harmless from and against, any and all claims, damages, costs and other liabilities arising from SCE's entry onto the Site (except for claims, damages, costs and other liabilities caused by Seller's gross negligence or willful misconduct).

3.14 Seller's Availability Warranty and Obligation to Make Warranty Availability Lost Production Payment.

- (a) Seller hereby guarantees that the Wind Turbines shall achieve Generating Facility Availability equal to or greater than the Warranty Availability Guarantee during each of the first five (5) Term Years.
- (b) Seller may satisfy its obligation to provide the Warranty Availability Guarantee by obtaining a Wind Turbine Manufacturer's warranty. Notwithstanding the foregoing, Seller shall remain obligated to pay the Warranty Availability Lost Production Payment set forth in Section 3.14(c) below even if Seller is unable to obtain a Wind Turbine manufacturer's warranty. In the event Seller is unable to obtain a Wind Turbine manufacturer's warranty on or before the commencement of the Term, Seller and SCE shall negotiate a mutually agreeable procedure for Seller to make such payment. If the Parties are unable to agree upon such procedure, then either Party may submit the matter for resolution through the arbitration procedure set forth in Article 12 of this Agreement.
- (c) Seller shall pay SCE, within ten (10) Business Days after receipt by Seller of Wind Turbine Manufacture's Warranty Availability Damages, any Warranty Availability Lost Production Payment calculated by Seller to be due SCE in accordance with Exhibit O relating to the any Warranty Availability Lost Production calculated in a manner consistent with the Wind Turbine Manufacture's Warranty Availability Damages. On Notice from SCE, Seller shall promptly make available to SCE all documents or other information relied upon by Seller to calculate, or which is otherwise relevant to the calculation of, the Warranty Availability Lost Production Payment. The Warranty Availability Lost Production Payment shall be made by Seller irrespective of whether SCE actually purchased replacement electric energy as a result of the Generating Facility's failure to achieve the Warranty Availability Guarantee. The Warranty Availability Lost Production Payment



shall be a credit against Energy Replacement Damage Amounts owed by Seller as provided in Exhibit E, but shall not otherwise replace or reduce Seller's obligation to pay the Energy Replacement Damage Amount. Under no circumstance shall Seller be required to pay to SCE total aggregate Warranty Availability Lost Production Payments during the Term in excess of forty dollars (\$40) per kilowatt of Nameplate Contract Capacity.

- (d) Seller shall use commercially reasonable efforts and promptly pursue claims for Wind Turbine Manufacturer's Warranty Availability Damages, including, if necessary, by instituting arbitration or litigation against the Wind Turbine manufacturer. Seller's costs for the recovery efforts shall not be offset against the amount of any recovery payable to SCE. If Seller fails to comply with its obligations under this Agreement to pursue Wind Turbine Manufacturer's Warranty Availability Damages claims within thirty (30) days after Notice from SCE specifying such failure, Seller shall be in material breach of this Agreement and SCE shall have the right to enforce Seller's rights and remedies against the Wind Turbine manufacturer and Seller shall reimburse SCE's costs, including without limitation, attorneys' fees and other litigation expenses and shall cooperate fully with SCE's efforts to enforce the Warranty. Seller shall cause the Warranty to include provisions sufficient to allow SCE to enforce its rights under this Section 3.14(d).

### 3.15 Obtaining and Maintaining CEC Certification and Verification.

Seller shall take all necessary steps including, but not limited to, making or supporting timely filings with the CEC to obtain and maintain CEC Certification and Verification throughout the entirety of the Term; *provided, however*, that:

- (a) This obligation shall not apply to the extent that Seller is unable to obtain or maintain the CEC Certification using commercially reasonable efforts because of a:
- (1) Change in RPS Legislation occurring after the Effective Date, or
  - (2) Change in Applicable Laws directly impacting CEC Certification occurring after the Effective Date; and
- (b) The term "commercially reasonable efforts" in this Section 3.15 shall not require Seller to pay or incur more than fifteen thousand (\$15,000) dollars per year to obtain and maintain such CEC Certification.

3.16 Obligations to Provide Notice in Event of Cessation or Termination of Service Agreements.

Seller shall provide Notice to SCE within three (3) Business Days of termination of, or cessation of service under, any agreement necessary for the interconnection to the Transmission Provider's electric system or delivery of the electric energy to the Delivery Point, for Scheduling to SCE, or for metering the Metered Amounts.

3.17 Report of Lost Output.

(a) Monthly Report.

Commencing on the date of Initial Operation and continuing throughout the Term, Seller shall prepare and provide to SCE a Lost Output Report by the tenth (10th) Business Day of each month. The Lost Output Report shall identify the date, time, duration, cause and the amount by which the Generating Facility's output was curtailed for each Lost Output event, together with Seller's calculations in accordance with Exhibit L and Seller's statement demonstrating the Lost Output that would have been produced and delivered to SCE, but for the Lost Output event.

(b) SCE's Review.

SCE shall have thirty (30) days after receipt of Seller's monthly Lost Output Report to review Seller's calculation of Lost Output. Upon SCE's request, Seller shall promptly provide to SCE any additional data and supporting documentation necessary for SCE to audit and verify the Lost Output event and calculation of electric energy that could have been produced and delivered, but for the Lost Output event. Such information may be provided pursuant either to the Non-Disclosure Agreement attached as Exhibit I or to such other agreement that the Parties shall negotiate to provide reasonable protection for their confidential business information or trade secrets.

(c) Disputes of Lost Output.

If SCE disputes Seller's calculation of Lost Output, SCE shall provide Notice to Seller within thirty (30) days after receipt of Seller's Lost Output Report and include SCE's calculations and other data supporting its contention that any of the amounts claimed in Seller's Lost Output Report does not qualify as Lost Output. The Parties shall negotiate in good faith to resolve any dispute regarding a claim for Lost Output.

If the Parties are unable to resolve a dispute regarding a claim for Lost Output within thirty (30) days from the date that SCE gave the dispute

Notice, either Party may submit the dispute to arbitration in accordance with the procedures set forth in Article Twelve.

Seller shall have no right to claim any Lost Output that was not identified in the Lost Output Report for the month in which the Lost Output occurred provided that, Seller may supplement the amount of Lost Output claimed (“Supplemental Lost Output”) for the month with a supplemental Lost Output Report (“Supplemental Lost Output Report”) if Seller can demonstrate that it neither knew nor could it have known through the exercise of reasonable diligence about the Supplemental Lost Output within the foregoing thirty (30) day period and Seller provides the Supplemental Lost Output Report within ten (10) Business Days of learning the facts which provide the basis for the Supplemental Lost Output claim.

(d) Energy Replacement Damage Amount Calculation.

The Lost Output amount that shall be used in the Energy Replacement Damage Amount calculation, set forth in Exhibit E, shall be the amount calculated after the twelfth (12<sup>th</sup>) month of the Term Year using the Generating Facility Power Curve derived for the Term Year for which the Lost Output is being calculated.

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\*\*\* End of ARTICLE THREE \*\*\*

**ARTICLE FOUR. SCE'S OBLIGATIONS****4.01 Obligation to Pay.**

For Seller's *full* compensation under this Agreement, SCE shall make monthly Energy Payments to Seller for electric energy Scheduled by Seller during the Term calculated in the manner described in Section 4.02.

SCE shall not be obligated to pay Seller for any electric energy prior to the commencement of the Term or any electric energy that is not Scheduled as a result of any circumstance, other than gross negligence by SCE related to the Scheduling of electric energy produced by the Generating Facility, including, without limitation:

- (a) An outage of the Generating Facility;
- (b) A Force Majeure under Article Five;
- (c) A reduction or curtailment of Schedules ordered by the ISO; or
- (d) A reduction or curtailment of Schedules pursuant to the terms of an agreement with a Transmission Provider.

**4.02 Payments and Adjustments.****(a) Time-Differentiated Payments.**

For the purpose of monthly Energy Payments, Scheduled Amounts shall be time-differentiated according to the time period and season of delivery ("TOD Periods") by the Energy Payment Allocation Factors set forth in Exhibit J.

As set forth in Exhibit J, TOD Periods for the winter season shall be mid-peak, off-peak and super off-peak and TOD Periods for the summer season shall be on-peak, mid-peak and off-peak.

**(b) Energy Payment Calculations.**

During the Term, SCE shall pay Seller a monthly Energy Payment equal to the sum of the monthly "TOD Period Energy Payments" for all TOD Periods in the month as set forth below.

Each of the monthly TOD Period Energy Payment amounts shall be calculated pursuant to the following formula, where "n" is the TOD Period being calculated:

$$\text{TOD PERIOD}_n \text{ ENERGY PAYMENT} = A \times B \times C$$

Where A = Energy Price specified in Special Condition D in \$/kWh (i.e., \$/MWh/1000).

B = Energy Payment Allocation Factor for the TOD Period being calculated.

C = The sum of Scheduled Amounts in all hours for the TOD Period being calculated in kWh.

(c) Payment Adjustments.

If, in any Settlement Interval, a Generating Facility's Scheduled Amount deviates from the Generating Facility's Delivered Amount by more than plus or minus three percent ( $\pm 3\%$ ) of the Generating Facility's Delivered Amount, then Seller's monthly Energy Payment may be subject to an adjustment calculated by SCE in accordance with the procedures and formulae set forth in Exhibit D. The Exhibit D payment adjustments shall *not* apply so long as:

- (i) Seller is and remains a Participating Intermittent Resource and participates in the ISO's Participating Intermittent Resource Program, or any successor program that SCE determines accomplishes a similar purpose to the Participating Intermittent Resource Program;
- (ii) Seller is Scheduling through an independent third party, approved by SCE, who utilizes forecasting and Scheduling methodologies materially similar to those methodologies utilized in the Participating Intermittent Resource Program; or
- (iii) SCE elects to become Seller's Scheduling Coordinator pursuant to Section 11.04(a)(ii).

4.03 Payment Statement and Payment.

- (a) SCE shall mail to Seller no later than thirty (30) days after the end of each calendar month during the Term each of the following:
  - (i) A statement showing:
    - 1) The Scheduled Amounts for each TOD Period during the monthly period for which the payment is being made;
    - 2) A calculation of the amount payable to Seller during the monthly period pursuant to Section 4.02(b);

- 3) A calculation of any payment adjustments pursuant to Section 4.02(c);
  - 4) A calculation of the net amount due Seller.
- (ii) SCE's check in payment of said net amount.

In the event Seller does not receive SCE's check on or before the thirty-fifth (35<sup>th</sup>) day after the end of such calendar month, Seller shall promptly provide Notice to SCE (along with an fully executed indemnity letter in a form and substance satisfactory to SCE) and request re-issuance of SCE's check. Within ten (10) Business Days of SCE's receipt of Seller's Notice and executed indemnity letter, SCE will cancel any original check, re-issue the check and send the re-issued check to Seller via overnight mail at Seller's expense.

- (b) In the event SCE determines that a calculation of Metered Amounts for any purpose hereunder is incorrect as a result of inaccurate meters or the correction of data by the ISO in OMAR, SCE shall promptly recompute Metered Amounts for the period of the inaccuracy based upon an adjustment of inaccurate meter readings in accordance with the ISO Tariff. SCE shall also promptly recompute any payment affected by the inaccuracy. Any amount due from SCE to Seller, or Seller to SCE, as the case may be, shall be made as an adjustment to the next monthly statement that is calculated after SCE's recomputation using corrected measurements. In the event that the recomputation results in a net amount owed to SCE after offsetting any amounts owing to Seller as shown on the next monthly statement, any such additional amount still owing to SCE shall be shown on Seller's monthly statement. At SCE's discretion, SCE may offset any remaining amount owed SCE in any subsequent monthly payments to Seller or invoice Seller for such amount, in which case Seller must pay the amount owing to SCE within twenty (20) days of receipt of such invoice.
- (c) SCE reserves the right to apply amounts that would otherwise be due to Seller under this Agreement as an offset in payment of:
- (i) Any amounts owing and unpaid by Seller to SCE under this Agreement; or
  - (ii) Any amount owed to SCE by Seller arising out of, or related to, any other SCE agreement, tariff, obligation or liability.

Nothing in this Section 4.03 shall limit SCE's rights under applicable tariffs, other agreements or applicable law.

- (d) Except for meter inaccuracies which are provided for in Section 4.03(b) and as otherwise provided in this Section 4.03(d), if within forty-five (45) days of receipt of SCE's payment statement, Seller does not give Notice to SCE of an error, then Seller shall be deemed to have waived any error in SCE's statement, computation and payment, and the statement shall be conclusively deemed correct and complete; *provided, however*, that if an error is identified by Seller as a result of settlement, audit or other information provided to Seller by the ISO after the expiration of the original forty-five (45) day period, Seller shall have an additional forty-five (45) days from the date on which it receives the information from the ISO in which to give Notice to SCE of the error identified by such settlement, audit or other information. If Seller identifies an error in Seller's favor and SCE agrees that the identified error occurred, SCE shall reimburse Seller for the amount of the underpayment caused by the error and apply the additional payment to the next monthly statement that is calculated. If Seller identifies an error in SCE's favor and SCE agrees that the identified error occurred, SCE may offset the amount of overpayment caused by the error against amounts otherwise owed to Seller and apply the offset to the next monthly statement that is calculated. In the event that the recomputation results in a net amount still owing to SCE after offsetting any amounts owed to Seller, the next monthly statement shall show a net amount owing to SCE. At SCE's discretion, SCE may offset this net amount owed to SCE in any subsequent monthly statements to Seller or invoice Seller for such amount, in which case Seller must pay the amount owing to SCE within twenty (20) days of receipt of such invoice. The Parties shall negotiate in good faith to resolve any disputes regarding claimed errors in a statement. Any disputes which the Parties are unable to resolve through negotiation may be submitted for resolution through the dispute resolution procedure in Article Twelve.

#### 4.04 Cooperation with Seller and Scheduling.

SCE, at its own cost and expense, shall cooperate reasonably with Seller to permit it to effectuate its Scheduling obligations hereunder.

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\*\*\* *End of ARTICLE FOUR* \*\*\*

**ARTICLE FIVE. FORCE MAJEURE****5.01 No Default if Performance Failure other than Nonpayment Caused by Force Majeure.**

Neither Party shall be considered to be in default in the performance of any of its obligations set forth in this Agreement, except for obligations to pay money, when and to the extent failure of performance is caused by Force Majeure.

**5.02 Requirements Applicable to the Claiming Party.**

If a Party, because of Force Majeure, is rendered wholly or partly unable to perform its obligations when due under this Agreement, that Party (the “Claiming Party”), shall be excused from whatever performance is affected by the Force Majeure to the extent so affected. In order to be excused from its performance obligations hereunder by reason of Force Majeure:

- (a) The Claiming Party, within fourteen (14) days after the initial occurrence of the claimed Force Majeure, must give the other Party Notice describing the particulars of the occurrence; and
- (b) The Claiming Party must provide timely evidence reasonably sufficient to establish that the occurrence constitutes Force Majeure as defined in this Agreement.

The suspension of the Claiming Party’s performance due to Force Majeure shall be of no greater scope and of no longer duration than is required by the Force Majeure. In addition, the Claiming Party shall use commercially reasonable and diligent efforts to remedy its inability to perform.

This Section 5.02 shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the Claiming Party. When the Claiming Party is able to resume performance of its obligations under this Agreement, the Claiming Party shall give the other Party prompt Notice to that effect.

**5.03 Startup Deadline Extension.**

If Force Majeure occurs prior to the Startup Deadline which prevents Seller from achieving the Startup Deadline, then the Startup Deadline shall be extended on a day-for-day basis for the duration of the Force Majeure.



5.04 Firm Operation Date Extension.

If Force Majeure occurs at any time after commencement of the Term, but prior to the Firm Operation Date, which prevents Seller from demonstrating the Nameplate Contract Capacity as provided in Sections 3.03(c) or 3.03(d), then the Firm Operation Date shall be extended on a day-for-day basis for the duration of the Force Majeure.

5.05 Termination.

Either Party may terminate this Agreement on Notice, which shall be effective five (5) Business Days after such Notice is provided, in the event of Force Majeure which materially reduces the amount of energy scheduled by the Generating Facility and extends for more than three hundred sixty five (365) consecutive days, or for more than a total of three hundred sixty five (365) days in any consecutive five hundred forty (540) day period.

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\*\*\* End of ARTICLE FIVE \*\*\*

**ARTICLE SIX. EVENTS OF DEFAULT: REMEDIES**6.01 Events of Default.

An “Event of Default” shall mean, with respect to a Party (a “Defaulting Party”), the occurrence of any of the following:

- (a) Any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made if the representation or warranty is continuing in nature, if:
  - (i) Such misrepresentation or breach of warranty is not remedied within ten (10) Business Days after Notice; or
  - (ii) Such inaccuracy is not capable of a cure, but the non-breaching Party’s damages resulting from such inaccuracy can reasonably be ascertained and the payment of such damages is not made within ten (10) Business Days after a Notice of such damages is provided by the non-breaching Party to the breaching Party;
- (b) Except for an obligation to make payment when due, the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default or to the extent excused by a Force Majeure) if such failure is not remedied within thirty (30) days after Notice of such failure, which Notice sets forth in reasonable detail the nature of the Event of Default, provided that if such Event of Default is not reasonably capable of being cured within the thirty (30) day cure period specified above, the Party shall have such additional time (not exceeding an additional one hundred twenty (120) days) as is reasonably necessary to cure such Event of Default, so long as such Party promptly commences and diligently pursues such cure;
- (c) Subject to Section 6.01(d), a Party fails to make when due any payment (other than amounts disputed in good faith) due and owing under this Agreement and such failure is not cured within five (5) Business Days after Notice of such failure; *provided, however*, that if Seller has posted a Letter of Credit as Performance Assurance and there is no uncured Letter of Credit Default, SCE shall not be entitled to give Notice of an Early Termination Date under Section 6.02 resulting from a failure by Seller to pay amounts owing to SCE under Section 3.03(d) without first attempting to obtain payment under the Letter of Credit;
- (d) SCE fails to re-issue a check within the timeframe specified in Section 4.03(a)(ii), and such failure is not cured within two (2) Business Days;

- (e) The failure of such Party to satisfy the creditworthiness and collateral requirements in Article Eight and such failure is not cured within five (5) Business Days following a Notice to cure from the Non-Defaulting Party;
- (f) Such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;
- (g) With respect to Seller's Guarantor, if applicable:
  - (i) If any representation or warranty made by a Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated and the misrepresentation or breach of warranty is not remedied within ten (10) Business Days after Notice;
  - (ii) The failure of a Guarantor to make any payment required or to perform any other material covenant or obligation in any Guaranty Agreement made in connection with this Agreement and such failure shall not be remedied within five (5) Business Days after Notice;
  - (iii) A Guarantor becomes Bankrupt and Seller fails, within six (6) Business Days after Notice, to provide either replacement Performance Assurance acceptable to SCE or a Guarantee Agreement from a replacement Guarantor, reasonably acceptable to SCE, meeting the qualifications of Section 8.02(c);
  - (iv) The failure of a Guarantor's Guaranty Agreement to SCE to be in full force and effect for purposes of this Agreement (other than in accordance with its terms); or
  - (v) A Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any Guaranty Agreement given to SCE;
  - (vi) Provided that Seller may cure any such Guarantor's default by providing either a replacement Guaranty or alternative Performance Assurance reasonably acceptable to SCE, in each case within seven (7) Business Days after SCE notifies Seller of Guarantor's default.

- (h) If at any time after the Final Configuration Date, Seller has not cured an Event of Default with respect to Section 3.06(a) within thirty (30) days after providing the written Notice in accordance with Section 3.06(b).
- (i) With respect to Seller, excluding periods of Force Majeure, if at any time during the Term, the Metered Amounts plus Lost Output in any consecutive twelve (12) month period are not at least twenty percent (20%) of the Expected Annual Net Energy Production set forth in Special Condition A(v), and Seller fails to demonstrate to SCE's reasonable satisfaction, within ten (10) Business Days after Notice from SCE, a legitimate reason for Seller's failure to produce, Schedule and deliver such twenty percent (20%);
- (j) If at any time during the Term, Seller intentionally or knowingly delivers, Schedules, or attempts to deliver or Schedule at the Delivery Point for sale under this Agreement electric energy that was not in fact generated by the Generating Facility, except in the ordinary course of Scheduling where the Scheduled Amounts may exceed the Delivered Amounts in any given hour as permitted by and subject to Section 3.01;
- (k) If at any time during the Term, the Generating Facility consists of an ERR type(s) different than that specified in Special Condition A(iii) of this Agreement; provided, however, that an Event of Default shall not have occurred if the Generating Facility fails to qualify as an eligible renewable resource due to a change in the RPS Legislation occurring after the Effective Date;
- (l) If at any time during the Term, either:
  - (i) The Generating Facility fails to qualify as an ERR; or
  - (ii) Any electrical output from the Generating Facility sold or to be sold to SCE hereunder fails to qualify as output from an ERR;

*provided, however, that an Event of Default shall not have occurred if the failure to qualify results solely from an amendment or modification of the RPS Legislation occurring after the Effective Date;*
- (m) If at any time during the Term, Seller, without SCE's prior consent in writing, installs Generating Facility Capacity on the Site in excess of the Nameplate Contract Capacity set forth in Special Condition A(iv) and attempts to sell the output of such excess capacity to SCE, and if such Generating Facility Capacity is not removed within five (5) Business Days after Notice to cure from the Non-Defaulting Party;

- (n) If at any time during the Term, Seller, without SCE's prior consent in writing, removes from the Site equipment or Wind Turbines upon which the Nameplate Contract Capacity has been based, except for the purposes of replacement, refurbishment, repair or maintenance, and such equipment or Wind Turbines are not returned within five (5) Business Days after Notice from SCE;
- (o) If Seller fails to declare Initial Operation within the timeframes set forth in Section 2.03(b) and such failure is not cured within five (5) Business Days after Notice from SCE of such failure;
- (p) Termination of, or cessation of service under, any agreement necessary for the interconnection of the Generating Facility to the Transmission Provider's electric system or delivery of the electric energy to the Delivery Point, for Scheduling to SCE, or for metering the Metered Amounts and such service is not reinstated, or alternative arrangements implemented, within one hundred and twenty (120) days after such termination or cessation of service; or
- (q) With respect to SCE, an Event of Default occurs as set forth in Section 4.03.

#### 6.02 Early Termination.

If an Event of Default shall have occurred, and not been cured within the applicable cure period set forth in Section 6.01, there will be no opportunity for cure except as specified in Section 6.01. The Party taking the default (the "Non-Defaulting Party") shall have the right:

- (a) To designate, by Notice, a day, no earlier than twenty (20) calendar days after the Notice is effective, as an "Early Termination Date";
- (b) To immediately suspend performance under the Agreement; and
- (c) To pursue all remedies available at law or in equity against the Defaulting Party (including monetary damages), except to the extent that such remedies are limited by the terms of this Agreement.

#### 6.03 Termination Payment.

As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide Notice to the Defaulting Party of the sum of all amounts owed by the Defaulting Party under this Agreement (which shall include the Forward Settlement Amount plus, if Seller is the Non-Defaulting Party, and any PTC *Before-Tax* Benefit lost by Seller as a result of an Event of Default by SCE), less any amounts owed by the Non-Defaulting Party to the Defaulting Party (the "Termination

Payment”). The Notice shall include a written statement setting forth, in reasonable detail, the calculation of such Termination Payment and the Forward Settlement Amount, together with appropriate supporting documentation.

If the Termination Payment is positive, the Defaulting Party shall pay such amount to the Non-Defaulting Party within ten (10) Business Days after the Notice is provided.

If the Termination Payment is negative (i.e., the Non-Defaulting Party owes the Defaulting Party more than the Defaulting Party owes the Non-Defaulting Party) then the Non-Defaulting Party shall pay such amount to the Defaulting Party within thirty (30) days after the Notice is provided. Lost PTC *Before*-Tax Benefits recoverable by Seller under this Section 6.03 are considered to be “direct actual damages” for purposes of Article Seven..

Under no circumstances will the Non-Defaulting Party be required to pay the Defaulting Party for any Gains projected to result to the Non-Defaulting Party after the Early Termination Date (e.g., if the Seller is a Non-Defaulting Party, the Seller will have no duty to account to SCE if Seller is able to re-sell Product at a higher price after a termination of this Agreement, and if SCE is the Non-Defaulting Party, SCE shall have no duty to account to Seller if SCE is able to purchase Product at a lower price after a termination of this Agreement.)

The Parties shall negotiate in good faith to resolve any disputes regarding the calculation of the Termination Payment. Any disputes which the Parties are unable to resolve through negotiation may be submitted for resolution through the dispute resolution procedure in Article Twelve.

#### 6.04 Consent to Collateral Assignment.

Subject to the provisions of this Section 6.04, Seller shall have the right to assign this Agreement as collateral for financing or refinancing of the Generating Facility. In connection with any financing or refinancing of the Generating Facility by Seller, SCE shall in good faith work with Seller and Lender to agree upon a consent to collateral assignment of this Agreement (“Collateral Assignment Agreement”). The Collateral Assignment Agreement shall contain commercially reasonable terms, shall be in form and substance agreed to by SCE, Seller and Lender, and shall include, among others, provisions in form and substance satisfactory SCE, Seller and Lender with respect to the following matters:

- (a) SCE shall give written Notice of the Event of Default to Lender, to the person(s) to be specified in the Collateral Assignment Agreement, prior to exercising its right to terminate this Agreement as a result of any alleged Event of Default by Seller;

- (b) Following an Event of Default by Seller under this Agreement, SCE may require Seller or Lender to provide to SCE a report concerning (i) the status of efforts by Seller or Lender to develop a plan to cure the Event of Default, (ii) impediments to the cure plan or its development, (iii) if a cure plan has been adopted, the status of the cure plan's implementation (including any modifications to the plan as well as the expected timeframe within which any cure is expected to be implemented), and (iv) any other information which SCE may reasonably require related to the development, implementation and timetable of the cure plan. Seller or Lender shall provide the report to SCE within ten (10) Business Days of Notice from SCE requesting the report. SCE shall have no further right to require the report with respect to a particular Event of Default after that Event of Default has been cured. ;
- (c) Lender shall have the right, in the case of an Event of Default by Seller under the Agreement, to cure such Event of Default in accordance with the provisions of the Agreement and the Collateral Assignment Agreement. Lender must remedy or cure the Event of Default within the cure period and in a manner applicable to Seller under the Agreement; provided that, if Lender sends a written Notice to SCE prior to the end of any cure period indicating Lender's intention to cure, such cure period shall be extended to at least thirty (30) days for monetary defaults and at least ninety (90) days (or such longer period as Lender may reasonably require) for non-monetary defaults; and
- (d) Lender shall have the right to consent prior to any termination of this Agreement, which does not arise out of an Event of Default or under Section 2.04.
- (e) Lender shall receive prior notice of, and the right to approve material amendments to this Agreement, which approval shall not be unreasonably withheld, conditioned or delayed.
- (f) In the event Lender, directly or indirectly, takes possession of, or title to the Generating Facility (including possession by a receiver or title by foreclosure or deed in lieu of foreclosure), Lender shall assume all of Seller's obligations arising under this Agreement and all related agreements (subject to such limits on liability as are mutually agreed to by Seller, SCE and Lender as set forth in the Collateral Assignment Agreement) provided that Lender shall have no personal liability for any monetary obligations of Seller under the Agreement which are due and owing to SCE as of the assumption date; provided, however, that prior to such assumption, if SCE advises Lender that SCE will require that Lender cure (or cause to be cured) any Event of Default existing as of the possession date in order to avoid the exercise by SCE (in its sole discretion) of SCE's right to terminate the Agreement in respect of such Event of Default, then Lender at its option; and in its sole discretion, may elect to

either (i) cause such Event of Default to be cured, or (ii) not assume this Agreement;

- (g) In the event Lender elects to sell or transfer the Generating Facility (after Lender directly or indirectly, takes possession of, or title to the Generating Facility, or sale of the Generating Facility occurs through the actions of Lender, for example, a foreclosure sale where a third party is the buyer, or otherwise), then Lender must cause the transferee or buyer to assume all of Seller's obligations arising under this Agreement and all related agreements as a condition of the sale or transfer (subject to such limits on liability as are mutually agreed to by Seller, SCE and Lender as set forth in the Collateral Assignment Agreement), provided that the transferee or buyer shall have no personal liability for any monetary damages of Seller under the Agreement which are due and owing to SCE as of the assumption date; provided, however, that prior to such assumption, if SCE advises Lender that SCE will require that Lender cure (or cause to be cured) any Event of Default existing as of the assumption date in order to avoid the exercise by SCE (in its sole discretion) of SCE's rights to terminate this Agreement in respect of such Event of Default, the Lender, at its option and in its sole discretion may elect to either (i) cause such Event of Default to be cured, or (ii) not assume this Agreement. Such sale or transfer may be made only to an entity with operating experience satisfactory to SCE in its reasonable discretion and that meets or exceeds the Credit Rating requirement set forth in Section 8.02(c) (or, if it does not meet such requirement, that posts collateral support and any other additional security consistent with the collateral support required under this Agreement and as may be reasonably required by SCE); and
- (h) In the event that this Agreement is rejected in Seller's Bankruptcy case or otherwise terminated in connection therewith and if such Lender directly or indirectly, takes possession of, or title to, the Generating Facility (including possession by a project company or a receiver or title by foreclosure or deed in lieu of foreclosure), Lender shall promptly enter into, or cause a receiver or project company to enter into (as the case may be) a new agreement with SCE having substantially the same terms as this Agreement. Notwithstanding the foregoing, SCE shall not be required to enter into such agreement with Lender or receiver or project company (as the case may be) if there has been a change in circumstances resulting from actions of Seller in its Bankruptcy case that would, in SCE's reasonable judgment, have a material adverse impact either on this Agreement or the Generating Facility.

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\*\*\* End of ARTICLE SIX \*\*\*



**ARTICLE SEVEN. LIMITATIONS OF LIABILITIES**

EXCEPT AS SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED.

THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF.

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED, UNLESS THE PROVISION IN QUESTION PROVIDES THAT THE EXPRESS REMEDIES ARE IN ADDITION TO OTHER REMEDIES THAT MAY BE AVAILABLE.

IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED.

UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF SECTION 10.03 (INDEMNITY), NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, OR LOST PROFITS, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, THE VALUE, IF ANY, OF ANY PRODUCTION TAX CREDITS, DETERMINED ON AN AFTER-TAX BASIS, LOST DUE TO SCE'S DEFAULT, SHALL BE DEEMED DIRECT

TO THE EXTENT LOST PRODUCTION TAX CREDITS ARE RECOVERABLE UNDER THIS AGREEMENT.

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*\*\*\* End of ARTICLE SEVEN \*\*\**

**ARTICLE EIGHT. CREDIT AND COLLATERAL REQUIREMENTS****8.01 Financial Information.**

If requested by one Party, the other Party shall deliver:

- (a) Within one hundred twenty (120) days following the end of each fiscal year, a copy of its and its Guarantor's, if any, annual report containing audited consolidated financial statements for such fiscal year;
- (b) Within sixty (60) days after the end of each of its first three fiscal quarters of each fiscal year, a copy of its and its Guarantor's, if any, quarterly report containing unaudited consolidated financial statements for such fiscal quarter.

In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the producing party diligently pursues the preparation, certification and delivery of the statements.

**8.02 Performance Assurance.**

- (a) On or before the commencement of the Term, Seller shall post Performance Assurance with SCE. The Performance Assurance Amount due to SCE by Seller shall be as set forth in Special Condition E. The Performance Assurance amount shall be posted to SCE at all times during the Term either in the form of cash or Letter of Credit acceptable to SCE, provided that on the commencement of the Term, if SCE has not either returned the Development Fee to Seller or given Seller Notice, pursuant to Exhibit K, of its determination regarding the disposition of the Development Fee by such date, then Seller may withhold the portion of the Performance Assurance Amount equal to the Development Fee held by SCE until three (3) Business Days following the later of Seller's receipt or forfeiture of the Development Fee or any portion thereof pursuant to Section 3.03 or SCE's Notice to Seller pursuant to Exhibit K of its determination regarding the disposition of the Development Fee. SCE shall accept a Guaranty Agreement from a Guarantor reasonably acceptable to SCE to satisfy the Seller's Performance Assurance obligation in lieu of cash or a Letter of Credit as set forth in Section 8.02(c).

- (b) Performance Assurance provided in the form of a Letter of Credit shall be subject to the following provisions:
- (i) Each Letter of Credit shall be maintained for the benefit of SCE. The Seller shall:
    - (1) Renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit;
    - (2) If the bank that issued an outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit, provide alternative Performance Assurance acceptable to SCE at least twenty (20) Business Days prior to the expiration of the outstanding Letter of Credit; and
    - (3) If a bank issuing a Letter of Credit fails to honor SCE's properly documented request to draw on an outstanding Letter of Credit, provide alternative Performance Assurance acceptable to SCE within one (1) Business Day after such refusal;
  - (ii) As one method of providing Performance Assurance, Seller may establish one or more Letters of Credit;
  - (iii) Upon the occurrence of a Letter of Credit Default, Seller agrees to provide to SCE either a substitute Letter of Credit or alternative Performance Assurance acceptable to SCE, in each case on or before the first Business Day after the occurrence thereof (or the fifth (5th) Business Day after the occurrence thereof if only Section 1.74(a) applies);
  - (iv) Upon, or at any time after, the occurrence and continuation of an Event of Default with respect to the Seller, or if an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Seller for which there exist any unsatisfied payment obligations, then SCE may draw on the entire or any undrawn portion of any outstanding Letter of Credit upon submission to the bank issuing such Letter of Credit of one or more certificates specifying that such Event of Default or Early Termination Date has occurred and is continuing. Cash proceeds received by SCE from drawing upon the Letter of Credit may be applied by SCE to any amounts owed to SCE by Seller at the time of the drawing. Seller shall reinstate the Letter of Credit up to the full amount set forth in Special Condition E within five (5) Business Days of any drawing by SCE. Seller shall remain liable for any failure to provide the required amount of Performance

Assurance or for any amounts owing to SCE and remaining unpaid after the application of the amounts so drawn; and

- (v) In all cases, the costs and expenses of establishing, renewing, substituting, canceling, and increasing the amount of a Letter of Credit shall be borne by Seller.
- (c) If Seller's Performance Assurance obligation is satisfied by a Guaranty Agreement, it shall be in the form of Exhibit H executed by the Guarantor identified in Special Condition F or other party reasonably acceptable to SCE meeting the Credit Rating requirements for the Guarantor set forth immediately below. The Guarantor shall maintain a Credit Rating of at least:
  - (i) "BBB-" from S&P and "Baa3" from Moody's, if it is rated by both S&P and Moody's; or
  - (ii) "BBB-" from S&P or "Baa3" from Moody's if it is rated by either S&P or Moody's but not by both.

If at any time the Guarantor fails to maintain such Credit Ratings, the Seller shall provide to SCE Performance Assurance in the form of cash or a Letter of Credit, or a replacement Guaranty Agreement from an acceptable Guarantor, within five (5) Business Days.

**8.03 Grant of SCE's First Priority Security Interest in Cash or Cash Equivalent Collateral and Related Remedies.**

To secure its obligations under this Agreement, and until released as provided herein, Seller hereby grants to SCE a present and continuing first-priority security interest ("Security Interest") in, and lien on (and right of setoff against), and assignment of the Performance Assurance, all cash collateral and cash equivalent collateral and any and all proceeds resulting there from or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of SCE, and Seller agrees to take such action as SCE reasonably requires in order to perfect SCE's Security Interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, SCE may do any one or more of the following:

- (a) Exercise any of its rights and remedies with respect to all Performance Assurance, including any such rights and remedies under law then in effect;
- (b) Exercise its rights of setoff against any and all property of Seller in SCE's possession;

- (c) Draw on any outstanding Letter of Credit issued for its benefit; and
- (d) Liquidate all Performance Assurance then held by or for the benefit of SCE free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller.

SCE shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Seller's obligations under the Agreement (Seller's remaining liable for any amounts owing to SCE after such application), subject to SCE's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

#### 8.04 Step-in Rights.

- (a) In the event of an Event of Default, due to Seller's abandonment of the Generating Facility or Seller's failure to deliver energy as required hereunder, then following the required notices and cure periods set forth in Section 6.02, then SCE may, if it so elects, notify Seller and the Lender (the "Step-in Notice") that SCE desires to step-in and assume the operation of the Generating Facility. If, within thirty (30) days after the Lender receives the Step-in Notice, the Lender advises SCE that Lender does not want SCE to assume the operation and promptly thereafter the Lender proceeds to attempt to step-in and take over the operation of the Generating Facility and diligently pursues such attempt until completion, SCE will not exercise any of its rights under Sections 8.03(b) through 8.04(e) below.
- (b) If, following the proper delivery of the Step-in Notice, the Lender either permits SCE to assume operational control of the Generating Facility as set forth below, or fails to respond as required in Section 8.03(a) above, then SCE shall have the right, but not the obligation, to possess, assume control of, and operate the Generating Facility as agent for Seller (in accordance with Seller's rights, obligations, and interest under this Agreement) during the period provided for herein. Upon such notice, Seller shall collect and have available at a convenient, central location at the Generating Facility all documents, contracts, books, manuals, reports, and records required to construct, operate and maintain the Generating Facility. Upon such notice, SCE its employees, contractors, or designated third parties shall have the unrestricted right to enter the Site and the Facility for the purpose of constructing and/or operating the Facility.
- (c) Upon receipt of the Exercise Notice, Seller and SCE shall forthwith negotiate an operations agreement ("Operations Agreement"), consistent in all respects with this Section 8.04 and industry practices and standards, which Operations Agreement shall be executed, delivered and implemented by the Parties no

later than thirty (30) days after receipt by Seller of the Exercise Notice. The Operations Agreement shall provide that during any period in which SCE shall be Operating the Generating Facility in connection with the exercise of the Step-In Rights:

- (i) In the event that SCE is in possession and control of the Generating Facility for an interim period, Seller may resume operating, and SCE shall relinquish its right to operate, the Generating Facility when Seller demonstrates to SCE's reasonable satisfaction that it will remove those grounds that originally gave rise to SCE's right to operating the Generating Facility, as provided above, in that Seller (i) will resume operation of the Generating Facility in accordance with the provisions of this Agreement and (ii) has cured any Events of Default of Seller which allowed SCE to exercise its rights under Section 8.03; and
  - (ii) Seller shall not incur any Energy Replacement Damage Amounts. In no event shall SCE's decision to exercise the Step-In Rights under this Section 8.04 be deemed to be a transfer of title of the Generating Facility or a transfer of Seller's obligations as owner thereof.
- (d) During any period that SCE is in possession of and operating the Generating Facility, Seller shall retain legal title to and ownership of the Generating Facility and SCE shall assume possession, operation and control solely as agent for Seller.
- (e) SCE's exercise of its rights hereunder to possess and operate the Generating Facility shall not be deemed an assumption by SCE of any liability attributable to Seller. If at any time after exercising its rights to take possession of and operate the Generating Facility SCE elects to return such possession and operation to Seller, SCE shall provide Seller with at least fifteen (15) days advance Notice of the date SCE intends to return such possession and operation, and upon receipt of such notice Seller shall take all measures necessary to resume possession and operation of the Generating Facility on such date.
- (f) Irrespective of whether the Operations Agreement is executed, in the event SCE assumes operation of the Generating Facility under this Section 8.03, SCE shall operating the Generating Facility in conformance with Good Utility Practice and the provision of this Agreement pertaining to Warranty Availability and out put requirements shall not be applicable.

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\*\*\* *End of ARTICLE EIGHT* \*\*\*

**ARTICLE NINE. GOVERNMENTAL CHARGES****9.01 Cooperation to Minimize Tax Liabilities.**

Each Party shall use reasonable efforts to implement the provisions of and to administer this Agreement in accordance with the intent of the Parties to minimize all taxes, so long as neither Party is materially adversely affected by such efforts.

**9.02 Governmental Charges.**

Seller shall pay or cause to be paid all taxes imposed by any Governmental Authority (“Governmental Charges”) on or with respect to the Delivered Amounts (and any contract associated with the Delivered Amount) and the Scheduled Amounts arising prior to and at the Delivery Point, including, but not limited to, ad valorem taxes and other taxes attributable to the Generating Facility, land, land rights or interests in land for the Generating Facility. SCE shall pay or cause to be paid all Governmental Charges on or with respect to the Scheduled Amounts from the Delivery Point. In the event Seller is required by law or regulation to remit or pay Governmental Charges which are SCE’s responsibility hereunder, SCE shall promptly reimburse Seller for such Governmental Charges. If SCE is required by law or regulation to remit or pay Governmental Charges which are Seller’s responsibility hereunder, SCE may deduct such amounts from payments to Seller made pursuant to Article Four. If SCE elects not to deduct such amounts from Seller’s payments, Seller shall promptly reimburse SCE for such amounts upon request. Nothing shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under the law.

**9.03 Providing Information to Taxing Authorities.**

Seller or SCE, as necessary, shall provide information concerning the Generating Facility to any requesting taxing authority.

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*\*\*\* End of ARTICLE NINE \*\*\**



**ARTICLE TEN. MISCELLANEOUS****10.01 Representations and Warranties.**

On the Effective Date, each Party represents and warrants to the other Party that:

- (a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) Except for CPUC Approval in the case of SCE, and all permits and agreements necessary to install, interconnect and Operate the Generating Facility in the case of Seller, it has or will timely acquire all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (d) This Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms, subject to any Equitable Defenses;
- (e) There is not pending, or to its knowledge, threatened against it (or any of its Affiliates in the case of Seller) any legal proceedings that could materially adversely affect its ability to perform under the Agreement;
- (f) No Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- (g) It is acting for its own account and its decision to enter into this Agreement is based upon its own judgment, not in reliance upon the advice or recommendations of the other Party and it is capable of assessing the merits of and understanding, and understands and accepts the terms, conditions and risks of this Agreement. It has not relied upon any promises, representations, statements or information of any kind whatsoever that is not contained in this Agreement in deciding to enter into this Agreement; and
- (h) It has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of the Product as contemplated in this Agreement.

**10.02 Additional Warranties.**

- (a) Seller warrants that it will deliver to SCE the Product free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person.
- (b) Seller represents and warrants that it holds the rights to all Environmental and Capacity Attributes if any, which it is conveying to SCE hereunder. Seller makes no representation as to the existence, validity or quality of any current or future Environmental Attributes or Capacity Attributes associated with the Generating Facility.

**10.03 Indemnity.**

- (a) Each Party as indemnitor shall defend, save harmless and indemnify the other Party and the directors, officers, employees, and agents of such other Party against and from any and all loss, liability, damage, claim, cost, charge, demand, or expense (including any direct, indirect, or consequential loss, liability, damage, claim, cost, charge, demand, or expense, including attorneys' fees) for injury or death to persons, including employees of either Party, and physical damage to property including property of either Party arising out or in connection with the gross negligence or willful misconduct of the indemnitor relating to its obligations under this Agreement. This indemnity shall apply notwithstanding the active or passive negligence of the indemnitee. However, neither Party shall be indemnified hereunder for its loss, liability, damage, claim, cost, charge, demand or expense to the extent resulting from its sole negligence or willful misconduct.
- (b) Each Party releases and shall defend, save harmless and indemnify the other Party from any and all loss, liability, damage, claim, cost, charge, demand or expense arising out of or in connection with any breach made by the other Party of its representations and warranties in Sections 10.01 and 10.02.
- (c) The provisions of this Section 10.03 shall not be construed to relieve any insurer of its obligations to pay any insurance claims in accordance with the provisions of any valid insurance policy.
- (d) Except as otherwise provided in Sections 10.03(a) and 10.03(e), neither Party shall be liable to the other Party for consequential damages incurred by such other Party.
- (e) Notwithstanding anything to the contrary in this Agreement, if Seller fails to comply with the provisions of Section 10.09, Seller shall, at its own cost, defend, save harmless and indemnify SCE, its directors, officers, employees,

and agents, assigns, and successors in interest, from and against any and all loss, liability, damage, claim, cost, charge, demand, or expense of any kind or nature (including any direct, indirect, or consequential loss, damage, claim, cost, charge, demand, or expense, including attorneys' fees and other costs of litigation), resulting from injury or death to any person or damage to any property, including the personnel or property of SCE, to the extent that SCE would have been protected had Seller complied with all of the provisions of Section 10.09.

The inclusion of this Section 10.03(e) is not intended to create any express or implied right in Seller to elect not to provide the insurance required under Section 10.09.

- (f) Each Party shall indemnify, defend and hold harmless the other Party against any Governmental Charges for which such Party is responsible under Article Nine.
- (g) All indemnity rights shall survive the termination of this Agreement for twelve (12) months.

#### 10.04 Assignment.

Except as provided in Section 6.04, neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed. Any such assignment or delegation made without such written consent shall be null and void.

#### 10.05 Governing Law.

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

#### 10.06 Notices.

All notices, requests, statements or payments shall be made as specified in Exhibit B. Notices (other than scheduling requests) shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service or facsimile. Notice by facsimile or hand delivery shall be effective at the

close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day, unless a different date for the Notice to go into effect is stated in another section of this Agreement. Notice by overnight United States mail or courier shall be effective on the next Business Day after it was sent. A Party may change its designated representatives, addresses and other contact information by providing notice of same in accordance herewith. All notices, requests, statements or payments for this Generating Facility must reference the QFID number set forth on the title page to this Agreement.

#### 10.07 General.

- (a) This Agreement constitutes the entire agreement between the Parties relating to its subject matter.
- (b) This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.
- (c) No amendment or modification to this Agreement shall be enforceable unless reduced to a writing signed by all Parties.
- (d) This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement).
- (e) Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default.
- (f) The term “including” when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation.
- (g) The word “or” when used in this Agreement shall include the meaning “and/or” unless the context unambiguously dictates otherwise.
- (h) The headings used herein are for convenience and reference purposes only. Words having well-known technical or industry meanings shall have such meanings unless otherwise specifically defined herein.
- (i) Where days are not specifically designated as Business Days, they are calendar days.
- (j) This Agreement shall be binding on each Party’s successors and permitted assigns.

- (k) No provision of this Agreement is intended to contradict or supersede any applicable agreement covering transmission, distribution, metering, scheduling or interconnection. In the event of an apparent contradiction between this Agreement and any such agreement, the applicable agreement shall control.
- (l) Whenever this Agreement specifically refers to any law, tariff, government department or agency, regional reliability council, Transmission Provider, or credit rating agency, the Parties hereby agree that the reference shall also refer to any successor to such law, tariff or organization.
- (m) SCE has assigned a “QFID” number to this Agreement for tracking purposes only, and SCE is not requiring that the Generating Facility be a “qualifying facility” for purposes of state or federal law.
- (n) SCE’s obligation to take and pay for electric energy produced by the Generating Facility together with Environmental and Capacity Attributes associated therewith, shall not be affected by any change to or elimination of this RPS Legislation.
- (o) The Parties acknowledge and agree that this Agreement and the transactions contemplated by this Agreement constitute a “forward contract” within the meaning of the United States Bankruptcy Code.

## 10.08 Confidentiality.

The Non-Disclosure Agreement between the Parties attached hereto as Exhibit I is incorporated herein and the termination date of that agreement is modified such that it will terminate on the later of:

- (a) The termination of that Agreement; or
- (b) One year after the date of termination of this Agreement.

## 10.09 Insurance.

- (a) Throughout the Term, Seller shall obtain and maintain in force as hereinafter provided commercial general liability insurance, including contractual liability coverage, with a combined single limit of not less than \$2,000,000 for each occurrence. The insurance carrier or carriers and form of policy shall be subject to review and approval by SCE which approval shall not be unreasonably withheld, conditioned or delayed.

- (b) Before commencement of the Term, as provided in Section 2.03(a), Seller shall:
- (i) Furnish a certificate of insurance to SCE, which certificate shall provide that such insurance shall not be terminated nor expire except on thirty (30) calendar days' prior written Notice to SCE;
  - (ii) Furnish to SCE an additional insured endorsement with respect to such insurance in substantially the following form:

“In consideration of the premium charged, SCE 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. SCE 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 SCE 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.”

#### 10.10 Nondedication.

Notwithstanding any other provisions of this Agreement, neither Party dedicates any of the rights that are or may be derived from this Agreement or any part of its facilities involved in the performance of this Agreement to the public or to the service provided under the Agreement, and such service shall cease upon termination of the Agreement.

#### 10.11 Mobile Sierra.

Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party in seeking, to prospectively or retroactively revise the rates, terms and/or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties.

Further, absent the Parties' prior written agreement, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956).

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\*\*\* End of ARTICLE TEN \*\*\*

**ARTICLE ELEVEN. CHANGE IN ELECTRIC MARKET DESIGN****11.01 Changes Rendering the Agreement Incapable of Performance.**

If a Change in ISO Tariff renders this Agreement or any terms herein incapable of being performed or administered, or results, or could reasonably be forecasted to result, in an ISO Change Cost Payment as defined herein for any Term Year, then either Party, on Notice, may request the other Party to enter into negotiations to make the minimum changes to the Agreement necessary to make the Agreement capable of being performed and administered or to minimize, to the extent possible, ISO Change Cost Payments, while preserving the material benefits, burdens and obligations set forth in the Agreement as of the Effective Date. Upon receipt of a Notice requesting negotiations, the Parties shall negotiate in good faith.

If the Parties are unable, within sixty (60) days of the sending of the Notice requesting negotiations, either to agree upon changes to the Agreement or to resolve issues relating to changes to the Agreement, then either Party may submit issues pertaining to changes to the Agreement to arbitration as provided in Article Twelve.

A change in cost shall not in itself be deemed to render the Agreement or any terms therein incapable of being performed or administered, or constitute, or form the basis of, a Force Majeure Event.

**11.02 Changes Resulting in Costs or Benefits to Seller.****(a) ISO Change Cost.**

As of the Effective Date, it is uncertain how a Change in ISO Tariff may affect ISO charges to Seller or Seller's Actual Revenue.

Hereinafter, the total net incremental changes in ISO charges to Seller and Seller's Actual Revenue for any Term Year as a direct result of a Change in ISO Tariff *in the following specific circumstances* shall be collectively referred to in the aggregate as the "ISO Change Cost":

- (i) Upon the occurrence of congestion on the transmission system, the allocation of available transmission capacity among generators including Seller, impacting Seller's Scheduled Amounts and congestion charges to Seller resulting thereof;
- (ii) The method of calculating, assessing and charging Seller for transmission losses for the delivery of electric energy from the Generating Facility to the Delivery Point, including electrical losses occurring over the ISO Grid, and any changes in Seller's Scheduled



Amounts resulting from the assessment of transmission losses thereto;  
and

- (iii) Changes in, or elimination of, the Participating Intermittent Resource Program.

The procedure for determining an ISO Change Cost is described in Exhibit M. In the event of an inconsistency between this Section 11.02 and Exhibit M concerning the determination of an ISO Change Cost or ISO Change Cost Payment, Exhibit M shall govern.

(b) ISO Change Cost Payment.

It is the intent of the Parties that Seller shall be reimbursed by SCE by the amount of the ISO Change Cost above the ISO Change Cost Threshold Amount if the ISO Change Cost has been a cost to Seller, and SCE shall be paid by Seller by the amount of the ISO Change Cost above the ISO Change Cost Threshold Amount if the ISO Change Cost has been a saving to Seller (collectively, the “ISO Change Cost Payment”). The procedure for calculating the total net incremental change in ISO charges to Seller or Seller’s Actual Revenue during any Term Year associated with an ISO Change Cost and for calculating any payment owed to a Party in respect of an ISO Change Cost is described in Exhibit M. The procedure for addressing disputes related to an ISO Change Cost determination is set forth in Section 11.03 below. In addition, it is the intent of the Parties that SCE be afforded certain rights after a Change in ISO Tariff to mitigate an ISO Change Cost as long as Seller’s Net Revenue is not adversely affected. These mitigation rights, the circumstances in which rights may be exercised and the procedure for exercising such rights are set forth in Section 11.04.

11.03 Procedure for Claiming an ISO Change Cost Payment.

(a) Notice of Claim for an ISO Change Cost Payment.

If either Party believes that it is owed an ISO Change Cost Payment for any Term Year, it shall, on or before the sixtieth (60<sup>th</sup>) day after the end of the Term Year, provide Notice to the other Party of its claim for the ISO Change Cost Payment. Such a Notice must include the Party’s explanation for its claim that a Change In ISO Tariff has occurred, the Party’s calculation supporting its ISO Change Cost Payment claim in accordance with Exhibit M, and annotated work papers and source data supporting the Party’s calculation.

(b) Payment of Claim.

Within forty-five (45) days from the date Notice of an ISO Change Cost Payment is provided pursuant to this Section 11.03, a Party receiving a claim for an ISO Change Cost Payment shall either:

- (i) Pay the claim; or
- (ii) Provide Notice to the claiming Party that it disputes the claim and pay any portion of the claim which it does not dispute. The Party's Notice that it disputes the claim shall set forth in detail the reason for its dispute, and shall include the disputing Party's calculation of the ISO Change Cost and any ISO Change Cost Payment in accordance with Exhibit M as well as annotated work papers and source data supporting the disputing Party's calculations.

(c) Disputed Claims.

The Parties shall negotiate in good faith to resolve any dispute regarding a claim for the ISO Change Cost Payment and shall, as part of such good faith negotiations, promptly provide information or data relevant to the dispute as they each may possess which is requested by the other Party. Such information may be provided pursuant either to the Non-Disclosure Agreement attached as Exhibit I or to such other agreement that the Parties shall negotiate to provide reasonable protection for their confidential business information or trade secrets.

If the Parties are unable to resolve a dispute regarding a claim for the ISO Change Cost Payment within forty-five (45) days of the sending of Notice by the disputing Party pursuant to this Section 11.03, either Party may submit the dispute to arbitration as provided in Article Twelve.

11.04 SCE's Mitigation Rights.

(a) Mitigation Rights.

After a Change in ISO Tariff, SCE shall have the rights (individually, or in any combination, the "SCE Mitigation Rights"), subject to the limitations set forth below in Section 11.04(b) to:

- (i) Make any decisions regarding Seller's bids into ISO-administered markets in order to:

- 1) Minimize SCE cost exposure to any ISO Change Cost Payment to Seller with respect to this Article 11 and Exhibit M, and, if applicable; and
- 2) Minimize Seller's cost exposure with respect to Article 11 and Exhibit M,

which decision-making right shall become effective upon SCE providing to Seller three (3) Business Days Notice; *provided, however*, SCE's Mitigation Rights shall be employed such that:

- 3) Any changes in ISO charges or Seller's Actual Revenue, as described in Section 11.02(a) as a result of the exercise of SCE's Mitigation Rights be accounted for in any calculation to be made pursuant to Exhibit M;
  - 4) Prior to giving the above-described Notice of its intent to exercise decision-making rights, SCE shall make commercially reasonable efforts to consult with Seller regarding an bidding strategy; and
  - 5) SCE shall not exercise its decision-making right in a manner that causes Seller to experience any adverse financial effect in excess of the ISO Change Cost Threshold Amount as a direct result of SCE exercising such decision-making rights for which Seller shall not be compensated under Sections 11.02 and 11.03.
- (ii) If SCE is not satisfied that its bids are being implemented by Seller in a cost effective manner in accordance with SCE's instructions, become Seller's Scheduling Coordinator in replacement of any person or entity providing Scheduling Coordinator services for Seller, which Scheduling Coordinator change shall become effective upon SCE providing to Seller forty-five (45) days Notice.

(b) Limitations to Exercising Mitigation Rights.

SCE may exercise the SCE Mitigation Rights only if, in addition to a Change in ISO Tariff, any of the following occurs:

- (i) SCE makes an ISO Change Cost Payment to Seller for any Term Year in excess of fifty thousand dollars (\$50,000) and the Notice of exercise of SCE's Mitigation Rights pursuant to Section 11.04(a) is provided

within one hundred twenty (120) days from the date of such ISO Change Cost Payment;

- (ii) If SCE forecasts that it will be required to make an ISO Change Cost Payment to Seller for any Term Year in excess of seventy-five thousand dollars (\$75,000); or
  - (iii) If SCE forecasts that it will be required to make an ISO Change Cost Payment to Seller for any Term Year in excess of fifty thousand dollars (\$50,000), and PIRP has been eliminated or materially modified and there is no successor program to PIRP that is substantially equivalent to PIRP acceptable to both Parties.
- (c) Procedures for Exercising Mitigation Rights.

Any Notice of SCE's exercise of the SCE Mitigation Rights shall set forth the basis for SCE's determination that one or more of the circumstances set forth in Section 11.04(b) has occurred, including SCE's calculation of any actual or forecast ISO Change Cost Payment, along with annotated workpapers and source data supporting SCE's calculation.

If SCE provides Notice that it is exercising the SCE Mitigation Rights to become Seller's Scheduling Coordinator:

- (i) SCE shall reimburse Seller for any cost or liability to Seller up to a maximum amount of twenty five thousand dollars (\$25,000) associated with the termination of Seller's arrangements with its then-existing Scheduling Coordinator and its transition of its Scheduling Coordinator relationship to SCE;
- (ii) The Parties shall promptly enter into a Scheduling Coordinator agreement that is acceptable to both Parties containing substantially similar terms and conditions including, without limitation, cost of service terms, as those in effect between Seller and its Scheduling Coordinator at the time Notice is given and including the obligation for the party acting as the Scheduling Coordinator to use good faith and commercially reasonable efforts to maximize Seller's Net Revenue; and
- (iii) Seller shall pay SCE for ISO PIRP Charges or, if PIRP has been eliminated for charges equivalent to those that it would have paid under PIRP; *provided that*, such costs are not included in other ISO charges which are being paid by Seller.

(d) Scheduling Decisions upon Exercising Mitigation Rights.

In the event SCE elects to become Seller's Scheduling Coordinator, the following shall apply:

- (i) If the PIRP program still exists, SCE shall submit the PIRP forecast for the Generating Facility as Seller's schedule.
- (ii) If the PIRP Program is eliminated, SCE shall base its Scheduling decisions upon the output of a computer model developed by a third party acceptable to both Parties, and using input data sources acceptable to both Parties.

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\*\*\* *End of ARTICLE ELEVEN* \*\*\*

**ARTICLE TWELVE.            ARBITRATION**

The Parties agree that any and all disputes, claims or controversies arising out of, relating to, concerning or pertaining to the terms of this Agreement which disputes, claims or controversies the Parties have been unable to resolve by informal methods after undertaking a good faith effort to do so, shall be submitted for final and binding arbitration under the procedures described in this section. The arbitration shall be initiated by making a written demand for binding arbitration before a single, neutral arbitrator (the "Arbitrator") which may be made at any time following the unsuccessful conclusion of informal good faith dispute resolution efforts, including those informal good faith resolution efforts required by Sections 3.04(b), 3.17(c), 11.01, and 11.03(c).

The Parties will cooperate with one another in promptly selecting the Arbitrator and shall further cooperate in scheduling the arbitration to commence no later than one hundred eighty (180) days from the date of the initial written demand for binding arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually acceptable Arbitrator, the Arbitrator shall be appointed as provided for in California Code of Civil Procedure Section 1281.6.

Upon a Party's written demand for binding arbitration, such dispute, claim or controversy submitted to arbitration, including the determination of the scope or applicability of this Agreement to arbitrate shall be determined by binding arbitration before the Arbitrator, in accordance with the laws of the State of California, without regards to principles of conflicts of laws.

Except as provided for herein, the arbitration shall be conducted by the Arbitrator in accordance with the rules and procedures for arbitration of complex business disputes for the organization with which the Arbitrator is associated; absent the existence of such rules and procedures, the arbitration shall be conducted in accordance with the California Arbitration Act, California Code of Civil Procedure Section 1280 *et seq.*

However, notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, the place of the arbitration shall be in Los Angeles County, California and all direct testimony in the arbitration shall be submitted in the form of affidavits or declarations under penalty of perjury.

In addition, to the extent that the arbitration is conducted in accordance with the California Arbitration Act, the Parties hereby incorporate Section 1283.05 of the California Code of Civil Procedure, except that each side in the arbitration shall be entitled to take a maximum of three depositions.

Each Party shall cooperate in making available for cross-examination at the arbitration hearing its witnesses whose direct testimony has been so submitted. Judgment on the award may be entered in any court having jurisdiction.

The Arbitrator shall, in any award, allocate all of the costs of the binding arbitration (other than each Party's individual attorneys' fees and costs related to the Party's participation in the arbitration, which fees and costs shall be borne by such Party), including the fees of the Arbitrator, against the Party who did not prevail. Until such award is made, however, the Parties shall share equally in paying the costs of the arbitration.

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*\*\*\* End of ARTICLE TWELVE \*\*\**

**Southern California Edison**

*Confidential Information*

*QFID# 6307, Aero Energy L.L.C.*

In WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Effective Date first written:

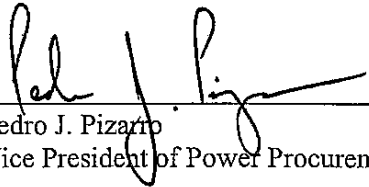
**AERO ENERGY L.L.C.,**  
a California limited liability  
company

**SOUTHERN CALIFORNIA EDISON  
COMPANY,** a California corporation

By: WESTERN WIND ENERGY  
CORPORATION, a British Columbia corporation

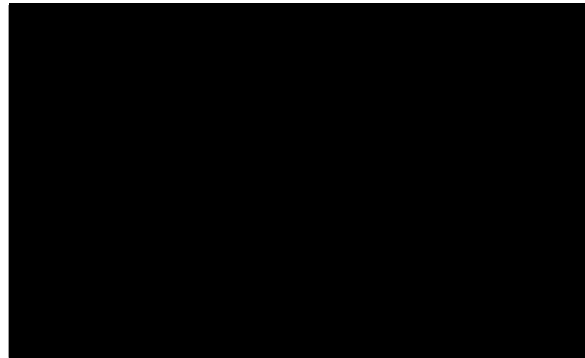
Its sole Member

By: \_\_\_\_\_  
Jeffrey Ciachurski  
President

By:   
Pedro J. Pizarro  
Vice President of Power Procurement

Date: \_\_\_\_\_

Date: 3/8/2005





QFID# 6307, Aero Energy L.L.C.

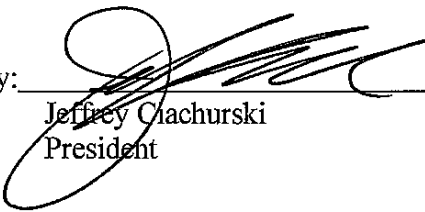
In WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Effective Date first written:

**AERO ENERGY L.L.C.,**  
a California limited liability  
company

**SOUTHERN CALIFORNIA EDISON  
COMPANY,** a California corporation

By: WESTERN WIND ENERGY  
CORPORATION, a British Columbia corporation

Its sole Member

By:   
Jeffrey Ciachurski  
President

By: \_\_\_\_\_  
Pedro J. Pizarro  
Vice President of Power Procurement

Date: MARCH 7, 2005

Date: \_\_\_\_\_

**EXHIBIT A****GENERATING FACILITY AND SITE DESCRIPTION****1. Generating Facility Description.**

The Generating Facility will consist of an array of wind turbine generators. Each wind turbine will include:

- (a) A single speed asynchronous induction generator with a nameplate capacity of 1 to 1.65 MW;
- (b) A gearbox;
- (c) A variable pitch, three bladed rotor assembly;
- (d) An 80 meter hub height;
- (e) An on-board microprocessor controller;
- (f) An 80-meter tubular steel tower; and
- (g) A meteorological station.

Three-phase electric energy will be generated at 600 volts and transmitted through low voltage power cables to pad-mounted 600volt/34.5kV step-up transformers located at the base of each wind turbine tower. The high side of each pad-mounted transformer will be connected through underground cables to a substation that will interconnect the Generating Facility with the high voltage electric power transmission system.

The Generating Facility will be equipped with a computerized Supervisory Control and Data Acquisition (“SCADA”) system which will be connected to each wind turbine controller. The SCADA system will allow operators located within Seller’s regional operations and maintenance facility to remotely operate each individual wind turbine and to monitor the output of the Generating Facility as a whole. It will also gather, archive, and report data from each wind turbine generator and for each wind turbine meteorological station. The wind turbines are self starting and can be started and stopped remotely via SCADA system.

Wind turbine towers will be accessed by a network of compacted gravel access roadways.

2. Site Description.

Real property located in Kern County, California and identified by the following assessor parcel numbers:

237-211-07

237-211-08

237-064-15

237-064-18

237-211-01

237-064-35

237-211-05

237-211-06

237-064-21

237-064-06

237-063-18

237-063-19

237-064-11

237-211-17

237-201-08-00-0

237-064-13

237-201-04-00-3

237-201-09-00-8

**EXHIBIT B**  
**NOTICE LIST**

<p><b>Name:</b> <b>AERO ENERGY L.L.C.</b> <b>(“Seller”)</b></p>	<p><b>Name:</b> <b>SOUTHERN CALIFORNIA EDISON COMPANY</b> <b>(“SCE” )</b></p>
<p>All Notices are deemed provided in accordance with Section 10.06 if made to the address and/or facsimile numbers provided below:</p>	<p>All Notices are deemed provided in accordance with Section 10.06 if made to the address and/or facsimile numbers provided below:</p>
<p>c/o [REDACTED] Street: [REDACTED] City: [REDACTED] Attn: [REDACTED] Email: [REDACTED]</p>	<p>Street: [REDACTED] City: [REDACTED] Attn: [REDACTED] Email: [REDACTED]</p>
<p>Phone: [REDACTED] Facsimile: [REDACTED] Duns: [REDACTED] Federal Tax ID Number: [REDACTED]</p>	<p>Phone: [REDACTED] Facsimile: [REDACTED] Duns: [REDACTED] Federal Tax ID Number: [REDACTED]</p>
<p><b>Contract Administration:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>	<p><b>Contract Administration:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>
<p><b>Invoices:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>	<p><b>Invoices:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>

<p><b>Scheduling:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>	<p><b>Day Ahead Scheduling:</b> Attn: [REDACTED]  Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p> <p><b>Real Time Scheduling:</b> Attn: [REDACTED] [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>
<p><b>Payments:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>	<p><b>Payments:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>
<p><b>Wire Transfer:</b> BNK: [REDACTED] ABA: [REDACTED] ACCT: [REDACTED]</p>	<p><b>Wire Transfer:</b> BNK: [REDACTED] ABA: [REDACTED] ACCT: [REDACTED]</p>
<p><b>Credit and Collections:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>	<p><b>Manager of Credit and Collateral:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>

<p><b>With additional Notices of an Event of Default or Potential Event of Default to:</b></p> <p>Attn: [REDACTED]</p> <p>Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>	<p><b>With additional Notices of an Event of Default or Potential Event of Default to:</b></p> <p>Attn: [REDACTED]</p> <p>Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]</p>
<p><b>Lender:</b></p> <p>Attn: To Be Determined</p> <p>Phone: Facsimile: Email:</p>	<p><b>Generation Operations Center:</b></p> <p>Phone: [REDACTED] Phone: [REDACTED]</p>
<p><b>Guarantor:</b></p> <p>Attn: As of the Effective Date, not applicable.</p> <p>Phone: Facsimile: Email:</p>	<p><b>IVR Scheduling:</b></p> <p>Phone: [REDACTED]</p>

**EXHIBIT C****SCHEDULING REQUIREMENTS AND PROCEDURES  
FOR WIND POWER GENERATING FACILITIES**1. Introduction.

The Parties shall abide by the Scheduling requirements and procedures described below and shall make reasonable changes to these requirements and procedures from time-to-time, as necessary to:

- (a) Comply with ISO Tariff changes;
- (b) Accommodate changes to their respective generation technology and organizational structure; and
- (c) Address changes in the operating and scheduling procedures of both SCE and the ISO, including but not limited to, automated schedule and outage submissions.

2. Procedures That Apply Regardless of Generating Facility PIRP Status or Participation.

## (a) Introduction.

These procedures apply to all wind powered Generating Facilities regardless of PIRP status or the Generating Facility's participation in the PIRP. In general, Generating Facilities must meet all of the following requirements before Scheduling with SCE.

## (b) Information Exchange.

Seller shall provide to SCE information regarding Seller's Scheduling Coordinator ("SC") at least thirty (30) days before the expected commencement of the Term, or any change in Seller's SC. This information shall include the:

- (i) SC's name.
- (ii) SC's SCID as assigned by the ISO (e.g., SCE's ID is "SCE1").

Seller's SC and SCE shall then exchange their appropriate contact information including: names of authorized scheduling personnel, phone number, FAX numbers and e-mail addresses.

(c) SC-to-SC Trade Procedures.

Scheduling between the Parties will be via Scheduling Coordinator Trades (“SC-to-SC Trades”), as specified below:

- (i) Unless otherwise agreed, SCE requires telephonic notification of all Day-Ahead and Hour-Ahead schedules, followed by written electronic confirmation (e-mail preferred, FAX accepted).
- (ii) Day-Ahead Schedules shall be communicated to SCE's Day-Ahead Group no later than 8:30 a.m. the day prior to the effective date of the Schedule.
- (iii) Hour-Ahead schedules shall be communicated to SCE's Real-Time Group no later than ½ hour prior to the ISO's Hour-Ahead scheduling deadline.
- (iv) The SC-to-SC Trade quantity must match the Generating Facility Schedule.

3. Procedures That Apply After the Generating Facility Has Met All Requirements for PIRP Monthly Balancing.

(a) Introduction.

These procedures apply to wind powered Generating Facilities that have met all ISO requirements for monthly balancing as stated in the ISO Tariff and the ISO Eligible Intermittent Resources Protocol (“EIRP”), or its successor protocol.

(b) Advisory Month-Ahead Forecast.

Seller shall provide SCE an electronic file containing a non-binding rolling thirty (30) day estimate of hourly Schedules for the Generating Facility, beginning at least thirty (30) days before the expected commencement of the Term. These files shall:

- (i) Be constructed using reasonable file formats, templates, and logical file-naming conventions, as agreed to by the Parties.
- (ii) Include Seller's contact information.



- (iii) Be sent to [esmstpoutage@sce.com](mailto:esmstpoutage@sce.com), with a copy to [presched@sce.com](mailto:presched@sce.com), or as otherwise instructed by SCE.
  - (iv) Be updated by close of business each Wednesday.
- (c) Communication of Day-Ahead PIRP Forecast.

Seller's SC shall communicate to SCE the ISO's Day-Ahead PIRP forecast as soon as practicable after the SC extracts it from the ISO Web site, but no later than 8:30 a.m. the day prior to the effective date of the schedule change. If the ISO fails to publish a Day-Ahead Forecast prior to 8:30 am, then SCE and the Seller's SC will agree upon a SC-SC trade to act as a Schedule for Day-Ahead balancing purposes only. This forecast is non-binding and subject to change in the Hour-Ahead market.

- (d) Communication of Hour-Ahead PIRP Schedule.

Seller's SC shall communicate to SCE the ISO's Hour-Ahead PIRP Schedule thirty (30) minutes prior to the close of the Hour Ahead market. If the ISO fails to publish an Hour-Ahead Forecast prior to fifteen (15) minutes before the close of the Hour-Ahead market, then SCE and the Seller's SC will agree upon a SC-SC trade to act as a Schedule for Hour-Ahead balancing purposes.

4. Procedures That Apply If the Generating Facility Has *Not* Met All Requirements for PIRP Monthly Balancing.

- (a) Introduction.

These procedures apply to wind powered Generating Facilities before they have met all ISO requirements for monthly balancing stated in the ISO's Tariff and the EIRP (or its successor protocol) and to wind powered Generating Facilities if the PIRP (or a successor program) is not available.

- (b) Seller shall provide SCE an electronic file containing a non-binding rolling thirty (30) day estimate of hourly Schedules for the Generating Facility, beginning at least thirty (30) days before the expected commencement of the Term. These files shall:
- (i) Be constructed using reasonable file formats, templates, and logical file-naming conventions, as agreed to by the Parties.
  - (ii) Include Seller's contact information.

- (iii) Be sent to [esmstpoutage@sce.com](mailto:esmstpoutage@sce.com), with a copy to [presched@sce.com](mailto:presched@sce.com), or as otherwise instructed by SCE.
- (iv) Be updated by close of business each Wednesday.
- (c) Small Scheduling Changes.

Seller shall limit hour-to-hour Schedule changes to no less than 250 kW.

- (d) Notification of SC-to-SC Trade Schedule Amounts.

Seller shall notify SCE in writing (e-mail or fax) of the hourly Delivered Amounts Seller has instructed its SC to schedule Day-Ahead, by the Day-Ahead notification deadline.

5. Meteorological Equipment and Reporting Requirements.

Seller shall install and maintain a stand-alone meteorological station at the Generating Facility to monitor and report weather data to both the ISO and SCE (and shall continue to transmit such data to SCE if the PIRP program is discontinued and there is no ISO successor program). The meteorological station shall be installed at least sixty (60) days before the date on which the Term is expected to commence and shall be equipped with instruments and equipment typically used in the wind industry to continuously monitor weather conditions at a wind resource site.

The station shall be designed to collect and record data in accordance with ISO EIRP 4. Data reports shall be formatted in a manner consistent with the ISO requirements published on the ISO internet home page. Telemetry equipment shall be designed to function in accordance with ISO EIRP 3. The station shall be equipped to measure and record the minimum data required by the ISO, in the manner specified by the ISO.

Seller shall submit to the ISO and SCE for review and approval, its technical specification for the meteorological station along with a site plan showing the location of the station, the location of all wind turbines and the wind rose for the Site.

If the ISO or SCE reasonably concludes that the permanent meteorological station does not provide sufficient data to accurately forecast the Generating Facility's Metered Amounts, Seller shall install, at Seller's expense, an additional meteorological station at another Generating Facility location in accordance with the technical and scheduling requirements established by the ISO.

Seller shall install additional meteorological stations at the Generating Facility, as may be required by SCE, at SCE's expense, provided that such station shall not interfere with the Operation of the Generating Facility.

6. Outage Scheduling Procedures.

Seller shall be responsible for all expenses and costs associated with all requirements and timelines for generation outage scheduling contained in the ISO's Scheduled and Forced Outage Procedure T-113 as posted on the ISO's website.

**EXHIBIT D**

**PAYMENT ADJUSTMENTS FOR SCHEDULING DEVIATIONS BY SELLER**

In accordance with the provisions of Section 4.02(c), if in any Settlement Interval, a Generating Facility's Scheduled Amounts deviate from the Generating Facility's Delivered Amounts by more than plus or minus three percent ( $\pm 3\%$ ) of the Generating Facility's Delivered Amounts, then Seller shall be subject to a payment adjustment calculated by SCE in accordance with the procedures and formulae set forth below.

(1) Under Scheduling Adjustment.

If during any Settlement Interval;

- (a) The Scheduled Amount is less than ninety-seven percent (97%) of the Delivered Amount, and
- (b) The Market Price is greater than the time-differentiated Energy Price payable during the Settlement Interval;

Then Seller's monthly payment amount shall be reduced by each Under-Scheduling Settlement Interval Adjustment Amount calculated by the following formula:

UNDER-SCHEDULING SETTLEMENT INTERVAL ADJUSTMENT AMOUNT =

$$[A - B] \times [D - (C \times E)]$$

- Where A = The Delivered Amount in the Settlement Interval being calculated.
- B = The Scheduled Amount in the Settlement Interval being calculated.
- C = Energy Price specified in Special Condition D to this Agreement in \$/kWh (i.e., \$/MWh/1000) payable during the Settlement Interval being calculated.
- D = Market Price for the Settlement Interval being calculated in \$/kWh.
- E = Energy Payment Allocation Factor applicable to the Settlement Interval being calculated.

No under-scheduling adjustment shall be assessed against Seller for a Settlement Interval in which the Scheduled Amount is less than the Delivered Amount if, during

such Settlement Interval, the Market Price is equal to or less than the time-differentiated Energy Price payable during the Settlement Interval.

(2) Over Scheduling Adjustment.

If during any Settlement Interval;

- (a) The Scheduled Amount is greater than one hundred three percent (103%) of the Delivered Amount, and
- (b) The Market Price is less than the time-differentiated Energy Price payable during the Settlement Interval;

Then Seller's monthly payment amount shall be reduced by each Over-Scheduling Settlement Interval Adjustment Amount calculated by the following formula:

OVER-SCHEDULING SETTLEMENT INTERVAL ADJUSTMENT AMOUNT =

$$[B - A] \times [(C \times E) - D]$$

Where A = The Delivered Amount in the Settlement Interval being calculated.

B = The Scheduled Amount in the Settlement Interval being calculated.

C = Energy Price specified in Special Condition D to this Agreement in \$/kWh (i.e., \$/MWh/1000) payable during the Settlement Interval being calculated

D = Market Price for the Settlement Interval being calculated in \$/kWh.

E = Energy Payment Allocation Factor applicable to the Settlement Interval being calculated.

No over-scheduling adjustment shall be assessed against Seller for a Settlement Interval in which the Scheduled Amount is greater than the Delivered Amount if, during such Settlement Interval, the Market Price is greater than or equal to the time-differentiated Energy Price payable during the Settlement Interval.

**EXHIBIT E****ENERGY REPLACEMENT DAMAGE AMOUNT**

In accordance with the provisions of Section 3.04, if in any Term Year Seller fails to meet Seller's Energy Delivery Obligation;

Then Seller shall be subject to an Energy Replacement Damage Amount penalty calculated as follows:

ENERGY REPLACEMENT DAMAGE AMOUNT =

$$[(A - B - C) \times (D - E)] - [F + G + H]$$

Where:

- A = Seller's Energy Delivery Obligation in kWh.
- B = Sum of Metered Amounts over the relevant twenty-four (24) month period in kWh.
- C = Sum of Lost Output over the relevant twenty-four (24) month period in kWh.
- D = Simple average of the Market Price for all Settlement Intervals in the twenty-four (24) month period in \$/kWh.
- E = Energy Price in \$/kWh (i.e., \$/MWh/1000).
- F = Energy Replacement Damage Amount calculated at the end of the previous Term Year, if any, in dollars.
- G = Warranty Availability Lost Production Payments made by Seller for the current Term Year, if any, in dollars.
- H = Warranty Availability Lost Production Payments made by Seller for the previous Term Year, if any, in dollars.

Notes:

- 1) In the above calculation, the result of "(D - E)" shall not be greater than five cents (\$0.05) per kWh or less than two cents (\$0.02) per kWh.
- 2) If the result of the calculation above is zero or less, Seller shall not be obligated to pay an Energy Replacement Damage Amount. In no event shall SCE pay an Energy Replacement Damage Amount.

*The contents of this document are subject to a Non-Disclosure Agreement and shall not be disclosed.*

**EXHIBIT F**  
**SELLER’S MILESTONE SCHEDULE**

<i>No.</i>	<i>Date</i>	<i>Milestones</i>
1	09/01/05	Submits Generation and Interconnection application.
2	03/15/05	Files any land applications.
3	N/A	Files a Conditional Use Permit application.
4	10/30/06	Files a CEC Certification and Verification application.
5	12/31/05	Receives a completed System Impact Study.
6	03/31/05	Obtains control of all lands and rights-of-way comprising the Site.
7	12/31/06	Receives CEC Certification and Verification.
8	12/31/05	Receives a completed Facility Study.
9	12/01/05	Executes a Transmission Owner Tariff and / or applicable service agreement.
10	TBD	Receives FERC acceptance of Interconnection Agreement and transmission agreement(s).
11	N/A	Receives a Conditional Use Permit.
12	Inclusive in Item 13	Files Construction Permit application.
13	12/31/05	Executes an Engineering, Procurement and Construction (“EPC”) contract.
14	Inclusive in Item 13	Receives a Construction Permit.
15	01/31/06	Completes Financing.
16	01/31/06	Begins construction of the Generating Facility.
17	07/31/06	Begins startup activities.
18	08/31/06	Achieves Initial Operation.
19	09/30/06	Demonstrates the Nameplate Contract Capacity.

**EXHIBIT G****MILESTONE PROGRESS REPORTING FORM**

Seller shall prepare a written report each month on its progress relative to the development construction and startup of the Generating Facility and the Milestone Schedule. The report shall be sent via email in the form of a single Adobe Acrobat file or facsimile to SCE's Contract Administrator, as noted in Exhibit B, on the fifth (5<sup>th</sup>) Business Day of each month. Seller's Milestone Progress Reporting requirement shall begin on the first day of the second full calendar month after the Effective Date of this Agreement and shall end upon Sellers receipt, or forfeiture of its Development Fee.

Each Milestone Progress Report shall include the following items:

1. Cover page.
2. Brief Generating Facility description.
3. Site plan of the Generation Facility.
4. Description of any planned changes to the Generating Facility and Site Description in Exhibit A.
5. Bar chart schedule showing progress on achieving the Milestone Schedule.
6. PERT or GANT chart showing critical path schedule of major items and activities.
7. Summary of activities during the previous month.
8. Forecast of activities scheduled for the current month.
9. Written description about the progress relative to Seller's Milestone Schedule.
10. List of issues that could potentially impact Seller's Milestone Schedule.
11. Enumeration and schedule of any support or actions requested of SCE.
12. Progress and schedule of all agreements, contracts, permits, approvals, technical studies, financing agreements and major equipment purchase orders showing the start dates, completion dates, and completion percentages.
13. A status report of start-up activities including a forecast of activities ongoing and after start-up, a report on Generating Facility performance including performance projections for the next twelve (12) months.



**EXHIBIT H**  
**FORM OF GUARANTY AGREEMENT**

1. Guaranty.

For valuable consideration, [Guarantor's legal name], [legal status] ("Guarantor") unconditionally guarantees payment to Southern California Edison Company, a California corporation ("Beneficiary"), its successors and assigns, of all amounts owed to Beneficiary by [Seller's legal name], [legal status] ("Principal") under that certain Renewable Power Purchase and Sale Agreement between Beneficiary and Principal dated [date], as amended from time to time ("Agreement"). Upon the failure or refusal by Principal to pay any amounts owed to Beneficiary by Principal under the Agreement (the "Obligations"), the Beneficiary may make a demand upon the Guarantor. Such demand shall be in writing and shall state the amount Principal has failed to pay and an explanation of why such payment is due, with a specific statement that Beneficiary is calling upon Guarantor to pay under this Guaranty. Guarantor shall promptly, but in no event less than ten Business Days following demand by Beneficiary, pay such Obligations in immediately available funds. A payment demand satisfying the foregoing requirements shall be deemed sufficient Notice to Guarantor that it must pay the Obligations. Other than such demand for payment, the Guarantor hereby expressly waives all Notices between the Beneficiary and the Principal including without limitation all Notices with respect to the Agreement and this Guaranty, and any Notice of credits extended and sales made by the Beneficiary to the Principal, and all other Notices whatsoever. The liability of Guarantor hereunder is a continuing guaranty of payment when any amount is owing without regard to whether recovery may be or has become barred by any statute of limitations or otherwise may be unenforceable.

2. Guaranty Limit.

The liability of Guarantor hereunder shall not exceed at any one time the sum of [dollar amount] in the aggregate, which amount shall include all interest that has accrued on any amount owed hereunder, to be paid to Beneficiary, its successors and assigns, and Guarantor hereby binds itself, its heirs, executors, administrators, successors and assigns, jointly and severally. In addition to the amounts for which payment is guaranteed hereunder, Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses incurred by Beneficiary in enforcing this Guaranty or in any action or proceeding arising out of or relating to this Guaranty.

3. Independent Liability.

The obligations of Guarantor hereunder are independent of the obligations of Principal. The liability of Guarantor hereunder is independent of any other guaranty of payment received by Beneficiary in connection with the Agreement and is not affected or impaired by any dissolution, reorganization, or insolvency of Principal, or any payment to Beneficiary by Principal that Beneficiary subsequently returns to Principal pursuant to court order in any bankruptcy or other debtor-relief proceeding, or any indemnity agreement Principal may have from any party.

4. Termination; Reinstatement.

- (a) The term of this Guaranty is continuous unless terminated in accordance with the following requirements. This Guaranty may be terminated with regard to future transactions; provided that, Guarantor must provide Beneficiary with written Notice of such termination, and any such termination shall become effective no earlier than sixty (60) calendar days from the date Beneficiary receives such written Notice from Guarantor. Unless otherwise agreed in writing by Beneficiary, no such Notice or termination shall release Guarantor from any liability as to any amount or performance that is at the time owing under the Agreement.
- (b) Notwithstanding the provisions of Section 4(a) hereof, this Guaranty shall be reinstated if at any time following the termination of this Guaranty under Section 4(a) hereof, any payment by Guarantor under this Guaranty or pursuant hereto is rescinded or must otherwise be returned by the Beneficiary or other person upon the insolvency, bankruptcy, reorganization, dissolution or liquidation of Principal, Guarantor or otherwise, and is so rescinded or returned to the party or parties making such payment, all as though such payment had not been made. Such period of reinstatement shall continue until satisfaction of the conditions contained in, and shall continue to be subject to, the provisions of Sections 4(a) hereof.

5. Subrogation.

The Guarantor shall be subrogated to all rights of the Beneficiary against Principal in respect of any amounts paid by the Guarantor pursuant to the Guaranty, provided that the Guarantor waives any rights it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of the Beneficiary against Principal or any collateral which the Beneficiary now has or

acquires, until all of the Obligations shall have been irrevocably paid to the Beneficiary in full. If (a) the Guarantor shall have performed and made payment to the Beneficiary of all or any part of the Obligations and (b) all the Obligations shall have been irrevocably paid in full, the Beneficiary shall, at the Guarantor's request and expense, execute and deliver to the Guarantor appropriate documents necessary to evidence the transfer by subrogation to the Guarantor of any interest in the Obligations resulting from such payment by the Guarantor.

If any amount shall be paid to Guarantor on account of such subrogation, reimbursement, contribution or indemnity rights at any time when all the Obligations guaranteed hereunder shall not have been indefeasibly paid in full, Guarantor shall hold such amount in trust for the benefit of Beneficiary and shall promptly pay such amount to Beneficiary.

6. Waivers of Notices and Defenses by Guarantor.

- (a) Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability under this agreement or the enforcement of this agreement.
- (b) Guarantor waives any right to require Beneficiary to:
  - (i) Proceed against Principal;
  - (ii) Proceed against or exhaust any security held from Principal or any other party acting under a separate agreement; or
  - (iii) Pursue any other remedy available to Beneficiary.
- (c) Beneficiary may, at its election, foreclose on any security held by Beneficiary, whether or not the means of foreclosure is commercially reasonable, or exercise any other right or remedy available to Beneficiary without affecting or impairing in any way the liability of Guarantor under this agreement, except to the extent the amount(s) owed to Beneficiary by Principal have been paid.
- (d) Guarantor waives all rights and defenses arising out of an election of remedies by Beneficiary, even though that election of remedies may impair or destroy Guarantor's rights of subrogation and reimbursement against Principal by operation of Section 580d of the California Code of Civil Procedure or otherwise.

- (e) Until all amounts owed by Principal to Beneficiary are paid in full, Guarantor shall have no right of subrogation, waives any right to enforce any remedy that Beneficiary has or may have against Principal, and waives any benefit or and any right to participation in any security from Principal now or later held by Guarantor.
- (f) Guarantor assumes all responsibility for keeping itself informed of Principal's financial condition and all other factors affecting the risks and liability assumed by Guarantor hereunder, and Beneficiary shall have no duty to advise Guarantor of information known to it regarding such risks.

7. No Waiver of Rights by Beneficiary.

No right or power of Beneficiary under this agreement shall be deemed to have been waived by any act or conduct on the part of Beneficiary, or by any neglect to exercise a right or power, or by any delay in doing so, and every right or power of Beneficiary hereunder shall continue in full force and effect until specifically waived or released in a written document executed by Beneficiary.

8. Assignment, Successors and Assigns.

This Guaranty shall be binding upon Guarantor, its successors and assigns, and shall inure to the benefit of, and be enforceable by, the Beneficiary, its successors, assigns and creditors, and can be modified only by a written instrument signed by the Beneficiary and the Guarantor. The Beneficiary shall have the right to assign this Guaranty to any person or entity without the prior consent of the Guarantor; provided, however, that no such assignment shall be binding upon the Guarantor until it receives written Notice of such assignment from the Beneficiary. The Guarantor shall have no right to assign this Guaranty or its obligations hereunder without the prior written consent of the Beneficiary, which shall not be unreasonably withheld. Any reasonable uncertainty on the part of the Beneficiary concerning the ability on the part of any potential assignee of the Guarantor to carry out the Guarantor's obligations hereunder shall be considered a reasonable basis for withholding consent, unless and until the potential assignee can satisfy the Beneficiary, in its sole discretion, that the assignee is capable of performing the obligations of the Guarantor hereunder.

9. Representations of Guarantor.

Guarantor hereby represents and warrants that:

- (a) It is a corporation duly organized, validly existing and in good standing in all necessary jurisdictions and has full power and authority to execute, deliver and perform this Guaranty;
- (b) It has taken all necessary actions to execute, deliver and perform this Guaranty;
- (c) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws effecting creditors' rights generally and to general equitable principles;
- (d) Execution, delivery and performance by Guarantor of this Guarantee does not conflict with, violate or create a default under any of its governing documents, any agreement or instruments to which it is a party or to which any of its assets is subject or any applicable law, rule, regulation, order or judgment of any governmental authority; and
- (e) All consents, approvals and authorizations of governmental authorities required in connection with Guarantor's execution, delivery and performance of this Guaranty have been duly and validly obtained and remain in full force and effect.

10. Governing Law.

This agreement is made under and shall be governed in all respects by the laws of the State of California, without regard to conflict of law principles, and its provisions may not be waived, altered, modified or amended except in writing executed by an officer of each of Guarantor and Beneficiary. If any provision of this Guaranty is held invalid under the laws of California, this agreement shall be construed as though the invalid provision has been deleted, and the rights and obligations of the parties shall be construed accordingly.

11. Construction.

All parties to this agreement are represented by legal counsel. The terms of this agreement and the language used in this agreement shall be deemed to be the terms and language chosen by the parties hereto to express their mutual intent. This agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument or any portion thereof to be

drafted, or in favor of the party receiving a particular benefit under this agreement. No rule of strict construction will be applied against any person.

12. Amendment; Severability.

Neither this Guaranty nor any of the terms hereof may be terminated, amended, supplemented or modified, except by an instrument in writing executed by an authorized representative of each of Guarantor and Beneficiary. If any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

13. Third Party Rights.

This Guaranty shall not be construed to create any rights in any person other than Guarantor and Beneficiary and their respective successors and permitted assigns.

14. Notice.

Any notice given hereunder by either Guarantor or Beneficiary shall be made by facsimile to the person and at the address for Notices specified below (with Notices to Guarantor sent to facsimile and address specific below for Beneficiary).

Beneficiary.

Southern California Edison Company  
2244 Walnut Grove Avenue, Quad 4-D  
Rosemead, CA 91770

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

Guarantor.

*[Guarantor]  
[Street]  
[City, State Zip]*

Attn:  
Phone:  
Facsimile:

Principal.

*[Principal]  
[Street]  
[City, State Zip]*

Attn:  
Phone:  
Facsimile:

Such Notice shall be effective upon actual receipt if received during the recipient’s normal business hours, or at the beginning of the recipient’s next Business Day after receipt if receipt is outside of the recipient’s normal business hours. Either party may periodically change any address to which Notice is to be given it by providing Notice of such change as provided herein.

Guarantor.

          *[legal name]*

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Beneficiary.

Agreed to by Beneficiary for purposes of establishing the creditworthiness of Principal, as partial security for the Agreement.

**SOUTHERN CALIFORNIA EDISON COMPANY**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT I**  
**NON-DISCLOSURE AGREEMENT**



**NON-DISCLOSURE AGREEMENT**

**Between**

**SOUTHERN CALIFORNIA EDISON COMPANY**

**and**

**Aero Energy L.L.C., a wholly owned subsidiary of Western Wind Energy Corp.**

SOUTHERN CALIFORNIA EDISON COMPANY ("SCE"), a California corporation, and **Aero Energy L.L.C., a wholly owned subsidiary of Western Wind Energy Corp. ("Aero Energy"), a California Limited Liability Company**, hereby enter into this Non-Disclosure Agreement ("Agreement"). SCE and **Aero Energy** shall sometimes be referred to in this Agreement individually as a "Party" and jointly as the "Parties."

RECITALS

- A. SCE initiated a request for proposals ("RFP") to supply energy and associated firm capacity from eligible renewable resources ("ERRs") on August 28, 2003, with a goal of negotiating and executing power purchase agreements with ERRs whose proposals are selected pursuant to the RFP.
- B. **Aero Energy** desires to submit a proposal in response to the RFP.
- C. The Parties desire to keep confidential any confidential or proprietary information disclosed by **Aero Energy** to SCE as part of **Aero Energy** submission of a proposal in response to the RFP (the "Proposal"), or any confidential or proprietary information that may be disclosed by SCE to **Aero Energy** as part of discussions or negotiations with **Aero Energy** concerning **Aero Energy** Proposal.

AGREEMENT

NOW, THEREFORE, the Parties agree as follows:

- 1. For purposes of this Agreement, all oral or written communications exchanged between the Parties on or after the Effective Date, as set forth in Section 10 of this Agreement, as part of the Proposal shall be referred to as "Confidential Information." Any such communications must comply with the provisions of Section 6 herein to be considered Confidential Information.
- 2. The Parties agree to treat Confidential Information as confidential with respect to third parties and shall not disclose Confidential Information except as

specifically authorized herein or as specifically agreed to by both Parties in writing. Accordingly, Parties may disclose Confidential Information only to its employees, directors, financial advisors, attorneys or accountants who have a strict need to know solely for the purpose of assisting in evaluating the Proposals, or in subsequent discussions or negotiations regarding the Proposal and who read and agree to abide by this Agreement ("Permitted Disclosee").

3. SCE may also disclose Confidential Information to the following entities and their staff and divisions thereof in furtherance of the RFP: (i) the California Public Utilities Commission ("CPUC"), (ii) the Procurement Review Group established pursuant to D.02-08-071 and D.03-06-071 ("PRG"), and (iii) the California Energy Commission ("CEC"). Although SCE will seek confidential treatment of any Confidential Information submitted by it to the CPUC, by means of a motion for protective order under Public Utilities Code section 583 and General Order 66-C, or by appropriate application to or agreement with, the PRG and CEC, SCE may disclose Confidential Information under this Paragraph even if no protective order is issued and no confidentiality or non-disclosure agreements are entered into.

4. Notwithstanding anything to the contrary set forth herein, the obligations set forth in this Agreement shall not apply to and the term "Confidential Information" shall not include:

- a. Information which is in the public domain as of the Effective Date of this Agreement or which later comes into the public domain from a source other than from the other Party or its Permitted Disclosee;
- b. Information which SCE or **Aero Energy** can demonstrate in writing was already known to SCE or **Aero Energy** prior to the effective date of this Agreement;
- c. Information which comes to SCE or **Aero Energy** from a *bona fide* third party source not under an obligation of confidentiality;
- d. Information which is independently developed by SCE or **Aero Energy** without use of or reference to Confidential Information or information containing Confidential Information; or
- e. The fact that **Aero Energy** submitted a Proposal in response to the RFP and/or is declared a willing bidder pursuant to the RFP.

6. Confidential Information submitted to a Party in hard copy or electronic form shall bear on each page the following legend:

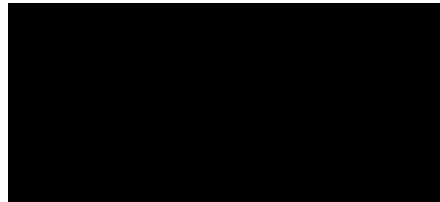
*"CONFIDENTIAL INFORMATION.  
THE CONTENTS OF THIS DOCUMENT ARE SUBJECT TO  
A NON-DISCLOSURE AGREEMENT"*

7. Parties agrees not to introduce (in whole or in part) into evidence or otherwise voluntarily disclose in any administrative or judicial proceeding, any Confidential Information, except as required by law or as SCE or **Aero Energy** may be required to disclose to duly authorized governmental or regulatory agencies, including the CPUC or any division thereof, in order to demonstrate the reasonableness of its actions.

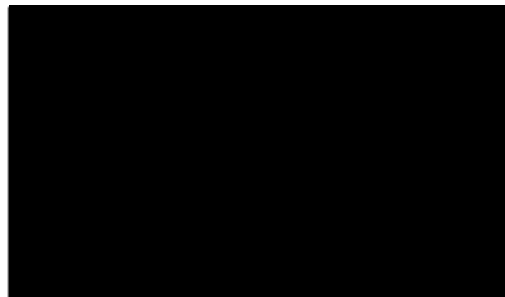
8. Nothing in this Agreement is intended to waive any attorney-client, work-product or other privilege applicable to any statement, document, communication, or other material of a Party or the Parties.

9. Any notice or communication given pursuant to this Agreement shall be in writing and (i) delivered personally, in which case delivery is given upon written acknowledgment of receipt; (ii) mailed by registered or certified mail; postage prepaid, in which case delivery is given on the earlier of the actual date of delivery, as set forth in the return receipt, or three (3) days from the date posted, or (iii) delivery by telecopy, in which case delivery is given upon actual receipt of the entire document. In any of these cases, the writing shall be sent or delivered as follows (subject to change by either Party by notifying the other Party pursuant to this paragraph).

If to SCE:



If to Aero Energy:



10. This Agreement shall be effective as of the date of the last signature to this Agreement and shall terminate five years from such date or earlier upon the mutual written consent of the Parties (the "Effective Date").

11. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the Parties hereto. This Agreement shall be construed as if each party was its author and each Party hereby adopts the language of this Agreement as if it were its own.

12. Any waiver of the requirements and provisions of this Agreement shall be in writing. The failure of either Party to enforce at any time any of the provisions of the Agreement or to require at any time performance by the other Party of any of such provisions, shall in no way be construed as a waiver of such provision or a relinquishment of the right thereafter to enforce such provision.

13. This Agreement may not be modified except by a written agreement executed by both Parties.

14. This Agreement shall be interpreted, governed and construed under the laws of the State of California (without giving effect to its conflict of laws provisions that could apply to the law of another jurisdiction) as if executed in and to be wholly performed within the State of California.

15. This Agreement fully expresses the Parties' agreement concerning the subject matter hereof and supersedes any prior agreements or understandings regarding the same subject matter.

16. The signatories hereto represent that they have been duly authorized to enter into this Agreement on behalf of the Party for whom they sign.

17. If any provision hereof is unenforceable or invalid, it shall be given effect to the extent it may be enforceable or valid, and such enforceability or invalidity shall not affect the enforceability or invalidity of any other provision of this Agreement.

18. This Agreement may be signed in counterparts, each of which shall be deemed an original.

SOUTHERN CALIFORNIA EDISON COMPANY,  
a California corporation  
2244 Walnut Grove Avenue  
Rosemead, CA 91770

**Aero Energy L.L.C.,**  
a, California Limited Liability Company  
7201 Panorama Drive  
Bakersfield, CA 93306

By: 

Name: Lars E. Bergmann  
Title: Director, QF Resources

Date: September 9, 2003

By: 

Name: Cash Long  
Title: Managing Partner

Date: September 9, 2003

**EXHIBIT J**  
**TIME OF DELIVERY PERIODS AND**  
**ENERGY PAYMENT ALLOCATION FACTORS**

<u>Time of Delivery Periods (“TOD Periods”)</u>			
<i>TOD Period</i>	<i>Summer Jun 1<sup>st</sup> – Sep 30<sup>th</sup></i>	<i>Winter Oct 1<sup>st</sup> – May 31<sup>st</sup></i>	<i>Applicable Days</i>
On-Peak	Noon – 6:00 p.m.	Not Applicable.	Weekdays except Holidays.
Mid-Peak	8:00 a.m. – Noon	8:00 a.m. - 9:00 p.m.	Weekdays except Holidays.
	6:00 p.m. – 11:00 p.m.		Weekdays except Holidays.
Off-Peak	11:00 p.m. – 8:00 a.m.	6:00 a.m. – 8:00 a.m.	Weekdays except Holidays.
		9:00 p.m. – Midnight	Weekdays except Holidays.
	Midnight – Midnight	6:00 a.m. – Midnight	Weekends and Holidays.
Super-Off-Peak	Not Applicable.	Midnight – 6:00 a.m.	Weekdays, Weekends & Holidays.

<u>Energy Payment Allocation Factors</u>			
<i>Season</i>	<i>TOD Period</i>	<i>Calculation Method</i>	<i>Energy Payment Allocation Factor</i>
Summer	On-Peak	Fixed Value.	1.4251
	Mid-Peak	(Total # hours in month – (1.4251 x # Summer On-Peak hours in month)- (0.8526 x # Summer Off-Peak hours in month)) / #Summer Mid-Peak hours in month	Calculated Value
	Off-Peak	Fixed Value.	0.8526
Winter	Mid-Peak	Fixed Value.	1.2185
	Off-Peak	(Total # hours in month – (1.2185 x # Winter Mid-Peak hours in month)- (0.7760 x # Winter Super-Off-Peak hours in month)) / #Winter Off-Peak hours in month	Calculated Value
	Super-Off-Peak	Fixed Value.	0.7760

“Holiday” is defined as New Year’s Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Veterans’ Day, Thanksgiving Day, or Christmas Day. When any Holiday falls on a Sunday, the following Monday will be recognized as a Holiday. No change will be made for Holidays falling on Saturday.

*The contents of this document are subject to a Non-Disclosure Agreement and shall not be disclosed.*

**EXHIBIT K****PROCEDURE FOR PARTIAL OR FULL RETURN  
OF DEVELOPMENT FEE****1. Seller's Request for Development Fee Refund.**

Seller shall provide Notice to SCE of its request for Development Fee refund based upon either of the following:

- (a) Termination pursuant to Sections 2.04(a), 2.04(b), 2.04(c) or 5.05 as set forth in Section 3.03(c)(ii); or
- (b) Seller has completed installation of Wind Turbines pursuant to the Generating Facility and Site Description set forth in Exhibit A.

**2. Full Return of Development Fee for Termination of Agreement.**

Provided that SCE does not dispute Seller's Notice of request for Development Fee refund pursuant to Item 1(a) above, SCE shall return the Development Fee to Seller, or Letter of Credit to the issuing bank, within ten (10) Business Days of such Notice, unless SCE provides timely Notice to Seller that additional days are required to substantiate data.

If the Development Fee is in the form of a Development Fee Guaranty Agreement, SCE shall surrender the original Guaranty Agreement to the Guarantor and send Seller and Seller's Guarantor Notice acknowledging that the Development Fee Guaranty is fully satisfied and discharged.

**3. Full or Partial Return of Development Fee for Demonstrating Nameplate Contract Capacity.**

Unless SCE provides timely Notice to Seller that additional days are required to substantiate data, SCE shall within thirty (30) days of Seller's Notice of request for Development Fee refund pursuant to Item 1(b):

- (a) Complete a site visit to verify the Generating Facility was developed in accordance with the Generating Facility and Site Description set forth in Exhibit A and to determine the Demonstrated Nameplate Contract Capacity based on the Generating Facility Capacity.
- (b) If the Demonstrated Nameplate Contract Capacity as determined in Item 3(a) above is greater than or equal to the Nameplate Contract Capacity, then Seller shall qualify to receive a full return of the Development Fee.

- (c) If the Demonstrated Nameplate Contract Capacity as determined in Item 3(a) above is less than the Nameplate Contract Capacity, then Seller shall qualify to receive a return of only a portion of the Development Fee based upon the level of the Demonstrated Nameplate Contract Capacity.
- (d) Based upon the information in Item 3(a), calculate the amount of Development Fee refund due Seller pursuant to Sections 3.03(c) and 3.03(d).
- (e) Provide Notice to Seller of the amount of Development Fee being returned pursuant to Item 3(d) and the amount of Development Fee forfeited, as applicable.
- (f) Return any Development Fee due Seller if such Development Fee was posted in the form of cash.
- (g) Return the Letter of Credit to the issuing bank if the total amount of the posted Development Fee is due Seller. If Seller is only entitled to a partial return of the Development Fee SCE shall submit a drawing certificate on the Letter of Credit for the amount of Development Fee forfeited by Seller, after which SCE shall release the remaining balance of the Letter of Credit.
- (h) Return the original Development Fee Guaranty Agreement to the Guarantor and acknowledge its termination, full satisfaction and discharge if the total amount of the posted Development Fee is due Seller. If Seller is only entitled to a partial return of the Development Fee, SCE may submit a demand for payment to the Seller or the Seller's Guarantor. As soon it has received such payment, SCE shall return the original Guaranty Agreement to Guarantor and acknowledge its termination, satisfaction and discharge.

**EXHIBIT L****SELLER'S ESTIMATE OF LOST OUTPUT**

Lost Output, as used in Section 3.17, shall be estimated by Seller in accordance with the procedures described in this Exhibit L. Seller shall collect the measurement data and perform the engineering calculations specified below in multiple Microsoft Excel Workbooks (the "Workbooks") provided in a form and naming convention approved by SCE.

There shall be one Workbook which includes all of the summary level calculations and the log of Lost Output events, and one Workbook for each Term Year which includes the collected data and the Lost Output calculations. Seller shall update the appropriate Workbooks each month and shall include the latest revision of the appropriate Workbooks with its monthly report of Lost Output.

1. Log of Lost Output Events.

The Log shall be kept on a single Worksheet in the summary Workbook. It shall identify the date, time, duration, cause and percentage by which the Generating Facility's output was curtailed for each Lost Output event.

2. Data Collection.

Seller shall record average ten (10) minute wind speeds, in increments of one half (0.5) meters per second from the Generating Facility free stream anemometer, and ten (10) minute Metered Amounts from the ISO Approved Meter in each of the Term Year Workbooks. Each worksheet shall be arranged with one column for the date, one column for the ending time, one column for the weekday, one column for each recorded measurement for each Term Year and one row for each 10-minute period.

3. Generating Facility Power Curve.

Seller shall create a Generating Facility Power Curve table on a worksheet in the summary Workbook that is arranged with one column for each Term Year and one row for each one half (0.5) meter per second wind speed. The table shall also include, as references, one additional column with the manufacturer's Wind Turbine power curve data for a single Wind Turbine and a second additional column which shows the results of multiplying the manufacturer's power curve for a single Wind Turbine by the total number of Generating Facility Wind Turbines.

The Generating Facility Power Curve estimate of the Metered Amounts which could be produced by the Generating Facility at each one half (0.5) meter per second wind speed shall be calculated by Seller as the simple average of all the Metered Amount data points at each of the one half (0.5) meter per second wind speeds during the applicable Term Year.



Seller shall also create a single chart which plots all of Generating Facility Power Curves in the summary Workbook. The chart shall include one data series for each Term Year and one data series for the power curve derived by multiplying the manufacturer's power curve for a single Wind Turbine by the total number of Generating Facility Wind Turbines.

4. Seller's Estimate of Lost Output.

Each of Seller's Lost Output calculation worksheets shall include one column for the date, one column for the time, one column for the weekday, one column for the actual wind speeds, one column for Seller's estimate of the Metered Amounts that could have been produced by the Generating Facility during the Lost Output event, and one row for each ten (10) minute period.

Seller's initial estimate of Lost Output for the first eleven (11) months of the first Term Year shall be based on the power curve derived by multiplying the manufacturer's power curve for a single Wind Turbine by the total number of Generating Facility Wind Turbines and adjusting the results by an overall loss factor which is intended to include all Generating Facility losses associated with the electric energy collection system, wind direction, wake effect and topography.

Seller's initial estimate of Lost Output for the first eleven (11) months of any Term Year, other than the first Term Year, shall be based on the Generating Facility Power Curve derived for the previous Term Year.

Seller's final estimate of Lost Output for the twelfth (12<sup>th</sup>) month of any Term Year, and for the first eleven (11) months of all Term Years, shall be based upon the Generating Facility Power Curve derived for the Term Year for which the Lost Output is being calculated.

5. Assignment of Lost Output Estimate to an Independent Consultant.

The Parties can by mutual agreement elect to have the estimate of Lost Output prepared by an independent consultant.

**EXHIBIT M**

**ISO CHANGE COST PAYMENT CALCULATION**

1. Introduction.

ISO Change Cost for any Term Year shall be calculated in accordance with the following formula:

$$\text{ISO CHANGE COST} = \sum_{\text{TermYearHour}\#1}^{\text{TermYearHourLast}} [ A_{\text{before}} + B_{\text{after}} + C_{\text{after}} + D_{\text{after}} ] - \sum_{\text{TermYearHour}\#1}^{\text{TermYearHourLast}} [ A_{\text{after}} + B_{\text{before}} + C_{\text{before}} + D_{\text{before}} ]$$

Where:

- (a) As used herein, “Seller’s Actual Revenue” means the total of payments and tax benefits received by Seller in any Term Year consisting of the following:
  - (i) Payments received by Seller during the Term Year pursuant to Article Four, excluding any payment adjustments pursuant to Section 4.02(c); plus
  - (ii) PTC *Before*-Tax Benefit attributable to Seller’s generation of electric energy during the Term Year, calculated in accordance with the formula set forth in Exhibit P.
- (c) As used herein, “Seller’s Adjusted Revenue” means the calculated amount of Seller’s revenue in any Term Year based on adjustments to Seller’s Actual Revenue and actual Scheduled Amounts, in order to measure the hypothetical amount of revenue that would have been realized by Seller during the Term Year using:
  - (i) The ISO’s methodology and procedures that would have applied either *as of the Effective Date* or *before* any Change in ISO Tariff as compared to the ISO’s methodology and procedures that apply during the Term Year, as specified for each factor below; and
  - (ii) The output of the PIRP model estimating the electric energy to be produced by the Generating Facility for the purposes of forecasting Scheduled Amounts.

## 2. Formula Factors.

The formula factors  $A_{\text{before}}$ ,  $A_{\text{after}}$ ,  $B_{\text{before}}$ ,  $B_{\text{after}}$ ,  $C_{\text{before}}$ ,  $C_{\text{after}}$ ,  $D_{\text{before}}$  and  $D_{\text{after}}$  are described as follows:

(a) Changes in ISO Allocation of Transmission Congestion and ISO Transmission Loss Methodologies Impacting Scheduled Amounts.

$A_{\text{before}}$  = Seller's Adjusted Revenue based on calculating the adjustments to Seller's Actual Revenue, either up or down, under the following circumstances:

(i) Changes In Methodology For Allocating Transmission Congestion Which Impact Scheduled Amounts.

Upon the occurrence of congestion on the transmission system, changes to Seller's actual Scheduled Amounts during the Term Year that would directly result from applying the ISO's methodology and procedures in effect *immediately prior* to any Change in ISO Tariff for allocating transmission capacity; and

(ii) Changes In Loss Methodology Which Impact Scheduled Amounts.

Changes in Seller's actual Scheduled Amounts during the Term Year that would result from Seller self-providing all ISO-assessed transmission losses in Seller's Scheduled Amounts by applying the GMM (using the average values of GMM for the twelve (12) calendar months *immediately prior* to any Change in ISO Tariff), to the Metered Amounts.

Nothing in the preceding paragraph shall be interpreted as a restriction on Seller's ability to self-provide or not self-provide for ISO assessed transmission losses.

$A_{\text{after}}$  = Seller's Actual Revenue during the Term Year.

(b) Changes in ISO Tariff Impacting ISO Charges for Transmission Congestion.

$B_{\text{before}}$  = This value shall be zero (0), unless the Generating Facility is located outside of ISO Zone SP-15 in which case  $B_{\text{before}}$  shall be the calculated amount of ISO charges, if any, that would have been paid by Seller during the Term Year directly relating to congestion for delivery of Product from the Generating Facility to the Delivery Point using the ISO's methodology, procedures and historical data that would have applied in the twelve (12) calendar months *immediately prior* to any Change in ISO Tariff.

$B_{\text{after}}$  = Actual amount of ISO charges paid by Seller during the Term Year directly relating to congestion for delivery of Product from the Generating Facility to the Delivery Point.

(c) Changes in ISO Tariff Impacting ISO Charges for Transmission Losses.

$C_{\text{before}}$  = This value shall be zero (0).

$C_{\text{after}}$  = Actual amount of ISO charges paid by Seller during the Term Year directly relating to transmission losses for delivery of Product from the Generating Facility to the Delivery Point.

(d) Changes in ISO Tariff Impacting PIRP.

$D_{\text{before}}$  = Calculated amount of ISO charges that would have been paid by Seller during the Term Year for Uninstructed Imbalance Energy under the Participating Intermittent Resource Program using the ISO's methodology and procedures *as of the Effective Date* based on the actual Scheduled Amounts and Uninstructed Imbalance Energy during the Term Year attributable solely to the Generating Facility.

$D_{\text{after}}$  = Actual ISO charges paid by Seller during the Term Year for Uninstructed Imbalance Energy, or the successor charge type that represents the difference between Scheduled and Metered Amounts, directly resulting from changes in, or termination of, the Participating Intermittent Resource Program.

3. Change Cost Payments.

(a) Change Cost Payment to Seller.

If the ISO Change Cost is a *positive* number that is greater than the ISO Change Cost Threshold Amount, then SCE shall pay to Seller an ISO Change Cost Payment calculated as follows:

$$\text{ISO CHANGE COST PAYMENT TO SELLER} = E - F$$

Where:

E = ISO Change Cost as calculated above.

F = ISO Change Cost Threshold Amount.

(b) Change Cost Payment to Seller.

If the ISO Change Cost is a *negative* number the magnitude of which is greater than the ISO Change Cost Threshold Amount, then Seller shall pay to SCE an ISO Change Cost Payment calculated as follows:

$$\text{ISO CHANGE COST PAYMENT TO SCE} = (-1 \times E) - F$$

Where:

E = ISO Change Cost as calculated above.

F = ISO Change Cost Threshold Amount.

**EXHIBIT N**

**FORM OF LETTER OF CREDIT**

IRREVOCABLE NONTRANSFERABLE STANDBY

LETTER OF CREDIT

Reference Number: \_\_\_\_\_

Transaction Date:

BENEFICIARY:

Southern California Edison Company  
2244 Walnut Grove Avenue, Room 490  
Rosemead, CA 91770

Ladies and Gentlemen:

\_\_\_\_\_ (the “Bank”) hereby establishes this Irrevocable Nontransferable Standby Letter of Credit (“Letter of Credit”) in favor of Southern California Edison Company, a California corporation (the “Beneficiary”), for the account of \_\_\_\_\_, a \_\_\_\_\_ corporation (the “Applicant”), for the amount of XXX AND XX/100 Dollars (\$\_\_\_\_\_) (the “Available Amount”), effective immediately and expiring at 5:00 p.m., California time, on the Expiration Date (as hereinafter defined).

This Letter of Credit shall be of no further force or effect upon the close of business on \_\_\_\_\_ or, if such day is not a Business Day (as hereinafter defined), on the next preceding Business Day; provided, however, that this Letter of Credit will be automatically extended without amendment for successive one (1) year periods from the present or any future expiration date hereof, unless the Bank provides the Beneficiary with written notice of its election not to renew this Letter of Credit (a “Notice of Non-renewal”) at least sixty (60) days prior to any such expiration date (the present or any future expiration date as aforesaid is referred to herein as the “Expiration Date”). For the purposes hereof, “Business Day” shall mean any day on which commercial banks are not authorized or required to close in Los Angeles, California.

*The contents of this document are subject to a Non-Disclosure Agreement and shall not be disclosed.*

Subject to the terms and conditions herein, funds under this Letter of Credit are available to the Beneficiary by presentation in strict compliance on or prior to 5:00 p.m. California time, on or prior to the Expiration Date of the following:

1. The original of this Letter of Credit and all amendments; and
2. The Drawing Certificate issued in the form of Attachment A attached hereto and which forms an integral part hereof, duly completed and purportedly bearing the signature of an authorized representative of the Beneficiary.

Notwithstanding the foregoing, any drawing hereunder may be requested by transmitting the requisite documents as described above to the Bank by facsimile at \_\_\_\_\_ or such other number as specified from time to time by the Bank. The facsimile transmittal shall be deemed delivered when received. It is understood that drawings made by facsimile transmittal are deemed to be the operative instrument without the need of originally signed documents.

Partial drawing of funds shall be permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance; provided that the Available Amount shall be reduced by the amount of each such drawing.

This Letter of Credit is not transferable or assignable. Any purported transfer or assignment shall be void and of no force or effect.

Banking charges shall be the sole responsibility of the Applicant.

This Letter of Credit sets forth in full our obligations and such obligations shall not in any way be modified, amended, amplified or limited by reference to any documents, instruments or agreements referred to herein, except only the attachment referred to herein; and any such reference shall not be deemed to incorporate by reference any document, instrument or agreement except for such attachment.

The Bank engages with the Beneficiary that Beneficiary's drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the Bank on or before the Expiration Date.

Except so far as otherwise stated, this Letter of Credit is subject to the International Standby Practices ISP98 (also known as ICC Publication No. 590), or revision currently in effect (the "ISP"). As to matters not covered by the ISP, the laws of the State of California, without regard to the principles of conflicts of laws thereunder, shall govern all matters with respect to this Letter of Credit.

AUTHORIZED SIGNATURE for Bank

\_\_\_\_\_

By:

Title: \_\_\_\_\_



ATTACHMENT A TO EXHIBIT N

DRAWING CERTIFICATE

TO [ISSUING BANK NAME]

IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT

No. \_\_\_\_\_

(Sample Text)

DRAWING CERTIFICATE

Bank

Bank Address

Subject: Irrevocable Nontransferable Standby Letter of Credit

Reference Number: \_\_\_\_\_

The undersigned \_\_\_\_\_, an authorized representative of Southern California Edison Company (the "Beneficiary"), hereby certifies to [Issuing Bank Name] (the "Bank"), and \_\_\_\_\_ (the "Applicant"), with reference to Irrevocable Nontransferable Standby Letter of Credit No. \_\_\_\_\_, dated \_\_\_\_\_, (the "Letter of Credit"), issued by the Bank in favor of the Beneficiary, as follows as of the date hereof:

1. The Beneficiary is entitled to draw under the Letter of Credit an amount equal to \$\_\_\_\_\_, for the following reason(s) [check applicable provision]:
  - [ ] A. A Letter of Credit Default has occurred under the Renewable Power Purchase and Sale Agreement (the "Agreement") between Beneficiary and Applicant.
  - [ ] B. An Event of Default (as defined in the Agreement) with respect to the Applicant has occurred and is continuing.
  - [ ] C. An Early Termination Date (as defined in the Agreement) has occurred or been designated as a result of an Event of Default (as defined in the Agreement) with respect to the Applicant for which there exist any unsatisfied

payment obligations.

- [ ]D. The Bank has heretofore provided written notice to the Beneficiary of the Bank’s intent not to renew the Letter of Credit following the present Expiration Date thereof (“Notice of Non-renewal”), and Applicant has failed to provide the Beneficiary with a replacement letter of credit satisfactory to Beneficiary in its sole discretion within thirty (30) days following the date of the Notice of Non-renewal.
  - [ ]E. The Beneficiary has not been paid any or all of the Applicant’s payment obligations now due and payable under the Agreement.
  - [ ]F. The Beneficiary is entitled to retain the entire Development Fee as a result of Applicant’s failure to achieve Initial Operation of the *full* Nameplate Contract Capacity by the Startup Deadline or any extended Startup Deadline.
  - [ ]G. The Beneficiary is entitled to retain a portion of the Development Fee equal to the product of \$20 per kilowatt times the Unincluded Capacity in kilowatts as a result of Applicant demonstrating only a portion of the Nameplate Contract Capacity.
2. Based upon the foregoing, the Beneficiary hereby makes demand under the Letter of Credit for payment of U.S. DOLLARS AND \_\_\_\_/100ths (U.S.\$\_\_\_\_\_), which amount does not exceed (i) the amount set forth in paragraph 1 above, and (ii) the Available Amount under the Letter of Credit as of the date hereof.
  3. Funds paid pursuant to the provisions of the Letter of Credit shall be wire-transferred to the Beneficiary in accordance with the following instructions:

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Unless otherwise provided herein, capitalized terms which are used and not defined herein shall have the meaning given each such term in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been duly executed and delivered on behalf of the Beneficiary by its authorized representative as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Beneficiary:                    SOUTHERN CALIFORNIA EDISON COMPANY

By:

Name:

Title:

**EXHIBIT O****WARRANTY AVAILABILITY LOST PRODUCTION PAYMENT**

If Seller fails to meet the Warranty Availability Guarantee in any Term Year during the Warranty Period, then Seller shall be subject to a Warranty Availability Lost Production Payment in accordance with the provisions of Section 3.14, calculated as follows:

$$\text{WARRANTY AVAILABILITY LOST PRODUCTION PAYMENT} = [(A) \times (B - C)]$$

Where:

- A = Warranty Availability Lost Production in kWh.
- B = Simple average of the Market Price for the Term Year being calculated in \$/kWh.
- C = Energy Price for the Term Year being calculated in \$/kWh (i.e., \$/MWh/1000).

In the above calculation, the result of “(B - C)” shall not be greater than two cents (\$0.02) per kWh.

**EXHIBIT P****CALCULATION OF PTC *BEFORE*-TAX BENEFIT**

Any PTC *Before*-Tax Benefit shall be calculated in accordance with the following methodology for each Term Year in which either Party makes a claim for ISO Change Cost Payment in accordance with Section 11.03.

The calculation of the PTC *Before*-Tax Benefit shall be based upon the following formula:

$$PTC_{\text{before}} = PTC_{\text{after}} / (1 - \text{Effective Tax Rate})$$

Where:

$PTC_{\text{before}}$	=	PTC <i>Before</i> -Tax Benefit rate in dollars per kWh.
$PTC_{\text{after}}$	=	PTC rate in dollars per kWh.
%Federal	=	US Federal income tax rate of thirty-five percent (35.0%).
%State	=	California State Franchise Tax rate of corporations, other than banks and financial institutions, of nine point three percent (9.3%).
Effective Tax Rate	=	[%State + %Federal - (%State x %Federal)]
	=	[9.3% + 35.0% - (9.3% + 35.0%)]
	=	41.045%

End

**FIRST AMENDMENT TO POWER PURCHASE AND SALES AGREEMENT**

This First Amendment to Power Purchase and Sale Agreement (this "Amendment") made and entered into as of June 30, 2006 by and between SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation ("SCE") and AERO ENERGY, L.L.C., a California limited liability company ("Seller"). Capitalized terms used but not defined herein shall have the meaning set forth in the PPA (as defined below).

**WITNESSETH:**

WHEREAS, SCE and Seller have entered into that certain Power Purchase and Sale Agreement, dated as of March 8, 2005 (as amended, the "PPA"); and

WHEREAS, SCE and Seller wish to further amend the PPA as set forth herein;

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Termination Rights of Seller.

The preamble of Section 2.04(b) is hereby amended by deleting the preamble in its entirety and replacing such preamble with the following phrase:

"Seller shall have the right to terminate this Agreement on written Notice which shall be effective forty-five (45) days after such Notice is given to SCE in the following circumstances:"

2. Miscellaneous.

(a) Reservation of Rights. SCE expressly reserves all of its rights and remedies under the PPA.

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

(a) Successors and Assigns. The terms and provisions hereof shall be binding on and inure to the benefit of and be enforceable by the successors and assigns of the parties hereto, whether so expressed or not. Notwithstanding the foregoing, Seller shall not assign any rights or delegate any duties under the PPA, as modified by this Amendment, except as provided in Section 10.04 of the PPA.

(b) Severability. If any provision or provisions of this Amendment shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(c) Headings. The headings in this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.


(f) Governing Law. THIS AMENDMENT 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.

(g) Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

(h) Entire Agreement. This Third Amendment sets forth the entire agreement of the parties hereto with respect to its subject matter, and supersedes all previous understandings, written or oral, with respect thereto.

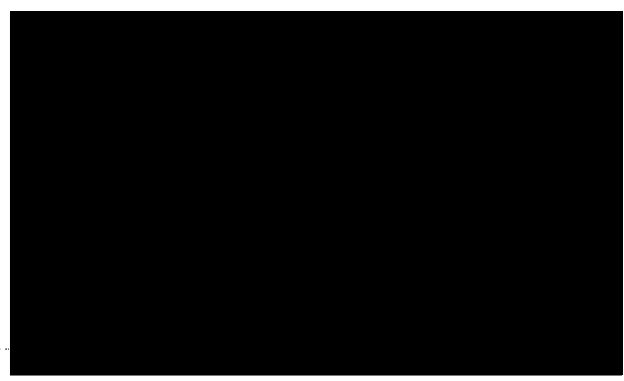
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

SOUTHERN CALIFORNIA EDISON COMPANY,  
a California corporation

By:   
Name: Mark E. Dahn  
Title: Manager, Renewable Planning & Procurement

AERO ENERGY, L.L.C.,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



SCE Draft 6/27/06

(c) Headings. The headings in this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(f) Governing Law. THIS AMENDMENT 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.

(g) Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

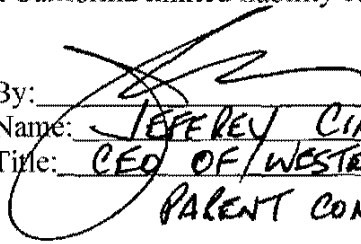
(h) Entire Agreement. This Third Amendment sets forth the entire agreement of the parties hereto with respect to its subject matter, and supersedes all previous understandings, written or oral, with respect thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

SOUTHERN CALIFORNIA EDISON COMPANY,  
a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

AERO ENERGY, L.L.C.,  
a California limited liability company

By:   
Name: JEFFREY CIACHUDSKI  
Title: CEO OF WESTERN WIND ENERGY  
PARENT COMPANY OF AERO ENERGY LLC



## SECOND AMENDMENT TO POWER PURCHASE AND SALE AGREEMENT

This Second Amendment to Power Purchase and Sale Agreement (this "Amendment") made and entered into as of August 14, 2006 by and between SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation ("SCE") and AERO ENERGY, L.L.C., a California limited liability company ("Seller"). Capitalized terms used but not defined herein shall have the meaning set forth in the PPA (as defined below).

### WITNESSETH:

WHEREAS, SCE and Seller have entered into that certain Renewable Power Purchase and Sale Agreement, dated as of March 8, 2005 (as amended, the "PPA");

WHEREAS, SCE and Seller amended the PPA by that certain First Amendment to Power Purchase and Sales Agreement dated as of June 30, 2006; and

WHEREAS, SCE and Seller wish to further amend the PPA as set forth herein;

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Termination Rights of Seller.

The preamble of Section 2.04(b) is hereby amended by deleting the preamble in its entirety and replacing such preamble with the following phrase:

"Seller shall have the right to terminate this Agreement on written Notice which shall be effective ninety (90) days after such Notice is given to SCE in the following circumstances:"

2. Miscellaneous.

(a) Reservation of Rights. SCE expressly reserves all of its rights and remedies under the PPA.

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

(a) Successors and Assigns. The terms and provisions hereof shall be binding on and inure to the benefit of and be enforceable by the successors and assigns of the parties hereto, whether so expressed or not. Notwithstanding the foregoing, Seller shall not assign any rights or delegate any duties under the PPA, as modified by this Amendment, except as provided in Section 10.04 of the PPA.

(b) Severability. If any provision or provisions of this Amendment shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(c) Headings. The headings in this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

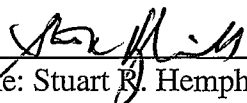
(f) Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO ANY CONFLICT OF LAWS PROVISIONS THEREOF.

(g) Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

(h) Entire Agreement. This Third Amendment sets forth the entire agreement of the parties hereto with respect to its subject matter, and supersedes all previous understandings, written or oral, with respect thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

SOUTHERN CALIFORNIA EDISON COMPANY,  
a California corporation

By:   
Name: Stuart R. Hemphill  
Title: Director, Renewable and Alternative Power

AERO ENERGY, L.L.C.,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(b) Severability. If any provision or provisions of this Amendment shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(c) Headings. The headings in this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(f) Governing Law. THIS AMENDMENT 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.

(g) Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

(h) Entire Agreement. This Third Amendment sets forth the entire agreement of the parties hereto with respect to its subject matter, and supersedes all previous understandings, written or oral, with respect thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

SOUTHERN CALIFORNIA EDISON COMPANY,  
a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

AERO ENERGY, L.L.C.,  
a California limited liability company

By: Michael Boyd  
Name: Michael Boyd  
Title: Director

(b) Severability. If any provision or provisions of this Amendment shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

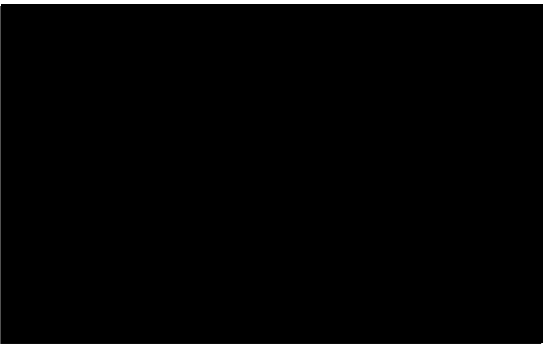
(c) Headings. The headings in this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(f) Governing Law. THIS AMENDMENT 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.

(g) Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

(h) Entire Agreement. This Third Amendment sets forth the entire agreement of the parties hereto with respect to its subject matter, and supersedes all previous understandings, written or oral, with respect thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.



SOUTHERN CALIFORNIA EDISON COMPANY,  
a California corporation

By: Stuart R. Hemphill  
Name: Stuart R. Hemphill  
Title: Director, Renewable and Alternative Power

AERO ENERGY, L.L.C.,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

### THIRD AMENDMENT TO POWER PURCHASE AND SALE AGREEMENT

This Third Amendment to Power Purchase and Sale Agreement (this "Amendment") made and entered into as of November 8, 2006 by and between SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation ("SCE") and AERO ENERGY, L.L.C., a California limited liability company ("Seller"). Capitalized terms used but not defined herein shall have the meaning set forth in the PPA (as defined below).

#### WITNESSETH:

WHEREAS, SCE and Seller have entered into that certain Renewable Power Purchase and Sale Agreement, dated as of March 8, 2005 (as amended, the "PPA");

WHEREAS, SCE and Seller amended the PPA by that certain First Amendment to Power Purchase and Sales Agreement dated as of June 30, 2006 ("First Amendment"); and

WHEREAS, SCE and Seller amended the PPA by that certain Second Amendment to Power Purchase and Sales Agreement dated as of August 14, 2006 ("Second Amendment"); and

WHEREAS, SCE and Seller wish to further amend the PPA as set forth herein;

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Definitions.

The definition of "Final Configuration Date" set forth in Section 1.45 is hereby amended by deleting "June 30, 2006" and substituting in its place "November 15, 2007."

2. Termination Rights of Seller.

(a) The preamble of Section 2.04(b) as amended by the First Amendment and Second Amendment is hereby deleted in its entirety and replaced with the following phrase:

"Seller shall have the right to terminate this Agreement on written Notice which shall be effective five (5) days after such Notice is given to SCE in the following circumstances:"

(b) Section 2.04(b)(iv) is hereby deleted in its entirety and replaced with the following:

"(iv) If on or before the Final Configuration Date, Seller is unable to secure transmission and interconnection rights for the Generating Facility which rights are satisfactory to Seller in its reasonable discretion (the date on which Seller notifies SCE it has obtained such rights, referred to herein as the "Transmission

Rights Date”), provided, that Seller shall give SCE Notice of the termination within thirty (30) days after the Transmission Rights Date.”

3. Miscellaneous.

(a) Reservation of Rights. SCE expressly reserves all of its rights and remedies under the PPA.

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

(c) Successors and Assigns. The terms and provisions hereof shall be binding on and inure to the benefit of and be enforceable by the successors and assigns of the parties hereto, whether so expressed or not. Notwithstanding the foregoing, Seller shall not assign any rights or delegate any duties under the PPA, as modified by this Amendment, except as provided in Section 10.04 of the PPA.

(d) Severability. If any provision or provisions of this Amendment shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(e) Headings. The headings in this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(f) Governing Law. THIS AMENDMENT 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.


(g) Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

(h) Entire Agreement. This Third Amendment sets forth the entire agreement of the parties hereto with respect to its subject matter, and supersedes all previous understandings, written or oral, with respect thereto.

[Remaining page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

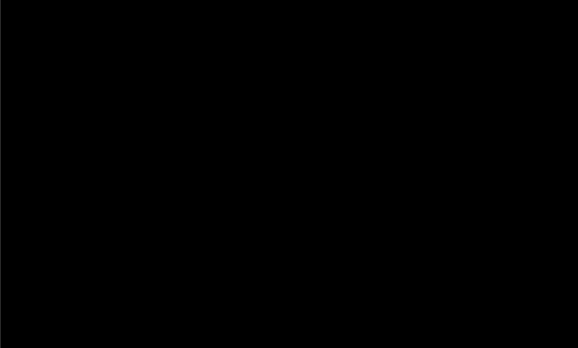
SOUTHERN CALIFORNIA EDISON COMPANY,  
a California corporation

By:  \_\_\_\_\_  
Name: Stuart R. Hemphill  
Title: Director, Renewable and Alternative Power

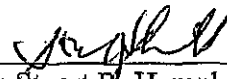
AERO ENERGY, L.L.C.,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

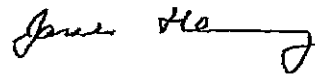
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.



SOUTHERN CALIFORNIA EDISON COMPANY,  
a California corporation

By:   
Name: Stuart R. Hemphill  
Title: Director, Renewable and Alternative Power

AERO ENERGY, L.L.C.,  
a California limited liability company

  
By: \_\_\_\_\_  
Name: James Henning  
Title: President and Chief Financial Officer



**FOURTH AMENDMENT**

to the

**POWER PURCHASE AND SALE AGREEMENT**

between

**SOUTHERN CALIFORNIA EDISON COMPANY**

and

**AERO ENERGY, LLC**

**RAP ID No. 6307**

This Fourth Amendment to the Power Purchase and Sale Agreement ("Amendment No. 4") is made and entered into as of December 17, 2009 ("Effective Date of Amendment No. 4") by and between Southern California Edison Company, a California corporation ("SCE") and Aero Energy, LLC, a California limited liability company ("Seller"). Capitalized terms used but not defined herein shall have the meaning set forth in the Power Purchase and Sale Agreement dated March 8, 2005, as amended ("PPA").

**WITNESSETH**

WHEREAS, SCE and Seller have entered into a Renewable Power Purchase and Sale Agreement dated March 8, 2005;

WHEREAS, SCE and Seller amended the PPA by a First Amendment to Power Purchase and Sales Agreement dated June 30, 2006;

WHEREAS, SCE and Seller amended the PPA by a Second Amendment to Power Purchase and Sales Agreement dated August 14, 2006;

WHEREAS, SCE and Seller amended the PPA by a Third Amendment to Power Purchase and Sales Agreement dated November 8, 2006; and

WHEREAS, SCE and Seller wish to further amend the PPA as set forth herein.

THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. Letter of Credit.

*The contents of this document are subject to restrictions on disclosure.*

*Confidential Information*

Seller shall provide a Letter of Credit, substantially in the form of Exhibit N and acceptable to SCE, in the total amount of Two Million Four Hundred Thousand US Dollars (US\$2,400,000.00) for the benefit of SCE. Such Letter of Credit shall be provided in the timeframe provided in Section 2.1 below. If Seller does not meet the timeframes in Section 2.1, SCE shall have the right to terminate this Amendment No. 4 (but not the PPA) upon five (5) days' Notice.

Such Letter of Credit shall constitute Seller's Development Fee.

2. CPUC Approval.

2.1 Seller shall provide a Letter of Credit pursuant to Section 1, within thirty (30) days after the Effective Date of Amendment No. 4.

2.2 Within sixty (60) days after Seller has provided a Letter of Credit pursuant to Section 1 and Section 2.1, SCE shall file with the CPUC the appropriate request for CPUC Approval. SCE shall have no obligation to seek CPUC Approval until Seller has provided a Letter of Credit pursuant to Section 1 and Section 2.1.

SCE shall expeditiously seek CPUC Approval, including promptly responding to any requests for information related to the request for CPUC Approval.

Seller shall use commercially reasonable efforts to support SCE in obtaining CPUC Approval.

SCE has no obligation to seek rehearing or to appeal a CPUC decision which fails to approve this Amendment No. 4 or which contains findings required for CPUC Approval with conditions or modifications unacceptable to either Party.

- 2.3 Either Party may terminate this Amendment No. 4 and the PPA on Notice, which will be effective five (5) Business Days after such Notice is given, if CPUC Approval has not been obtained or waived by SCE in its sole discretion within three hundred sixty five (365) days after SCE files its request for CPUC Approval and a Notice of termination is given on or before the three hundred ninety fifth (395<sup>th</sup>) day after SCE files the request for CPUC Approval.

If either Party exercises this termination right, this Amendment No. 4 and the PPA shall terminate without any additional liability to either Party, and Seller shall be entitled to a return of any Development Fee provided to SCE by Seller.

- 2.4 If the CPUC affirmatively denies the approval of this Amendment No. 4 or issues a decision that approves Amendment No. 4 but that does not meet the definition of CPUC Approval as set forth in 2.5 below and such decision becomes final and non-appealable, this Amendment No. 4 and the PPA shall terminate without any additional liability to either Party.

- 2.5 For purposes of this Section 2, CPUC Approval shall be defined as follows:

CPUC Approval is a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which contains the following terms:

- (i) Approves the PPA, as amended by Amendment No. 4 in its entirety, including payments to be made by SCE, subject to CPUC review of SCE's administration of the PPA, as amended by Amendment No. 4; and
- (ii) Finds that any procurement pursuant to the PPA, as amended by Amendment No. 4 is procurement from an eligible renewable energy resource for purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 *et seq.*), Decision 03-06-071, or other applicable law.

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

3. Limitations on Seller's Ability to Make or Agree to Third Party Sales from the Generating Facility or the Site after Termination under Section 2 of this Amendment No. 4.

- 3.1 If Seller terminates Amendment No. 4 and the PPA as provided in Section 2, neither Seller nor any Affiliate of Seller may sell, or enter into a contract to sell, electric energy, Green Attributes, or Capacity Attributes generated by, associated with or attributable to a generating facility installed at the Site to a party other than SCE for a period of two (2) years following the effective date of such termination (the "Restricted Period").
- 3.2 This prohibition on contracting and sale will not apply if, before entering into such contract or making a sale to a party other than SCE, Seller or Seller's Affiliates provides SCE with a written offer to sell the electric energy, Green Attributes and Capacity Attributes to SCE at the Energy Price and on other terms and conditions materially similar to the terms and conditions contained in the PPA as amended by this Amendment No. 4 and SCE fails to accept such offer within forty five (45) days after SCE's receipt thereof.
- 3.3 Neither Seller nor Seller's Affiliates may sell or transfer the Generating Facility, or any part thereof, or land rights or interests in the Site (including the queue position assigned by the ISO for Seller's valid request for interconnection of the Generating Facility to the ISO Grid) during the Restricted Period so long as the limitations contained in Sections 3.1 through 3.3 of this Amendment No. 4 apply, unless the transferee agrees to be bound by the terms set forth in Sections 3.1 through 3.3 pursuant to a written agreement approved by SCE. Upon termination of the PPA and this Amendment No. 4 under Section 2 of this Amendment No. 4, Seller shall deliver a Notice of SCE's rights in respect of the Site, in a form reasonably acceptable to SCE, that SCE may record giving notice of SCE's rights under Sections 3.1 through 3.3.
- 3.4 Seller shall indemnify and hold SCE harmless from all benefits lost and other damages sustained by SCE as a result of any breach of the covenants contained within Section 3.1 through 3.3 of this Amendment No. 4.

4. Amendment.

The PPA is hereby amended as follows.

- 4.1 Special Condition A(iv)(a) of the PPA is deleted in its entirety and replaced with the following:

“(iv) Nameplate Contract Capacity: 120,000 kW.

*The contents of this document are subject to restrictions on disclosure.*

*Confidential Information*

- (a) The Nameplate Contract Capacity shall be equal to 120,000 kW.

- 4.2 Special Condition B of the PPA is deleted in its entirety and replaced with the following:

“The Startup Deadline” shall be December 31, 2011, or such other date as is provided in this Agreement or as may be agreed to in a writing signed by both Parties,

*provided*, in no event shall the Startup Deadline for the Contract Capacity be later than December 31, 2012.”

- 4.3 Special Condition D of the PPA is amended by deleting “the Energy Price is fifty-two dollars and fifty two cents (\$52.52)” and replacing it with “the Energy Price for the entire Nameplate Contract Capacity is one hundred and thirteen dollars (\$113.00) per MWh.”

- 4.4 The following definitions in Article 1 of the PPA are amended as set forth below:

- (a) Section 1.23 is hereby deleted in its entirety and replaced with the following:

“‘Delivery Point’ means the Vincent Substation.”

- (b) Section 1.34 is hereby deleted in its entirety and replaced with the following:

“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as:

- (1) Any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO) and other pollutants;
- (2) Any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), 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

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or potential threat of altering the Earth's climate by trapping heat in the atmosphere;<sup>1</sup>

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

Green Tag Reporting Rights are the right of a Green Tag Purchaser to 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:

- (i) Any energy, capacity, reliability or other power attributes from the Project,
- (ii) Production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation,
- (iii) Fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or
- (iv) Emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits.

<sup>1</sup> Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

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If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project.

- (c) Section 1.62 is deleted in its entirety and replaced with the following:

“‘ISO Approved Meter’ or ‘ISO Meter’ has the meaning set forth in Section 3.05.”

- (d) Section 1.101 is deleted in its entirety and replaced with the following:

“1.101 ‘Schedule’, ‘Scheduled’, or ‘Scheduling’ means the action of SCE in submitting Scheduling Coordinator Schedules for the ‘ISO Approved Quantity’ to the ISO and receiving the Final Schedules from the ISO, as such terms are defined in the ISO Tariff. The ‘ISO Approved Quantity’ of electric energy means the quantity of the Scheduling Coordinator Schedule submitted by SCE as Scheduling Coordinator as approved by the ISO in its Final Schedule.”

- 4.5 The following definitions are added to Article 1 of the PPA:

“1.139 ‘NERC’ means the North American Electric Reliability Council, or any successor thereto.”

“1.140 ‘NERC Reliability Standards’ means the NERC Statement of Compliance Registry Criteria (Revision 3.1), a summary, which is, as of the Effective Date of Amendment No. 4, available at [ftp://www.nerc.com/pub/sys/all\\_updl/ero/Statement\\_of\\_Registry\\_Criteria\\_Rev3-1.pdf](ftp://www.nerc.com/pub/sys/all_updl/ero/Statement_of_Registry_Criteria_Rev3-1.pdf), or any successor thereto.”

“1.141 ‘NERC Standards Non-Compliance Penalties’ means any and all monetary fines, penalties, damages, interest or assessments by the NERC, 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 or Generator Owner as set forth in the NERC Reliability Standards.”

“1.142 ‘Buyer’ means Southern California Edison Company.”

“1.143 ‘Project’ means the Generating Facility.”

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“1.144 ‘Delivery Term’ means Term.”

“1.145 ‘Generator Operator’ means the entity that operates generating unit(s) 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](http://www.nerc.com/~filez/standards/Reliability_Standards_Regulatory_Approved.html).”

“1.146 ‘Generator Operator Obligations’ means the obligations of a Generator Operator as set forth in the applicable NERC Reliability Standards available at [http://www.nerc.com/~filez/standards/Reliability\\_Standards\\_Regulatory\\_Approved.html](http://www.nerc.com/~filez/standards/Reliability_Standards_Regulatory_Approved.html).”

“1.147 ‘Generator Owner’ means an entity that owns generating units and has registered with NERC as the entity responsible for complying with those NERC reliability standards applicable to owner of generating units [http://www.nerc.com/~filez/standards/Reliability\\_Standards\\_Regulatory\\_Approved.html](http://www.nerc.com/~filez/standards/Reliability_Standards_Regulatory_Approved.html).”

“1.148 ‘Generator Owner Obligations’ means the obligations of a Generator Owner as set forth in the all applicable NERC Reliability Standards available at [http://www.nerc.com/~filez/standards/Reliability\\_Standards\\_Regulatory\\_Approved.html](http://www.nerc.com/~filez/standards/Reliability_Standards_Regulatory_Approved.html).”

“1.149 ‘Market Price Referent’ means the market price referent applicable to this Agreement, as determined by the CPUC in accordance with Public Utilities Code Section 399.15(c).”

“1.150 ‘ISO Revenues’ means the credits and other payments incurred or received by SCE as a result of energy from the Generating Facility delivered to any ISO administered market, including costs and revenues associated with ISO dispatches.”

“1.151 ‘Dispute’ means any and all disputes, claims or controversies arising out of, relating to, concerning or pertaining to the terms of this Agreement, or to either Party’s performance or failure of performance under this Agreement.”

“1.152 ‘ISO Resource ID’ means the number or name assigned by the ISO to the ISO Approved Meter.”

“1.153 ‘Payment Invoice’ has the meaning set forth in Section 1.02 of Exhibit Q.”



“1.154 ‘Simple Interest Payment’ means a dollar amount calculated by multiplying the:

- a) Dollar amount on which the Simple Interest Payment is based; times
- b) Interest Rate,; times
- c) The result of dividing the number of days in the calculation period by 360.”

“1.155 ‘ISO Costs’ means the debits, costs, penalties and interest that are directly assigned by the ISO to the ISO Resource ID for the Generating Facility for, or attributable to, Scheduling or deliveries from the Generating Facility under this Agreement.”

“1.156 ‘ISO Sanction’ means any sanction directly assigned by the ISO to the ISO Resource ID for the Generating Facility or attributable to, scheduling or deliveries from the Generating Facility under this Agreement.”

“1.157 ‘SCE Penalty’ means the amount charged to Seller by SCE, in accordance with Exhibit R, for hours in a calendar month when Seller does not accurately provide availability information as set forth in Exhibit C.”

“1.158 ‘Energy Deviations’ means the absolute value of the difference, in kWh, in any Settlement Interval between:

- (a) The Final Hour-Ahead Schedule for the hour of the Settlement Interval divided by the number of Settlement Intervals in the hour; and
- (b) Metered Amounts for the Settlement Interval.”

“1.159 ‘Settlement Interval’ means any one of the six ten (10) minute time intervals beginning on any hour and ending on the next hour (e.g. 12:00 to 12:10, 12:10 to 12:20, etc.).”

“1.160 ‘Performance Tolerance Band’ has the meaning set forth in Exhibit R.”

“1.161 ‘ISO Resource ID’ means the number or name assigned by the ISO to the ISO Meter.”

“1.162 ‘Resource Adequacy Benefits’ means the rights and privileges attached to the Generating Facility that 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.”

“1.163 ‘Resource Adequacy Rulings’ means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-024, 06-07-031 and any subsequent CPUC ruling or decision, or any other resource adequacy laws, rules or regulations enacted, adopted or promulgated by any applicable Governmental Authority, as such CPUC decisions, rulings, laws, rules or regulations may be amended or modified from time-to-time throughout the Delivery Term.”

“1.164 ‘Initial Synchronization’ means the first generating unit of the Generating Facility is synchronized with Seller’s Transmission Provider and the first kWh of electric energy is measured by the ISO Approved Meter.”

“1.165 ‘Renewable Energy Credit’ or ‘REC’ has the meaning set forth in CPUC Decision D.08-08-028, as such definition may be modified by the CPUC or Applicable Law from time to time.”

“1.166 ‘Web Client’ means a web-based system approved by SCE.”

“1.167 ‘Check Meter’ means the SCE revenue-quality meter section or meter, which SCE may require at its discretion, as set forth in Section 3.05(b).”

“1.168 ‘Telemetry System’ means a system of electronic components that interconnects the ISO and the Generating Facility in accordance with the ISO’s applicable requirements as set forth in Section 3.05(e).”

“1.169 ‘Meteorological Equipment’ means the instruments and equipment that meet those specifications set forth in Exhibit T, as may be modified by SCE from time to time to reflect the ISO’s PIRP protocol.”

“1.170 ‘Actual Availability Report’ means a report to be prepared by Seller in the form of Exhibit S containing the information described in Section 3.21.”

“1.171 ‘Changes In ISO Tariff’ means that, other than changes for the Market Redesign and Technology Update that became effective on April 1, 2009, the ISO Tariff has been changed and such change has a material adverse impact on either Party, or the ISO has been dissolved or replaced and any successor to the ISO operates under rules, protocols, procedures or standards that differ in a material respect from the ISO Tariff, after the Effective Date.”

- 4.6 The PPA is hereby amended by replacing all references to “Environmental Attributes” with “Green Attributes”.
- 4.7 Section 2.02(c) of the PPA is deleted in its entirety and replaced with the following:
- “Within one hundred eighty (180) days of the Effective Date of Amendment No. 4, Seller shall file all of the following:
- (i) An application or applications, or other appropriate request or requests with the appropriate state or local authority for a permit authorizing Seller to construct and Operate the Generating Facility (the ‘Conditional Use Permit’);
  - (ii) An application or other appropriate request to the CEC for CEC Certification and Verification.
- Seller shall seek the Conditional Use Permit and CEC Certification and Verification expeditiously, including promptly responding to any requests for information related to the Conditional Use Permit and CEC Certification and Verification from the requesting authority. SCE shall use commercially reasonable efforts to support Seller in obtaining CEC Certification and Verification.”
- 4.8 Section 2.02(d) of the PPA is amended by replacing “thirty (30) days after CPUC Approval” with “sixty (60) days before Startup Deadline”.
- 4.9 A new section 2.03(a)(v) is added to the PPA as follows:
- “(v) CPUC Approval of Amendment No. 4, as defined in Amendment No. 4, has been obtained.”
- 4.10 A new section 2.03(b)(vi) is added to the PPA as follows:
- “(vi) SCE shall have been authorized by the ISO to Schedule the electric energy produced by the Generating Facility with the ISO.”
- 4.11 Sections 2.04(a) and 2.04(b) are deleted in their entirety and replaced with the following:
- “[Intentionally Deleted.]”
- 4.12 A new Section 2.06 is added to the PPA as follows:
- “2.06 Above MPR Cost Limit.

Seller acknowledges that pursuant to Public Utilities Code Section 399.15(d), the CPUC has established a limitation for SCE on the total costs expended above the applicable Market Price Referent for the procurement of eligible renewable energy resources to achieve the annual procurement targets established under the RPS Legislation (the "Above MPR Cost Limit"). If SCE's Above MPR Cost Limit is exhausted, SCE may limit its procurement to the quantity of eligible renewable energy resources that can be procured at or below the applicable Market Price Referent. Alternatively, SCE may, but is not required to, voluntarily procure eligible renewable energy resources at prices above the applicable Market Price Referent. If SCE determines that the total cost per MWh that SCE will pay Seller pursuant to this Agreement exceeds the total cost per MWh using the Market Price Referent (the difference between the total cost per MWh under the Agreement and the total cost per MWh using Market Price Referent, the "Above MPR Pricing"), and provides Notice of such determination to Seller, Seller shall make a good faith effort and take all necessary actions to assist SCE in its effort to qualify any Above MPR Pricing towards SCE's Above MPR Costs Limit."

4.13 Section 3.01 of the PPA is deleted in its entirety and replaced with the following:

- "(a) Metered Amounts. Seller shall dedicate and convey the *entire* Metered Amounts throughout the Delivery Term to SCE. Seller shall convey title to and risk of loss of all Metered Amounts to SCE at the Delivery Point.
- (b) Green Attributes. Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer 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 Buyer as included in the delivery of the Product from the Project.
- (c) Capacity Attributes and Resource Adequacy Benefits. Seller shall dedicate and convey any and all Capacity Attributes and Resource Adequacy Benefits generated by, associated with or attributable to the Generating Facility throughout the Delivery Term to SCE and SCE shall be given sole title to all such Capacity Attributes and Resource Adequacy Benefits.
- (d) Further Action by Seller. At least six (6) months before the Initial Synchronization Date, Seller shall, at its own cost, take all actions and execute all documents or instruments necessary to effectuate the use of the Green Attributes, Capacity

Attributes and Resource Adequacy Benefits for SCE's sole benefit throughout the Delivery Term, which actions include:

- (i) Cooperating with and encouraging the regional entity responsible for resource adequacy administration to certify or qualify the Contract Capacity for resource adequacy purposes;
- (ii) Testing the Generating Facility in order to certify the Generating Facility for resource adequacy purposes;
- (iii) Complying with all current and future ISO Tariff provisions that address resource adequacy and are applicable to the Generating Facility, including provisions regarding performance obligations and penalties;
- (iv) Complying with Applicable Laws regarding the certification and transfer of Renewable Energy Credits, including participation in the Western Renewable Energy Generation Information System ("WREGIS") or other process recognized under Applicable Laws for the registration, transfer or ownership of Green Attributes associated with the Generating Facility. With respect to WREGIS, Seller shall cause and allow SCE to be the "Qualified Reporting Entity" and "Account Holder" (as these two terms are defined by WREGIS) for the Generating Facility; and
- (v) Committing to SCE the full output of the Generating Facility."
- (vi) Notwithstanding anything in this Agreement to the contrary, Seller shall not be required to expend more than one hundred and fifty thousand dollars (\$150,000) in any one Term Year (the "Compliance Expenditure Cap"), in addition to expenditure amounts that could be reasonably anticipated as of the Effective Date of Amendment No. 4 to this Agreement, to comply with any changes in Applicable Laws occurring after the Effective Date of Amendment No. 4 to this Agreement, related to Green Attributes, Capacity Attributes or Resource Adequacy Benefits. In the event Seller believes that it will be required to expend monies in excess of the Compliance Expenditure Cap in any Term Year, Seller shall promptly provide Notice to SCE along with documentation sufficient to demonstrate the need for and amount of such expenditures. SCE may,

in its sole discretion, within sixty (60 ) days of the receipt of such Notice, offer to reimburse Seller for expenditures in excess of the Compliance Expenditure Cap, in which case Seller shall make such expenditures subject to Seller and SCE reasonably agreeing upon a manner and timeframe for such reimbursement. In the event SCE does not offer to reimburse Seller for expenditures in excess of the Compliance Expenditure Cap within the foregoing sixty (60) day period, Seller shall have no obligation to make such expenditures.”

4.14 Section 3.02 of the PPA is deleted in its entirety and replaced with the following:

“3.02 Obtaining Scheduling Coordinator Services.

Seller shall comply with all applicable ISO Tariff procedures, protocol, rules and testing as necessary for SCE to submit SC Schedules for the electric energy produced by the Generating Facility.

(a) Designating SCE as Scheduling Coordinator.

- (i) At least thirty (30) days before Initial Operation, Seller shall take all actions and execute and deliver to SCE all documents necessary to authorize or designate SCE as the Scheduling Coordinator throughout the Delivery Term.
- (ii) Throughout the Delivery Term, Seller shall not authorize or designate any other party to act as Scheduling Coordinator, nor shall Seller perform, for its own benefit, the duties of Scheduling Coordinator.

(b) Replacement of SCE as Scheduling Coordinator.

At least forty-five (45) days before the end of the Term, or as soon as practicable before the date of any termination of this Agreement before the end of the Term, Seller shall take all actions necessary to terminate the designation of SCE as Seller’s Scheduling Coordinator as of midnight on the last day of the Term. These actions include the following:

- (i) Seller shall submit to the ISO a designation of a new Scheduling Coordinator for Seller to replace SCE;
- (ii) Seller shall cause the newly designated Scheduling Coordinator to submit a letter to the ISO accepting the designation; and
- (iii) Seller shall inform SCE of the last date on which SCE will be Seller's Scheduling Coordinator. SCE must consent to any date other than the last day of the Term, such consent not to be unreasonably withheld."

4.15 The fourth paragraph of Section 3.03(a) of the PPA is deleted in its entirety and replaced with the following:

"The Development Fee shall be held by SCE as security for Seller maintaining adequate progress in the development of the Generating Facility in accordance with the Milestone Schedule and installing and demonstrating the Nameplate Contract Capacity by the Firm Operation Date."

4.16 Section 3.05 of the PPA is deleted in its entirety and replaced with the following:

"3.05 Metering, Communications, Telemetry and Meteorological Station(s).

(a) ISO Approved Meter.

Seller shall, at its own cost, install, maintain and test all ISO Approved Meters pursuant to the ISO Tariff.

(b) Check Meter.

Seller will permit SCE to furnish and install one Check Meter on the high voltage side of the step-up transformer, substation, or any other location at SCE's sole discretion, associated with the Generating Facility. Each Check Meter must be interconnected with SCE's communication network to permit:

- (i) Periodic, remote collection of revenue quality meter data; and
- (ii) Back-up real time transmission of operating-quality meter data through the Telemetry System set forth in Section 3.05(e), below.

(c) SCE's Access to Meters.

- (i) Subject to Section 3.13, Seller hereby grants SCE reasonable access to all ISO Approved Meters and Check Meters for meter readings and any purpose necessary to effectuate this Agreement.
  - (ii) Seller shall promptly provide SCE access to all meter data and data acquisition services both in real-time, and at later times, as SCE may reasonably request.
  - (iii) Prior to Initial Synchronization, Seller shall provide instructions to the ISO granting authorizations or other documentation sufficient to provide SCE with access to the ISO Approved Meter and to Seller's settlement data on OMAR.
- (d) ISO Approved Meter Maintenance.
- (i) Seller shall test and calibrate the ISO Approved Meter, as necessary, but in no event will the period between testing and calibration dates be greater than twenty-four (24) months.
  - (ii) Seller shall bear its own costs for any meter check or recertification of the ISO Approved Meter.
  - (iii) Seller shall replace the ISO Approved Meter battery at least once every thirty-six (36) months or such shorter period as may be recommended by the battery manufacturer.  
  
Notwithstanding the foregoing, if the ISO Approved Meter battery fails, Seller shall replace such battery within one (1) day after becoming aware of its failure.
  - (iv) Seller shall use certified test and calibration technicians to perform any work associated with the ISO Approved Meter.
  - (v) Seller shall inform SCE of test and calibration dates, provide SCE with access to observe and witness such testing and calibration, and provide SCE certified results of tests and calibrations within thirty (30) days after completion.
- (e) Telemetry System.
- Seller shall be responsible for designing, furnishing, installing, operating, maintaining and testing a real time Telemetry System capable of interconnecting the ISO Approved Meter(s) and the Generating Facility's control system with the ISO's Energy Communication Network.



The Telemetry System shall be designed in accordance with the ISO monitoring and communication requirements and must be capable of:

- (i) Reporting data from each ISO Approved Meter;
- (ii) Providing the status of key control points from the Generating Facility's control system;
- (iii) Routing generating unit set points to the Generating Facility's control system; and
- (iv) If the Generating Facility is subject to PIRP, communicating availability of the Generating Facility pursuant to Section 3.05(g).

The Telemetry System must include a data processing gateway, internet connection, interconnecting cabling and all service agreements required for accessing the ISO's Energy Communications Network.

The above mentioned connections and data transfer must be included in the systems engineering tasks as a part of the construction of the Generating Facility, and must be fully functional before Initial Synchronization.

(f) Meteorological Station(s) and Reporting Requirements.

Seller, at its own expense, shall install and maintain one (1) or more stand-alone meteorological stations at the Generating Facility in accordance with Exhibit T to monitor and report weather data to both the ISO and the existing SCE weather station data collection system.

The station(s) must be installed at least sixty (60) days before Initial Synchronization.

The station(s) must be equipped with the Meteorological Equipment, as may be modified by SCE from time to time to reflect the ISO's PIRP protocol.

The station(s) must be designed to collect and record data in accordance with ISO's PIRP protocols.

Data reports must be formatted in a manner consistent with the ISO requirements published on the ISO internet home page.

Telemetering equipment must be designed to function in accordance with ISO's PIRP protocols.

The station(s) must be equipped to measure and record the minimum data required by the ISO, in the manner specified by the ISO.

Seller shall submit to SCE for review and approval, Seller's technical specifications for the meteorological station(s) along with a site plan showing the location of the station(s), the location of all Wind Turbines, and other prominent features, as applicable.

(g) Real-Time Communication of Availability.

- (i) Prior to Initial Synchronization, Seller shall install a telecommunication system and demonstrate to SCE's reasonable satisfaction that the system interfaces with the Web Client to provide SCE with Seller's Real-Time Availability.
- (ii) Seller shall maintain the telecommunications path, the hardware, and software to provide quality data to SCE throughout the Delivery Term.
- (iii) Upon Notice from SCE, Seller shall repair or have corrected within five (5) days of receipt of such Notice any:
  - (1) Inoperable telecommunications path;
  - (2) Inoperable software; or
  - (3) Faulty instrumentation.
- (iv) Seller shall submit an Actual Availability Report in accordance with Section 3.21 for any month in which Seller's telecommunications system was not available or did not provide quality data for longer than twenty-four (24) continuous hours.

4.17 Section 3.15 is deleted in its entirety and replaced with the following:

"[Intentionally Deleted.]"

4.18 A new Section 3.18 is added to the PPA as follows:

"3.18 NERC Electric System Reliability Standards.

Throughout the Delivery Period,

- (a) (i) Seller shall be responsible for complying with any NERC Reliability Standards applicable to the Generating Facility, including registration with NERC as the Generator Operator for the Generating Facility or other applicable category under the NERC Reliability Standards and implementation of all applicable processes and procedures required by NERC, WECC or

ISO for compliance with the NERC Reliability Standards; and

- (ii) Liable for all penalties assessed by NERC (through WECC or otherwise) for violations of the NERC Reliability Standards by the Generating Facility or Seller, as Generator Operator or other applicable category.
- (b) If Seller learns that NERC (through WECC or otherwise) is considering or intends to assess Seller with a penalty that Seller believes is attributable to SCE's actions or inactions as Scheduling Coordinator as described in the document entitled "Responsibilities of the Generator Operator, Scheduling Coordinator, ISO, and Reliability Coordinator" or other successor description or document on the ISO website at the time of the potential assessment, Seller shall provide SCE with sufficient notice to allow SCE to take part in administrative processes, discussions or settlement negotiations with NERC, WECC or other entity arising from or related to the alleged violation or possible penalty. If the penalty is nonetheless assessed in spite of SCE's participation in the processes, discussions or settlement negotiations, or SCE waives its right to take part in the processes, discussion or settlement negotiations, SCE shall reimburse Seller for the penalty to the extent that:
- (i) It was solely caused by SCE's actions or inactions as Scheduling Coordinator as described in the document entitled "Responsibilities of the Generator Operator, Scheduling Coordinator, ISO, and Reliability Coordinator" or other successor description or document on the ISO website at the time of the violation; and
  - (ii) Seller can establish to SCE's reasonable satisfaction that the penalty was actually assessed against Seller by NERC and paid by Seller to NERC."

4.19 A new section 3.19 is added to the PPA as follows:

"3.19 Resource Adequacy Rulings.

Seller grants, pledges, assigns and otherwise commits to SCE the generating capacity of the Generating Facility in order for SCE to meet its resource adequacy obligations under any Resource Adequacy Rulings.

Seller represents, warrants and covenants to SCE that Seller:

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- (i) Has not used, granted, pledged, assigned or otherwise committed any portion of the generating capacity of the Generating Facility to meet the resource adequacy requirements of, or to confer Resource Adequacy Benefits on, any entity other than SCE; and
- (ii) Throughout the Delivery Term, will not use, grant, pledge, assign or otherwise commit any portion of the generating capacity of the Generating Facility to meet the resource adequacy requirements of, or to confer Resource Adequacy Benefits on, any entity other than SCE.”

4.20 A new section 3.20 is added to the PPA as follows:

“3.20 Actual Availability Report.

- (a) Throughout the Delivery Term, if Seller’s forecasts are based on capacity availability, Seller shall prepare and provide to SCE a report with the Settlement Interval Actual Available Capacity of the Generating Facility (an “Actual Availability Report”) for each month.

This report must be in the form set forth in Exhibit S and must be delivered to SCE no later than the seventh (7th) Business Day following the end of the month which is the subject of the Actual Availability Report.

Upon SCE’s request, Seller shall promptly provide to SCE any additional data and supporting documentation necessary for SCE to audit and verify any matters set forth in the Actual Availability Report.”

4.21 The first paragraph of Section 4.01 of the PPA is amended by replacing the reference to “Section 4.02” with “Exhibit Q.”

4.22 Section 4.02 of the PPA is deleted in its entirety and replaced with the following:

“[Intentionally Deleted.]”

4.23 Section 4.03 of the PPA is deleted in its entirety and replaced with the following:

“[Intentionally Deleted.]”

4.24 A new section 4.05 is added to the PPA as follows:

“4.05 Scheduling Coordinator.

(a) Commencing on Initial Synchronization, SCE shall act as Seller's Scheduling Coordinator and carry out all duties as Scheduling Coordinator in accordance with ISO Tariff protocols.

(b) Termination of Scheduling Coordinator.

SCE shall submit a letter to the ISO identifying the date on which SCE resigns as Seller's Scheduling Coordinator on the first to occur of the following:

- (1) Thirty (30) days before the end of the Term;
- (2) The date of any Notice from Seller of suspension of its performance pursuant to Section 6.02.
- (3) The date of any early termination of this Agreement."

4.25 The proviso in Section 6.01(k) is amended to read as follows:

"... *provided, however*, that an Event of Default shall not have occurred if the Generating Facility fails to qualify as an eligible renewable resource due to a change in the RPS Legislation occurring after the Effective Date and Seller has made commercially reasonable effort in accordance with Section 10.01(i)."

4.26 The proviso in Section 6.01(l) is amended to read as follows:

"... *provided, however*, that an Event of Default shall not have occurred if failure to qualify results solely from an amendment or modification of the RPS Legislation occurring after the Effective Date and Seller has made commercially reasonable effort in accordance with Section 10.01(i)."

4.27 A new Section 10.01(i) is added to the PPA as follows:

"10.01(i) Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that:

- (i) The Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and
- (ii) The Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard.

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To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.”

4.271 A new Section 10.01(i)(1) is added as follows: “For purposes of this Section 10.01(i), “commercially reasonable efforts” means that Seller is not required to expend more than fifteen thousand dollars (\$15,000) in any one Term Year to comply with such change in law.”

4.28 Section 10.03(h) is hereby added to the PPA as follows:

“Seller is solely responsible for any NERC Standards Non-Compliance Penalties arising from or relating to Seller’s failure to perform the Generator Operator Obligations or the Generator Owner Obligations, in accordance with Section 3.18, and shall indemnify, defend and hold SCE harmless from and against all liabilities, damages, claims, losses, costs, attorneys fees (which shall include costs of in-house counsel) or expenses incurred by SCE arising from or relating to NERC Standards Non-Compliance Penalties or an attempt by any Governmental Authority, person or entity to assess such NERC Standards Non-Compliance Penalties against SCE. If Seller fully complies with the Generator Operator Obligations and Generator Owner Obligations, SCE shall, if applicable, 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 Non-Compliance Penalties which are solely due to SCE’s negligence in performing its role as Seller’s Scheduling Coordinator during the Term.”

4.29 Section 10.05 of the PPA is amended by inserting at the beginning of the second sentence the phrase, “TO THE EXTENT ENFORCEABLE AT SUCH TIME,”.

4.30 Article 11 is deleted in its entirety and replaced with the following:

“If a Change in ISO Tariff renders this Agreement or any terms herein incapable of being performed or administered, then either Party, on Notice, may request the other Party to enter into negotiations to make the minimum changes to this Agreement necessary to make this Agreement capable of being performed and administered, while attempting to preserve to the maximum extent possible the benefits, burdens and obligations set forth in this Agreement as of the Effective Date.

Upon receipt of a Notice requesting negotiations, the Parties shall negotiate in good faith.

*The contents of this document are subject to restrictions on disclosure.*

*MLU A.S.*

If the Parties are unable, within sixty (60) days after the sending of the Notice requesting negotiations, either to agree upon changes to this Agreement or to resolve issues relating to changes to this Agreement, then either Party may submit issues pertaining to changes to this Agreement to arbitration as provided in Article Twelve.

A change in cost will not in itself be deemed to render this Agreement or any terms therein incapable of being performed or administered, or constitute, or form the basis of, a Force Majeure.”

4.31 A new paragraph is added to the end of Article 12, as follows:

“Provisional Relief.

The Parties acknowledge and agree that irreparable damage would occur if certain provisions of this Agreement are not performed in accordance with the terms of this Agreement, that money damages would not be a sufficient remedy for any breach of these provisions of this Agreement, and that the Parties shall be entitled, without the requirement of posting a bond or other security, to seek a preliminary injunction, temporary restraining order, or other provisional relief as a remedy for a breach of Section 2.05, 3.01, 3.02, 3.03(d) or Exhibit I of this Agreement in any court of competent jurisdiction, notwithstanding the obligation to submit all other disputes (including all claims for monetary damages under this Agreement) to arbitration pursuant to this Article 12. The Parties further acknowledge and agree that the results of the arbitration may be rendered ineffectual without the provisional relief.

Such a request for provisional relief does not waive a Party’s right to seek other remedies for the breach of the provisions specified above in accordance with Article 12, notwithstanding any prohibition against claim-splitting or other similar doctrine. The other remedies that may be sought include specific performance and injunctive or other equitable relief, plus any other remedy specified in this Agreement for the breach of the provision, or if the Agreement does not specify a remedy for the breach, all other remedies available at law or equity to the Parties for the breach.”

4.32 Exhibit A to the PPA is deleted in its entirety and replaced with the Exhibit A attached to this Amendment No.4.

4.33 Exhibit B to the PPA is deleted in its entirety and replaced with the Exhibit B attached to this Amendment No.4.

4.34 Exhibit C to the PPA is deleted in its entirety and replaced with the Exhibit C attached to this Amendment No.4.

4.35 Exhibit D to the PPA is deleted in its entirety and replaced with the following:

“[Intentionally Deleted.]”

4.36 Exhibit F to the PPA is deleted in its entirety and replaced with the Exhibit F attached to this Amendment No. 4.

4.37 Exhibit J to the PPA is deleted in its entirety and replaced with the Exhibit J attached to this Amendment No. 4.

4.38 Exhibit M to the PPA is deleted in its entirety and replaced with the following:

“[Intentionally Deleted.]”

4.39 Exhibit N to the PPA is deleted in its entirety and replaced with the Exhibit N attached to this Amendment No. 4.

4.40 Exhibit P to the PPA is deleted in its entirety and replaced with the following:

“[Intentionally Deleted.]”

4.41 Exhibit Q attached to this Amendment No. 4 is added to the PPA.

4.42 Exhibit R attached to this Amendment No. 4 is added to the PPA.

4.43 Exhibit S attached to this Amendment No. 4 is added to the PPA.

4.44 Exhibit T attached to this Amendment No. 4 is added to the PPA.

5. Miscellaneous.

5.1 Reservation of Rights. SCE expressly reserves all of its rights and remedies under the PPA.

5.2 Legal Effect. Except as expressly set forth herein, the PPA (as amended by the First through Third Amendments) remains unchanged and shall remain in full force and effect.

5.3 Successors and Assigns. The terms and provisions hereof shall be binding on and inure to the benefit of and be enforceable by the successors and assigns of the parties hereto, whether so expressed or not. Notwithstanding the foregoing, Seller shall not assign any rights or delegate any duties under the PPA, as modified by this Amendment No. 4, except as provided in Section 10.04 of the PPA.





- 5.4 Severability. If any provision or provisions of this Amendment No. 4 shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.
- 5.5 Headings. The headings in this Amendment No. 4 are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.
- 5.6 Governing Law. THIS AMENDMENT NO. 4 AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AMENDMENT NO. 4.
- 5.7 Counterparts. This Amendment No. 4 may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.
- 5.8 Entire Agreement. This Amendment No. 4 sets forth the entire agreement of the parties hereto with respect to its subject matter, and supersedes all previous understandings, written or oral, with respect thereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment No. 4 to be executed by their respective officers thereunto duly authorized, as of the date first above written.

AERO ENERGY, LLC,  
a California limited liability company

SOUTHERN CALIFORNIA EDISON COMPANY,  
a California corporation

By:   
Name: Jeffrey J. Ciachurski  
Title: Chief Executive Officer

By:   
Name: Marc Ulrich  
Title: Vice President,  
Renewable and Alternative Power

**EXHIBIT A**

*Generating Facility and Site Description*

1. Generating Facility Description:

The Generating Facility will consist of an array of wind turbine generators. Each wind turbine will include:

- (a) A doubly fed induction machine with a nameplate capacity of 2.105 MVA;
- (b) A gearbox;
- (c) A variable pitch, three-bladed rotor assembly;
- (d) A 67-meter hub height;
- (e) An on-board microprocessor controller;
- (f) A 67-meter tubular steel tower; and
- (g) A meteorological station.

Three-phase electrical energy will be generated at 690 volts and transformed to 34.5 kV in the nacelle. It will be then transferred by 34.5 KV cable to switches located at the base of each wind turbine tower. Each 34.5 KV switch will be connected through underground cables to a substation that will interconnect the Generating Facility with the high voltage electric power transmission system.

The Generating Facility will be equipped with a computerized Supervisory Control and Data Acquisition ("SCADA") system that will be connected to each wind turbine controller. The SCADA system will allow operators located within Seller's regional operations and maintenance facility to remotely operate each individual wind turbine and to monitor the output of the Generating Facility as a whole. It will also gather, archive, and report data from each wind turbine generator and for each wind turbine meteorological station. The wind turbines are self starting and can be started and stopped remotely via SCADA system.

Wind turbine towers will be accessed by a network of compacted gravel access roadways.

2. Site Description.

The Windstar Project consists of 41 parcels located within portions of Sections 3, 4, 9 and 10 Township (T) 11 North (N), Range (R) 14 West (W); section 32, T 12 N, R 14 W; and sections 20, 21 and 32, T 11 N, R 13 W, San Bernardino Base Meridian (SBBM), Tehachapi, Riverside County, California.

AERO Energy, LLC owns the following parcels, listed by Assessor's Parcel Numbers (APN), which are part of the Windstar Project:

237-032-21  
237-032-33  
237-032-34  
237-053-18  
237-053-19  
237-053-20  
237-053-21  
237-053-22  
237-053-23  
237-053-24  
237-053-25  
237-053-26  
237-053-27  
237-053-28  
237-054-14  
237-054-20  
237-054-21  
237-054-22  
237-054-23  
237-054-38  
237-331-01  
237-331-19  
237-063-15  
237-063-18  
237-063-19  
237-064-01  
237-064-02  
237-064-05  
237-064-06  
237-064-11  
237-064-13  
237-064-14  
237-064-15  
237-064-16  
237-064-17  
237-064-18  
237-064-19  
237-064-20  
237-064-21  
237-064-25  
237-064-26  
237-064-35

*The contents of this document are subject to restrictions on disclosure as set forth herein.*

237-201-03  
237-201-04  
237-201-07  
237-201-08  
237-201-09  
237-211-01  
237-211-04  
237-211-06  
237-211-07  
237-211-08  
237-211-17

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*\*\*\* End of EXHIBIT A \*\*\**

**EXHIBIT B**

*Notice List*

<b>AERO ENERGY, LLC</b> ("Seller")	<b>SOUTHERN CALIFORNIA EDISON COMPANY</b> ("SCE")
All Notices are deemed provided in accordance with Section 10.06 if made to the address and facsimile numbers provided below:	Unless otherwise specified, all Notices are deemed provided in accordance with Section 10.06 if made to the Contract Sponsor at the address or facsimile number provided below:
<b>Contract Sponsor:</b> Attn: [REDACTED] Street: [REDACTED] City: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED]	<b>Contract Sponsor:</b> Attn: [REDACTED] Street: [REDACTED] City: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED]
<b>Reference Numbers:</b> Duns: [REDACTED] Federal Tax ID Number: N/A	<b>Reference Numbers:</b> Duns: [REDACTED] Federal Tax ID Number: [REDACTED]
<b>Contract Administration:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED] [REDACTED]	<b>Contract Administration:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED]
<b>Forecasting:</b> Attn: Control Room Phone: Facsimile:	<b>Generation Operations Center:</b> Phone: [REDACTED] Phone: [REDACTED]

The contents of this document are subject to restrictions on disclosure as set forth herein.

<b>AERO ENERGY, LLC</b> ("Seller")	<b>SOUTHERN CALIFORNIA EDISON COMPANY ("SCE")</b>
<b>Day-Ahead Forecasting:</b>  Phone:	<b>Day-Ahead Scheduling:</b> <u>Manager.</u> [REDACTED] Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED]  <u>Scheduling Desk.</u> Phone: [REDACTED] Backup: [REDACTED] Fax: [REDACTED] Email: [REDACTED]
<b>Real-Time Forecasting:</b>  Phone:	<b>Real-Time Scheduling:</b> <u>Manager.</u> [REDACTED] Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED]  <u>Operations Desk</u> Phone: [REDACTED] Back-up: [REDACTED] Fax: [REDACTED] Email: [REDACTED]
<b>Payment Statements:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]	<b>Payment Statements:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]
<b>ISO Charges and ISO Sanctions:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]	<b>ISO Charges, ISO Sanctions and SCE Penalties:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]
Attn: Accounting Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]	<b>Payments:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]

The contents of this document are subject to restrictions on disclosure as set forth herein.

<b>AERO ENERGY, LLC</b> ("Seller")	<b>SOUTHERN CALIFORNIA EDISON COMPANY</b> ("SCE")
<b>Wire Transfer:</b> BNK: ABA: ACCT:	<b>Wire Transfer:</b> BNK: [REDACTED] ABA: [REDACTED] ACCT: [REDACTED]
<b>Credit and Collections:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]	<b>Manager of Credit and Collateral:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED]
<b>With additional Notices of an Event of Default or Potential Event of Default to:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]	<b>With additional Notices of an Event of Default or Potential Event of Default to:</b> Attn: [REDACTED] Phone: [REDACTED] Facsimile: [REDACTED]
<b>Guarantor:</b> Attn: Phone: Facsimile: Email:	
<b>Lender:</b> Attn: Phone: Facsimile: Email:	

\*\*\* End of EXHIBIT B \*

**EXHIBIT C**

*Forecasting and Scheduling Requirements and Procedures*

I. Introduction.

The Parties shall abide by the forecasting and Scheduling requirements and procedures described below and shall agree upon reasonable changes to these requirements and procedures from time-to-time, as necessary to:

- (a) Comply with ISO Tariff changes;
- (b) Accommodate changes to their respective generation technology and organizational structure; and
- (c) Address changes in the operating and Scheduling procedures of both SCE and the ISO, including but not limited to, automated forecast and outage submissions.

2. Seller's Forecasting Requirements.

Seller must meet all of the following requirements for forecasting as specified below.

- (a) No later than thirty (30) days before any day designated for Initial Synchronization, Seller shall provide SCE, via the Web Client, with a 30-day, hourly forecast of Capacity, in MW, for the thirty (30) day period commencing on Initial Synchronization.
- (b) If, after submitting the forecast pursuant to Item 2(a), Seller learns that Initial Synchronization will occur on a date and time other than that reflected on the forecast, Seller shall provide an updated forecast reflecting the new Initial Synchronization date at the earliest practicable time but no later than 5:00 p.m. Pacific Prevailing Time ("PPT") on the Wednesday before the revised Initial Synchronization date, if Seller has learned of the new Initial Synchronization date by that time, but in no event less than three (3) Business Days before the actual Initial Synchronization date.
- (c) If the Web Client becomes unavailable, Seller shall provide SCE with the forecast by e-mailing SCE.
- (d) The forecast, and any updated forecasts provided pursuant to this Item 2, must:
  - (i) Not include any anticipated or expected electric energy losses after the ISO Meter; and
  - (ii) Limit hour-to-hour forecast changes to no less than two hundred fifty (250) kWh or 0.25 MW, as applicable, during any period when the Web Client is unavailable. Seller shall have no restriction on hour-to-hour forecast changes when the Web Client is available.
- (e) Commencing on or before 5:00 p.m. PPT of the Wednesday before the first week covered by the forecast provided pursuant to Item 2.(a) above and on or before 5:00 p.m. PPT every Wednesday thereafter until the end of the Delivery Term,

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*The contents of this document are subject to restrictions on disclosure as set forth herein.*



Seller shall update the forecast for the thirty (30) day period commencing on the Sunday following the weekly Wednesday forecast update submission. Seller shall use the Web Client, if available, to supply this weekly update or, if the Web Client is not available, Seller shall provide SCE with the weekly forecast update by e-mailing SCE.

- (f) If:
- (i) Seller does not provide real-time communication of availability as provided in Section 3.05(g);
  - (ii) The telecommunications path to obtain real-time data is inoperable; or
  - (iii) Instrumentation is providing faulty or incorrect data; and
  - (iv) Seller learns of any change in the total available capacity of the Generating Facility for a period covered by the most recent forecast update resulting from any cause, including an unplanned outage before the time that the next weekly update of the forecast is due which Seller is required to report under the provisions of the ISO Tariff related to PIRP and under other applicable provisions of the ISO Tariff related to availability and outage reporting,

then Seller shall provide an updated forecast to SCE.

This updated forecast must be submitted to SCE via the Web Client by no later than:

- a. 5:00 a.m. PPT on the day before any day impacted by the change, if the change is known to Seller at that time. If the Web Client is not available, Seller shall e-mail these changes to [presched@sce.com](mailto:presched@sce.com) and immediately follow up with a phone call to SCE's Day-Ahead Scheduling Desk in accordance with Exhibit B;
  - b. Thirty (30) minutes before the commencement of any hour impacted by the change, if the change is known to Seller at that time; or
  - c. If the change is not known to Seller by the timeframes indicated in (i) or (ii) above, within twenty (20) minutes after Seller becomes aware or, using best efforts, should have become aware of the event which caused the availability change, e-mail changes to [realtime@sce.com](mailto:realtime@sce.com) and immediately telephone SCE's Real-time Operations Desk in accordance with Exhibit B.
- (g) Seller's updated forecast must reflect the following information:
- (i) The beginning date and time of the change;
  - (ii) The expected ending date and time of the event;
  - (iii) The expected availability, in MW; and

(iv) Any other information required by the ISO as communicated to Seller by SCE.

3. SCE's Scheduling Responsibilities.

SCE shall be responsible for Scheduling the Product in accordance with this Agreement.

4. Seller's Outage Scheduling Requirements.

Seller shall meet all requirements and timelines for generation outage scheduling contained in the ISO's Scheduled and Forced Outage Procedure T-113, or its successor, as posted on the ISO's website.

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*\*\*\* End of EXHIBIT C \*\*\**

**EXHIBIT F**

*Seller's Milestone Schedule*

<b>NO.</b>	<b>DATE</b>	<b>MILESTONES</b>
1	DONE	Submits Generation and Interconnection Application
2	DONE	Files any land applications
3	DONE	Files application for zone change
4	W/I 30 days of Initial Operation Pre-Cert DONE	Files a CEC Certification and Verifications application
5	DONE	Received completed Systems Impact Study
6	DONE	Obtains control of all lands and rights-of-way comprising the site
7	May 2010 Pre-Cert DONE	Receives CEC Certification and Verifications
8	October 31, 2008 DONE	Receives a completed Facility Study
9	April 30, 2009 DONE	Executes an Interconnection Agreement
10	DONE	Receives FERC acceptance of Interconnection Agreement and Transmission Services Agreement
11	DONE	Receives approval for zone change request
12	July 2010	Files Construction Permit Application for Generating Facility
13	May 1, 2010	Executes an Engineering, Procurement and Construction ("EPC") contract
14	September 2010	Receives grading and construction permit
15	May 1, 2010	Completes financing
16	September 2010	Begins construction of the Generating Facility

*The contents of this document are subject to restrictions on disclosure as set forth herein.*

<b>NO.</b>	<b>DATE</b>	<b>MILESTONES</b>
17	No later than November 2011	Begins startup activities
18	No later than December 31, 2011	Achieves Initial Operation
19	One hundred eighty (180) days after Initial Operation	Demonstrates Nameplate Contract Capacity

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*\*\*\* End of EXHIBIT F \*\*\**

**EXHIBIT J**

*Time of Delivery Periods  
and  
Energy Payment Allocation Factors*

<u>Time of Delivery Periods ("TOD Periods")</u>			
<i>TOD Period</i>	<i>Summer Jun 1st – Sep 30<sup>th</sup></i>	<i>Winter Oct 1st – May 31st</i>	<i>Applicable Days</i>
On-Peak	Noon – 6:00 p.m.	Not Applicable.	Weekdays except Holidays.
Mid-Peak	8:00 a.m. – Noon	8:00 a.m. - 9:00 p.m.	Weekdays except Holidays.
	6:00 p.m. – 11:00 p.m.		Weekdays except Holidays.
Off-Peak	11:00 p.m. – 8:00 a.m.	6:00 a.m. – 8:00 a.m.	Weekdays except Holidays.
		9:00 p.m. – Midnight	Weekdays except Holidays.
	Midnight – Midnight	6:00 a.m. – Midnight	Weekends and Holidays
Super-Off-Peak	Not Applicable.	Midnight – 6:00 a.m.	Weekdays, Weekends and Holidays

<u>Energy Payment Allocation Factors</u>			
<i>Season</i>	<i>TOD Period</i>	<i>Calculation Method</i>	<i>Energy Payment Allocation Factor</i>
Summer	On-Peak	Fixed Value.	3.13
	Mid-Peak	Fixed Value.	1.35
	Off-Peak	Fixed Value.	0.75
Winter	Mid-Peak	Fixed Value.	1.00
	Off-Peak	Fixed Value.	0.83
	Super-Off-Peak	Fixed Value.	0.61

"Holiday" is defined as New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas Day.

When any Holiday falls on a Sunday, the following Monday will be recognized as a Holiday. No change will be made for Holidays falling on Saturday.

\*\*\* End of EXHIBIT J \*\*\*

*The contents of this document are subject to restrictions on disclosure as set forth herein.*

**EXHIBIT N**

*Form of Letter of Credit*

IRREVOCABLE NONTRANSFERABLE STANDBY

LETTER OF CREDIT

Reference Number:

Transaction Date:

BENEFICIARY:

Southern California Edison Company  
2244 Walnut Grove Avenue  
[REDACTED]  
Rosemead, CA 91770

Ladies and Gentlemen:

\_\_\_\_\_ (the "Bank") hereby establishes this Irrevocable Nontransferable Standby Letter of Credit ("Letter of Credit") in favor of Southern California Edison Company, a California corporation (the "Beneficiary"), for the account of \_\_\_\_\_, a \_\_\_\_\_ corporation, also known as RAP ID# \_\_\_\_ (the "Applicant"), for the amount of XXX AND XX/100 Dollars (\$\_\_\_\_\_) (the "Available Amount"), effective immediately and expiring at 5:00 p.m., California time, on \_\_\_\_\_ (the "Expiration Date").

This Letter of Credit shall be of no further force or effect upon the close of business on \_\_\_\_\_ or, if such day is not a Business Day (as hereinafter defined), on the next preceding Business Day.

For the purposes hereof, "Business Day" shall mean any day on which commercial banks are not authorized or required to close in Los Angeles, California.

Subject to the terms and conditions herein, funds under this Letter of Credit are available to Beneficiary by presentation in compliance on or before 5:00 p.m. California time, on or before the Expiration Date of the following:

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*The contents of this document are subject to restrictions on disclosure as set forth herein.*

*Confidential Information*

1. The original of this Letter of Credit and all amendments (or photocopy of the original for partial drawings); and
2. The Drawing Certificate issued in the form of Attachment A attached hereto and which forms an integral part hereof, duly completed and purportedly bearing the signature of an authorized representative of the Beneficiary.

Notwithstanding the foregoing, any drawing hereunder may be requested by transmitting the requisite documents as described above to the Bank by facsimile at \_\_\_\_\_ or such other number as specified from time-to-time by the Bank.

The facsimile transmittal shall be deemed delivered when received. Drawings made by facsimile transmittal are deemed to be the operative instrument without the need of originally signed documents.

Partial drawing of funds shall be permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance;

*provided that*, the Available Amount shall be reduced by the amount of each such drawing.

This Letter of Credit is not transferable or assignable. Any purported transfer or assignment shall be void and of no force or effect.

Banking charges shall be the sole responsibility of the Applicant.

This Letter of Credit sets forth in full our obligations and such obligations shall not in any way be modified, amended, amplified or limited by reference to any documents, instruments or agreements referred to herein, except only the attachment referred to herein; and any such reference shall not be deemed to incorporate by reference any document, instrument or agreement except for such attachment.

The Bank engages with the Beneficiary that Beneficiary's drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the Bank on or before the Expiration Date.

---

*The contents of this document are subject to restrictions on disclosure as set forth herein.*

*Confidential Information*

Except so far as otherwise stated, this Letter of Credit is subject to the International Standby Practices ISP98 (also known as ICC Publication No. 590), or revision currently in effect (the "ISP"). As to matters not covered by the ISP, the laws of the State of California, without regard to the principles of conflicts of laws thereunder, shall govern all matters with respect to this Letter of Credit.

AUTHORIZED SIGNATURE for Issuer

\_\_\_\_\_

(Name)

Title: \_\_\_\_\_

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*\*\*\* End of EXHIBIT N \*\*\**

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*The contents of this document are subject to restrictions on disclosure as set forth herein.*



ATTACHMENT A  
*Drawing Certificate*

TO [ISSUING BANK NAME]

IRREVOCABLE NON-TRANSFERABLE STANDBY LETTER OF CREDIT

No. \_\_\_\_\_

DRAWING CERTIFICATE

Bank

Bank Address

Subject: Irrevocable Non-transferable Standby Letter of Credit

Reference Number: \_\_\_\_\_

The undersigned \_\_\_\_\_, an authorized representative of Southern California Edison Company (the "Beneficiary"), hereby certifies to [Issuing Bank Name] (the "Bank"), and \_\_\_\_\_ (the "Applicant"), with reference to Irrevocable Nontransferable Standby Letter of Credit No. { \_\_\_\_\_ }, dated \_\_\_\_\_, (the "Letter of Credit"), issued by the Bank in favor of the Beneficiary, as follows as of the date hereof:

1. The Beneficiary is entitled to draw under the Letter of Credit an amount equal to \$ \_\_\_\_\_, for the following reason(s) [check applicable provision]:
  - [ ]A. An Event of Default, as defined in that certain Renewable Power Purchase and Sale Agreement between Applicant and Beneficiary, dated as of [Date of Execution], including any amendments thereto (the "Agreement"), with respect to the Applicant has occurred and is continuing.
  - [ ]B. An Early Termination Date (as defined in the Agreement) has occurred or been designated as a result of an Event of Default (as defined in the Agreement) with respect to the Applicant for which there exist any unsatisfied payment obligations.
  - [ ]C. The Letter of Credit will expire in fewer than 20 Business Days (as defined in the Agreement) from the date hereof, and Applicant has not provided Beneficiary alternative Performance Assurance (as defined in the Agreement) acceptable to Beneficiary.

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*The contents of this document are subject to restrictions on disclosure as set forth herein.*

- [ ]D. The Bank has heretofore provided written notice to the Beneficiary of the Bank's intent not to renew the Letter of Credit following the present Expiration Date thereof ("Notice of Non-renewal"), and Applicant has failed to provide the Beneficiary with a replacement letter of credit satisfactory to Beneficiary in its sole discretion within thirty (30) days following the date of the Notice of Non-renewal.
  - [ ]E. The Beneficiary has not been paid any or all of the Applicant's payment obligations now due and payable under the Agreement.
  - [ ]F. The Beneficiary is entitled to retain the entire Development Fee (as defined in the Agreement): (i) as a result of Applicant's failure to achieve Initial Operation (as defined in the Agreement) of the full Nameplate Contract Capacity (as defined in the Agreement) by the Startup Deadline (as defined in the Agreement) or any extended Startup Deadline as provided in the Agreement; (ii) because Initial Operation has not occurred on or before the Startup Deadline or, based upon SCE's reasonable determination, will not occur at all; or (iii) because the Agreement has terminated due to an Event of Default by Applicant before the Startup Deadline.
  - [ ]G. The Beneficiary is entitled to retain a portion of the Development Fee equal to the product of Twenty Dollars (\$20) per kilowatt times the Unincluded Capacity (as defined in the Agreement) in kilowatts as a result of Applicant demonstrating only a portion of the Nameplate Contract Capacity.
2. Based upon the foregoing, the Beneficiary hereby makes demand under the Letter of Credit for payment of U.S. DOLLARS AND \_\_\_/100ths (U.S.\$ \_\_\_\_\_), which amount does not exceed (i) the amount set forth in paragraph 1 above, and (ii) the Available Amount under the Letter of Credit as of the date hereof.
3. Funds paid pursuant to the provisions of the Letter of Credit shall be wire transferred to the Beneficiary in accordance with the following instructions:

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*Confidential Information*

Unless otherwise provided herein, capitalized terms which are used and not defined herein shall have the meaning given each such term in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been duly executed and delivered on behalf of the Beneficiary by its authorized representative as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Beneficiary: SOUTHERN CALIFORNIA EDISON COMPANY

By:

Name:

Title:

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*The contents of this document are subject to restrictions on disclosure as set forth herein.*

**EXHIBIT Q**

*Payments and Invoicing*

**A. COST RESPONSIBILITY, INVOICING AND PAYMENTS UPON INITIAL OPERATION**

1.01 Cost Responsibility Upon Initial Operation.

(a) SCE Cost Responsibility.

Upon the Initial Operation Date and for the remainder of the Term,

- (i) SCE shall make monthly Energy Payments to Seller for Product delivered to SCE calculated in the manner described in Section A.1.02 below and, if applicable, Exhibit R;
- (ii) Except as set forth in Exhibit R, SCE shall be responsible for all ISO Costs and ISO Sanctions and have the right to receive all ISO Revenues;
- (iii) To the extent that SCE requires Seller to participate in the PIRP program, SCE shall be responsible for PIRP forecasting fees.

(b) Seller Cost Responsibility.

Upon the Initial Operation Date and for the remainder of the Term:

- (i) If Seller fails to comply with the provisions set forth in Exhibit C, Seller shall pay an SCE Penalty as set forth in Exhibit R.
- (ii) Seller shall make monthly Payments calculated in the manner described in Section A.1.02 below and Exhibit R, if applicable.

1.02 Energy Payment Calculations After Initial Operation Date.

For the purpose of calculating monthly payments for Product delivered to SCE as of the Initial Operation Date in accordance with the terms of this Agreement ("Energy Payments"), Metered Amounts will be time-differentiated according to the TOD Periods set forth in Exhibit J and the pricing will be weighted by the Energy Payment Allocation Factors set forth in Exhibit J.

Monthly Energy Payments will equal the sum of the TOD Period Energy Payments for all TOD Periods in the month. Each TOD Period Energy Payment will be calculated pursuant to the following formula, where "n" is the TOD Period being calculated:

$$\text{TOD PERIOD}_n \text{ ENERGY PAYMENT} = A \times B \times C$$

Where:

A = Energy Price specified in Special Condition D in \$/kWh  
(i.e., \$/MWh/1000).

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*The contents of this document are subject to restrictions on disclosure as set forth herein.*

- B = Energy Payment Allocation Factor, set forth in Exhibit J, for the TOD Period being calculated.
- C = The sum of Metered Amounts in all hours for the TOD Period being calculated in kWh.

1.03 Payment Statement and Invoices during the Term.

Upon the Initial Operation Date and for the remainder of the Term, no later than the 10<sup>th</sup> Business Day immediately following each calendar month during the Term during which: (x) Metered Amounts are provided to SCE; or (y) Adjustments for payment errors are made as set forth below; or, (z) if applicable, ISO Sanctions or any SCE Penalties are incurred by Seller ; Seller shall send a Payment Invoice to SCE showing:

- (a) The Metered Amounts for each TOD Period during the month for which the payment is being made;
- (b) A calculation of the amount payable to Seller for the month pursuant to Section A.1.02 of this Exhibit Q; and
- (c) A calculation of the net amount either due Seller or to SCE.

1.04 Payment during the Term.

On or before the later of the twentieth (20<sup>th</sup>) day of the month in which SCE receives a Payment Invoice from Seller, or the tenth (10<sup>th</sup>) Business Day after receipt of the Payment Invoice, or, if such day is not a Business Day, then on the next Business Day, SCE shall:

- (a) Send to Seller, via wire transfer, SCE's payment of said net amount, less any applicable charges and offsets, including if applicable ISO Sanctions per Exhibit R, plus, if such payment is late, a Simple Interest Payment calculated using the Interest Rate and the number of days that such payment is late;
- (b) If SCE, in good faith, Disputes the correctness of the Payment Invoice or a portion thereof, SCE will pay only the undisputed portion of the Payment Invoice and state, in writing, the basis for the Dispute. Payment of the Disputed portion of the Payment Invoice shall not be required until the Dispute is resolved. Upon resolution of the Dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Interest Rate from and including the due date but excluding the date paid; and
- (c) Provide Seller with documentation supporting any ISO Sanction or SCE Penalties, or applicable charges and offsets which affected the net amount in the Payment Invoice.

1.05 Recomputation and Payment Adjustments.

- (a) If Seller or SCE determines that a calculation of Metered Amounts, ISO Sanctions or SCE Penalties is incorrect as a result of inaccurate meters, or the correction of data by the ISO in OMAR, Seller or SCE, as the case may be, shall promptly compute the Metered Amounts or ISO Sanctions or SCE Penalties for the period of the inaccuracy based upon an adjustment of inaccurate meter readings, or correction of data or recalculation of ISO Sanctions in accordance with the ISO Tariff and any payment affected by the adjustment or correction.
- (b) Adjustment of Payment. Any amount due from SCE to Seller, or Seller to SCE, as the case may be, will be made as an adjustment to the next monthly payment statement that is calculated after Seller's or SCE's recomputation using corrected measurements.

If the recomputation results in a net amount owed to SCE after applying any amounts owing to Seller as shown on the next monthly payment statement, any such additional amount still owing to SCE will at SCE's discretion be netted against amounts owed to Seller in any subsequent monthly Payment Invoice or separately invoiced to Seller, in which case Seller must pay the amount owing to SCE within twenty (20) days after receipt of that invoice.

SCE may make payment adjustments arising from inaccurate meters after the end of the Term, *provided*, the Parties will be deemed to have waived any such payment adjustments which are not communicated as provided in this Section A.1.05 of this Exhibit Q within twelve (12) months after the end of the Term.

Adjustment payments for meter inaccuracy will not bear interest.

1.06 Netting Rights.

SCE reserves the right to net amounts that would otherwise be due to Seller under this Agreement in payment of any amounts:

- (a) Owing and unpaid by Seller to SCE under this Agreement; or
- (b) Owed to SCE by Seller arising out of, or related to, any other SCE agreement, tariff, obligation or liability.

Nothing in this Section A.1.06 limits SCE's rights under applicable tariffs, other agreements or Applicable Law.

**B. PAYMENT INVOICE ERRORS**

1.01 Notice of Error in Payment Invoice.

Except as provided in Sections B.1.03 and B.1.05 of this Exhibit Q, if within forty-five (45) days after receipt of SCE's Payment, Seller does not give SCE Notice of an

error in the payment amount, then Seller will be deemed to have waived any error in the payment.

1.02 Reimbursement for Underpayments and Overpayments.

If Seller identifies an error in Seller's favor and SCE agrees that the identified error occurred, SCE shall reimburse Seller for the amount of the underpayment caused by the error and apply the additional payment to the next monthly Payment Invoice that is calculated.

If Seller identifies an error in SCE's favor and SCE agrees that the identified error occurred, SCE may net the amount of overpayment caused by the error against amounts otherwise owed to Seller in connection with the next monthly Payment Invoice that is calculated.

1.03 Late Payments.

Late payments to Seller resulting from SCE's errors, or overpayments to Seller by SCE, will include a Simple Interest Payment calculated using the Interest Rate and the number of days between the date due (or, in the case of overpayments by SCE, commencing five (5) Business Days from the date SCE provides Notice of such overpayments to Seller) and the date paid; *provided*, that changes made because of settlement, audit or other information provided by the ISO and not available to SCE when SCE rendered its original Payment Invoice will not bear interest.

1.04 Netting after Recomputation.

If the recomputation for an error results in a net amount still owing to SCE after applying the amounts owed to SCE against any amounts owed to Seller in the payment statement, as described above, then SCE may, in its discretion, either net this net remaining amount owed to SCE against amounts owed to Seller in any subsequent monthly Payment Invoice to Seller or invoice Seller for such amount, in which case Seller must pay the amount owing to SCE within twenty (20) days after receipt of such invoice.

1.05 Resolution of Disputes.

The Parties shall negotiate in good faith to resolve any Disputes regarding claimed errors in a Payment. Any Disputes which the Parties are unable to resolve through negotiation may be submitted for resolution through arbitration as provided in Article Twelve.

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\*\*\* End of EXHIBIT Q \*\*\*

**EXHIBIT R**

*SCE Penalties and ISO Sanctions*

If Seller is not participating in PIRP, then this Exhibit R is applicable and Seller is liable for SCE Penalties and ISO Sanctions under the circumstances described in this Exhibit R.

1. Determining Seller's Liability for SCE Penalties.
  - (a) If in any hour of any month in the Delivery Term Seller fails to comply with its requirements under Exhibit C of this Agreement, and the sum of Energy Deviations for each of the six Settlement Intervals in that hour exceed the Performance Tolerance Band described in Paragraph 2 of this Exhibit, then, subject to 1.(b) and 1.(c) below, Seller is liable for an SCE Penalty equal to one hundred fifty percent (150%) of the Energy Price in Special Condition D for each MW of availability deviation, or any portion thereof, in that hour.
  - (b) The SCE Penalty will be waived the first hour of the first calendar day (and any subsequent hours of such day) in each month in which Seller fails to comply with its requirements under Exhibit C.
  - (c) The SCE Penalty will be assessed during any hour of any calendar day thereafter in that month in which Seller fails to meet these requirements.
  
2. Performance Tolerance Band.

The "Performance Tolerance Band," in kWh, is equal to:

  - (a) Three percent (3%) times
  - (b) Contract Capacity times
  - (c) One (1) hour, i.e., the interval of time for monitoring requirements under Exhibit C.
  
3. Seller's Liability for ISO Sanctions.

Seller must reimburse SCE for all ISO Sanctions incurred by SCE as a result of Seller's failure to adhere to its obligations under the ISO Tariff or any ISO directive, as such directive may be communicated to Seller by SCE.
  
4. Billing and Documentation of ISO Costs and ISO Sanctions.
  - (a) The ISO Sanctions will be available for billing approximately one hundred twenty (120) days following the last day of the calendar month in which the event giving rise to the sanction occurs, or thirty (30) days after the ISO final settlement data is available to SCE, whichever is sooner.
  - (b) SCE shall provide to Seller the applicable back-up data used for validating ISO Sanctions.

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\*\*\* End of EXHIBIT R \*\*\*

*The contents of this document are subject to restrictions on disclosure as set forth herein.*



**EXHIBIT S**

*Actual Availability Report*

Pursuant to Section 3.21, Seller shall prepare an Actual Availability Report in accordance with the procedures described in this Exhibit S.

1. Availability Workbook.

Seller shall:

- (a) Collect the measurement data, listed in Item 2 below, in one (1) or more Microsoft Excel Workbooks (the "Availability Workbook") provided in a form and naming convention approved by SCE; and
- (b) Electronically send the Availability Workbook to an address provided by SCE.

The Actual Availability Report must reflect the sum of the Settlement Interval Actual Available Capacity of all [*Inverter Block Units and associated Current Inverters*] [*Wind Turbines*] generators as measured by Seller's SCADA equipment.

2. Log of Availability.

The Availability Workbook must be created on a single, dedicated worksheet and shall be in the form of Attachment 1 to this Exhibit S.

The data presented in the Availability Workbook must not reflect any electric energy losses between the ISO Approved Meter or Check Meter and the Delivery Point.

**ATTACHMENT 1**

*Actual Availability Report*

*(Form of Microsoft Excel File Attachment to E-mail Notice)*

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**\*\*\* End of EXHIBIT S \*\*\***

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*The contents of this document are subject to restrictions on disclosure as set forth herein.*

**EXHIBIT T**

*Meteorological Station Specifications*

Pursuant to Section 3.05(f), Seller shall install and maintain a minimum of one (1) stand-alone meteorological equipment station for each fifty (50) MWs of nameplate capacity installed at the Generating Facility. Each station shall be equipped with instruments and equipment that meet or exceed those specifications set forth in the ISO's PIRP protocol and are compatible with the requirements of SCE. SCE and Seller acknowledge that SCE may update this Exhibit T from time to time in order to accommodate industry standards, the ISO PIRP protocol and the needs of SCE.

SCE and Seller shall develop the technical specifications for meteorological stations, which will meet these basic requirements.

Seller shall be required to maintain the meteorological station in accordance with Prudent Electrical Practices.

1. Equipment Stations.

(a) The equipment stations shall be comprised of the following:

- (i) Two (2) heated wind sensors;
- (ii) Two (2) air temperature sensors; and
- (iii) One (1) barometric pressure sensor (with DCP sensor).

(b) The wind sensors and air temperature sensors shall be set at two (2) height locations from ground level:

- (i) One wind sensor and one temperature sensor shall be set at the height that represents the lowest blade tip when positioned at a ninety degree (90°) angle with the ground; and
- (ii) One wind sensor and one temperature sensor shall be set at the height that represents the hub center of the turbines.

2. Attributes of Equipment Station Locations.

The equipment station location(s) should be unencumbered by tower shadow or other equipment. If an equipment station tower is being placed on the Site, the tower is to be placed in front of generating turbines on the upwind side of the wind park, as determined by the wind rose. The second station is best placed at the rear of the park as determined by the wind rose.

3. Communication.

Seller shall communicate meteorological data to SCE via a system consistent with SCE's employed methods at the time of installation.

4. Minimum Equipment Requirements.

SCE currently requires equipment with quality levels and compatibility and functional specifications that meet or exceed those of the equipment set forth below in this Item 4. Any equipment different from that listed below must have the approval of SCE before installation at the Site.

(a) MAWS301 AWS System.

- (i) MAWS301 Basic Assembly for MAWS301 Automatic Weather Station, including following modules and functions:
- QML201 AWS Logger with 1.7 MB Flash memory for data logging
  - QBR101B Battery regulator
  - ENC542PLM Equipment enclosure with backup battery mounting accessories and internal wiring
  - Bottom plate with signal connectors for sensors and peripheral equipment
  - MAWS LIZARD Set-up software
  - MAWS Terminal software
- (ii) ENC542SHIELD Radiation Shield for MAWS301 enclosure
- (iii) QMZ101 Terminal/maintenance cable for MAWS
- (iv) QMBATT12 Back-up battery - 12 Ah/12V, installed in MAWS enclosure, includes wiring

(b) Sensors.

- (i) QMT110 Air temperature sensor with 10 m cable and connector
- DTR502P22 Radiation shield for QMT110 (air temp sensor) including mounting accessories to a pole/mast (60-100 mm)
- (ii) QMT103 Air temperature sensor with 5-m cable and connector
- 212417 Extension cables, 25m, shielded, 5-pin F-M connector for QMT103 sensor
  - DTR502P22 Radiation shield for QMT103 (air temp sensor) including mounting accessories to a pole/mast (60-100 mm)
- (iii) PMT16A Barometric pressure sensor installed within the MAWS301 enclosure
- (iv) M301-WS425STDH Heated Ultrasonic Wind Sensor with RS485 & power output cable, sensor mounting on 60 mm diameter pole/mast and 36 VDC power supply

(c) Powering.

MCP150-M3-115 Mains (AC) power supply, installed in enclosure (ENC542PLM), including wiring and surge arrestors for 115 VAC

(d) Communication.

- (i) DSI485ASET48-M3 Isolated RS-485 module - 2 wire connection, including extra surge arrestors for both lines, installed in MAWS enclosure communications from logger to WS425 sensors
- (ii) DME421-M3 Ethernet interface serial port to VSAT transmitter. Module mounted within MAWS enclosure
- (iii) VSAT Hardware, VSAT transmitter, cables with connectors, testing of each site, antenna positioners, mounting hardware. Installation at each site should include program fee for VSAT module

(e) Install Accessories.

- (i) APPK-60SET Mast mounting for MAWS enclosure on a 50-60 mm diameter pole/mast/tower
- (ii) QSA124PT Surge Arrestor for QMT103/110 Temp sensor lines (4-wire)
- (iii) #010411 Shielded RS485 cabling from MAWS301 to WS425STDH - 10m cables
- (iv) QSA224DC Surge Arrestor for RS485 lines, wind sensors at 10m
- (v) WS425STDH-SPEC-30m Shielded RS485 cabling from MAWS301 to WS425STDH - 30m cables
- (vi) QSA224DC Surge Arrestor for RS485 lines, wind sensors at 30m

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\*\*\* End of EXHIBIT T\*\*\*

FIFTH AMENDMENT

to the

POWER PURCHASE AND SALE AGREEMENT

between

SOUTHERN CALIFORNIA EDISON COMPANY

and

AERO ENERGY, LLC

RAP ID #6307

This Fifth Amendment (“Amendment No. 5”) to the Power Purchase and Sale Agreement dated March 8, 2005, as amended (the “Agreement” or “PPSA”) is entered into between **Southern California Edison Company**, a California corporation (“SCE”), and **Aero Energy, LLC**, a California limited liability company (“Seller”). SCE and Seller are hereinafter sometimes referred to individually as a “Party” and jointly as the “Parties.” Capitalized terms used but not defined herein shall have the meaning set forth in the Agreement.

**RECITALS**

The Parties enter into this Amendment No. 5 with reference to the following facts:

- A. SCE and Seller are Parties to that certain Power Purchase and Sale Agreement, dated as of March 8, 2005, as amended (the “Agreement” or the “PPSA”); and
- B. SCE and Seller wish to include in the Agreement the new non-modifiable terms ordered by Decision No. 10-03-021 of the California Public Utilities Commission (“CPUC”).

**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 Agreement as follows:

1. **AMENDMENT**

- (a) A new Section 10.01(j) is added as follows:

Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the renewable energy credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

- (b) A new Section 10.01(k) is added as follows:

For purposes of Section 10.01(j), “commercially reasonable efforts” means that Seller is not required to expend sums in excess of the Compliance Expenditure Cap in any one Term Year, in accordance with Section 3.01(d)(vi).

- (b) A new Section 10.01(l) is added as follows:

Seller warrants that all necessary steps to allow the renewable energy credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.

2. **MISCELLANEOUS**

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

- (b) Legal Effect. Except as expressly modified as set forth herein, the Agreement remains unchanged and, as so modified, the Agreement shall remain in full force and effect.
- (c) Governing Law. THIS AMENDMENT NO. 5 AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AMENDMENT NO. 5.
- (d) Successors and Assigns. This Amendment No. 5 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. 5 on behalf of such Party and to bind such Party to this Amendment No. 5. Any written notice required to be given under the terms of this Amendment No. 5 shall be given in accordance with the terms of the Agreement.
- (f) Effective Date. This Amendment No. 5 shall be deemed effective as of the date upon which the last Party executes this Amendment No. 5 ("Amendment No. 5 Effective Date").
- (g) Further Agreements. This Amendment No. 5 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.
- (h) Counterparts; Electronic Signatures. This Amendment No. 5 may be executed in one or more counterparts, each of which will be deemed to be an original of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Amendment No. 5 and of signature pages by facsimile transmission, Portable Document Format (i.e., PDF), or by other electronic means shall constitute effective execution and delivery of this Amendment No. 5 as to the Parties and may be used in lieu of the original Amendment No. 5 for all purposes.


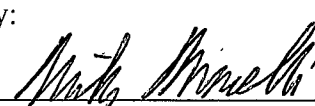


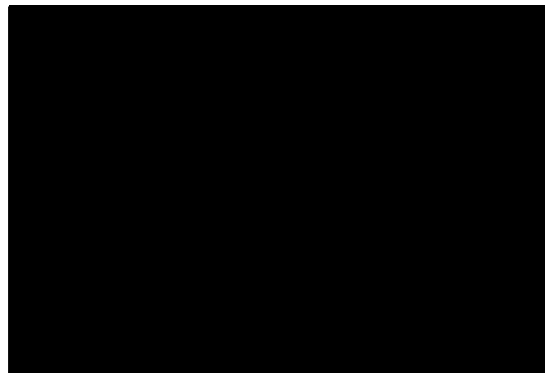
# Southern California Edison

Confidential Information

RAP ID #6307, Aero Energy, LLC

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment No. 5 to be executed by their duly authorized representatives on the dates indicated below their respective signatures.

<b>AERO ENERGY, LLC,</b> a California limited liability company.	<b>SOUTHERN CALIFORNIA EDISON COMPANY,</b> a California corporation.
By:  Jeffrey J. Ciachurski Chief Executive Officer	By: 
Date: <u>May 19, 2010</u>	Date: <u>6/8/10</u>



*The contents of this document are subject to restrictions on disclosure as set forth in the Agreement.*

*Amendment No. 5 to Power Purchase and Sale Agreement*