

**MASTER POWER PURCHASE AND SALE AGREEMENT
(BETHEL SOLAR 2 FACILITY)**

COVER SHEET

This *Master Power Purchase and Sale Agreement* (Version 2.1; modified 4/25/00) ("Master Agreement") is made as of the following date: **October 31, 2006** ("Effective Date"). The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and the Confirmation Letter dated October 31, 2006 for the Bethel Solar 2 Facility shall be referred to as the "Master Agreement." The Parties to this *Master Agreement* are the following:

Name: Bethel Energy, LLC ("Party A")

All Notices:

Street: 13171 High Crest Road
City: Victorville, CA Zip: 92395
Attn: Contract Administration
Phone: (760) 250-3019
Facsimile: (760) 245-4353
Duns: 782020304
Federal Tax ID Number:

Invoices:

Bethel Energy, LLC
13171 High Crest Road
Victorville, CA 92395
Attn: Derek Daniel, Office Engineer
Phone: (760) 403-5999
Facsimile: (760) 403-4353

Scheduling:

[TBD]

Payments:

Bethel Energy, LLC
13171 High Crest Road
Victorville, CA 92395
Attn: Derick Daniel
Phone: (760) 403-5999
Facsimile: (760) 403-4353

Wire Transfer:

BNK: Washington Mutual
ABA:
ACCT:
Confirmation: Derek Daniel
FAX: (760) 403-4353

Credit and Collections:

Bethel Energy, LLC
13171 High Crest Road
Victorville, CA 92395
Attn: Len P. Daniel, Manager
Phone: (760) 250-3019

Name: San Diego Gas & Electric Company ("Party B")

All Notices:

Street: 8315 Century Park Court
City: San Diego, CA Zip: 92123
Attn: Contract Administration
Phone: (858) 636-5543
Facsimile: (858) 650-6190
Duns: 006911457
Federal Tax ID Number:

Invoices:

San Diego Gas & Electric Company
8315 Century Park Ct.
San Diego, California 92123-1593
Attn: Energy Accounting Manager
Phone: (858) 650-6177
Facsimile: (858) 650-6190

Scheduling:

San Diego Gas & Electric Company
8315 Century Park Ct.
San Diego, California 92123-1593
Attn: Transaction Scheduling Manager
Phone: (858) 650-6160
Facsimile: (858) 650-6191

Payments:

San Diego Gas & Electric Company
PO Box 25110
Santa Ana, CA 92799-5110
Attn: Mail Payments
Phone: (619) 696-4521
Facsimile: (619) 696-4899

Wire Transfer:

BNK: Union Bank of California
for: San Diego Gas & Electric Company
ABA: Routing #
ACCT: #
Confirmation: SDG&E, Major Markets
FAX:(213) 244-8316

Credit and Collections:

San Diego Gas & Electric Company, Major Markets
555 W. Fifth Street, ML 10E3
Los Angeles, CA 90013-1011
Attn.: Major Markets, Credit and Collections Manager
Fax No.: (213) 244-8316

Facsimile: (760) 245-4353
With additional Notices of an Event of Default or Potential Event of Default to:

Bethel Energy, LLC
Attn: Len Daniel, Manager
Phone: (760) 250-3019
Facsimile: (760) 245-4353

Phone: 1-866-313-6622 (toll-free)
With additional Notices of an Event of Default or Potential Event of Default to:

Sempra Energy
101 Ash Street
San Diego, CA 92101
Attn: Assistant General Counsel, Commercial Law
Facsimile: (619) 696-4377

The Parties hereby agree that the General Terms and Conditions are incorporated herein, as amended by the following provisions:

Party A Tariff N/A - Qualified Facility (as defined in the Public Utility Regulatory Policies Act)

Party B Tariff FERC Electric Tariff, Original Volume No. 10, Original Sheet Nos. 1-3 (Supersedes FERC Electric Tariff, Original Volume Nos. 7 and 8) Effective May 12, 2003, Docket No. ER03-418-000

Article Two

Transaction Terms and Conditions Optional provision in Section 2.4. If not checked, inapplicable.

Article Four

Remedies for Failure to Deliver or Receive Accelerated Payment of Damages. If not checked, inapplicable.

Article Five

Events of Default; Remedies

Cross Default for Party A:

Party A: N/A Cross Default Amount: N/A

Other Entity: N/A Cross Default Amount: N/A

Cross Default for Party B:

Party B: N/A Cross Default Amount: N/A

Other Entity: N/A Cross Default Amount: N/A

5.6 Closeout Setoff

Option A (Applicable if no other selection is made.)

Option B – Affiliates shall have the meaning set forth in the Master Agreement unless otherwise specified as follows:

Option C (No Setoff)

Article 8

8.1 Party A Credit Protection:

Credit and Collateral Requirements

(a) Financial Information:

Option A

Option B Specify: _____

Option C Specify: _____

(b) Credit Assurances:

- Not Applicable
- Applicable

(c) Collateral Threshold:

- Not Applicable
- Applicable

If applicable, complete the following: N/A

Party B Collateral Threshold: \$ _____; provided, however, that Party B's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party B has occurred and is continuing.

Party B Independent Amount \$ _____

Party B Rounding Amount \$ _____

(d) Downgrade Event:

- Not Applicable
- Applicable

If applicable, complete the following: N/A

- It shall be a Downgrade Event for Party B if Party B's Credit Rating falls below _____ from S&P or _____ from Moody's or if Party B is not rated by either S&P or Moody's

- Other:

Specify: _____

(e) Guarantor for Party B: None

Guarantee Amount: N/A

8.2 Party B Credit Protection:

(a) Financial Information:

- Option A
- Option B Specify: _____
- Option C Specify: Unaudited Financial Statements as attested to by the manager of Party A

(b) Credit Assurances:

- Not Applicable
- Applicable

(c) Collateral Threshold:

- Not Applicable
- Applicable

If applicable, complete the following: N/A

Party A Collateral Threshold: \$ _____; provided, however, that

Party A's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party A has occurred and is continuing.

Party A Independent Amount \$ _____

Party A Rounding Amount \$ _____

(d) Downgrade Event:

Not Applicable

Applicable

If applicable, complete the following: N/A

It shall be a Downgrade Event for Party A if Party A's Credit Rating falls below _____ from S&P or _____ from Moody's or if Party A is not rated by either S&P or Moody's

Other:

Specify: _____

(e) Guarantor for Party A: None

Guarantee Amount: \$N/A

8.4 If the parties elect as being applicable, Section 8.4 shall apply:

Not Applicable

Applicable

Article 10

Confidentiality

Option A: Confidentiality Applicable. If not checked, inapplicable.

Option B: RPS Confidentiality Applicable. If not checked, inapplicable..

Option C: Confidentiality Notification.

If Option C is checked on the Cover Sheet, Seller has waived its right to notification in accordance with Section 10.11(v).

Schedule M

Party A is a Governmental Entity or Public Power System

Party B is a Governmental Entity or Public Power System

Schedule P

Schedule P: Products and Related Definitions shall be deleted in its entirety.

Article One. General Definitions.

(a) **Definitions.** The following definitions are amended as set forth below:

- (1) Section 1.11 “Costs” shall be deleted in its entirety and replaced with the following:

“Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction.

- (2) Section 1.23 “Force Majeure” shall be deleted in its entirety and replaced with the following:

“Force Majeure” means any cause or event beyond the reasonable control of the affected Party which was not anticipated as of the date of the Transaction and not due to the fault or negligence of the Party affected, and which could not have been avoided by due diligence and use of reasonable efforts, including but not limited to (but only to the extent that the following examples satisfy such definition): (a) acts of God such as extreme weather conditions, droughts, floods, earthquakes, (b) fires, explosions, accidents that could not have been prevented by acting in accordance with Good Utility Practice (defined below), and (c) war (declared or undeclared), riots, insurrection, rebellion, acts of the public enemy, acts of terrorism and sabotage, blockades, embargoes, industry-wide strikes. Notwithstanding anything to the contrary in the foregoing, the following shall not constitute Force Majeure: (a) lack of finances; (b) breakage or malfunction of equipment (except to the extent that such failure was caused by an event that would otherwise satisfy the definition of a Force Majeure event as defined above); (c) changes in governmental approvals or the conditions imposed thereunder or the failure to grant or renew such governmental approvals; or (d) curtailment by a Transmission Provider unless (i) such party has contracted for firm transmission for the Product to be delivered to or received at the Delivery Point and (ii) such curtailment is due to “Force Majeure” or “uncontrollable force” or a similar term as defined under the Transmission Provider’s tariff, in which event, the curtailment by the Transmission Provider will be an event of Force Majeure.

“Good Utility Practice” means any practices, methods and acts (i) required by the National Electric Safety Code or NERC, whether or not Seller is a member thereof, or (ii) otherwise engaged in or approved by a significant portion of the utility electric generation industry during the relevant time period or any of the practices, methods and acts that in the exercise of commercially reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be the optimum practice, method or act to the exclusion of all others, but rather is intended to be any of the practices, methods and/or actions generally accepted in the region.

- (3) Section 1.24 “Gains” shall be deleted in its entirety and replaced with the following:

“Gains” means with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining economic benefit 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 referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include the value of Environmental Attributes.

(4) Section 1.27 shall be modified by adding the words “and substantially in the same form as the Letter of Credit template attached hereto as Exhibit B” at the end of the first sentence.

(5) Section 1.28 “Losses” shall be deleted in its entirety and replaced with the following:

“Losses” means with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit 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 referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include the value of Resource Adequacy and Environmental Attributes.

(6) Sections 1.35 and 1.36 shall be modified by deleting the phrase “as defined in Schedule P.” and replacing such phrase with “as defined in the Confirmation.”

(7) Section 1.45 shall be modified by including the words “acceptable to the requesting party” after the words “Letter(s) of Credit”.

(8) Section 1.51 is amended by replacing the current definition with the following:

“Replacement Price” means the price at which Buyer, acting in a commercially reasonable manner, purchases, for delivery at the Delivery Point (or, if replacement power is not available at the Delivery Point, any other delivery point where Buyer is able to purchase replacement product) a replacement for any Product that includes its associated Environmental Attributes and meets the requirements of Section 10.2(xiii) but was not delivered by Seller, plus (i) costs reasonably incurred by Buyer in purchasing such substitute Product and (ii) additional transmission charges, if any, reasonably incurred by Buyer to the Delivery Point, or absent a purchase, the market price at the Delivery Point for such Product not delivered as determined by Buyer in a commercially reasonable manner. The Replacement Price also shall include all charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the scheduled supply resulting from Seller’s failure to deliver; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Buyer be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller’s liability. For the purposes of this definition, Buyer shall be considered to have purchased replacement Product to the extent Buyer shall have entered into one or more arrangements in a commercially reasonable manner whereby Buyer repurchases its obligation to sell and deliver the Product to another party at the Delivery Point. If for any reason a Replacement Price is unavailable at the Delivery Point during a Transaction when Seller fails to deliver Product (“Missing Hours”), then the Replacement Price for Missing Hours shall be the last available Replacement Price prior to the Missing Hours together with any charges and penalties allocated to Buyer for the Missing Hours.

“California Renewables Portfolio Standard” means the Renewables Portfolio Standard of California under California Senate Bill 1078 as codified in Sections 387, 390.1, and 399.25 and Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of, the California Public Utilities Code, as such code reference may be amended from time to time.

(9) Section 1.53 is amended by replacing the current definition with the following:

“Sales Price” means the price at which Seller, acting in a commercially reasonable manner, resells any Product not received by Buyer, deducting from such proceeds any (i) costs reasonably incurred by Seller in reselling such Product including all costs charged by CAISO to deliver the

Product into the CAISO System, and (ii) additional transmission charges, if any, reasonably incurred by Seller in delivering such Product to the third party purchasers, or absent a sale the market price at the Delivery Point for such Product not received as determined by Seller in a commercially reasonable manner. The Sales Price shall also be reduced by all costs, charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the scheduled supply resulting from Buyer's failure to take Product; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Seller be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Buyer's liability. The Sales Price may be less than zero.

(10) Section 1.62 is added as follows:

"CAISO" is the California Independent System Operator, or its successor in interest.

(11) Section 1.63 is added as follows:

"CAISO Tariff" means the CAISO Operating Agreement and Tariff, as it may be modified from time to time.

(12) Section 1.64 is added as follows:

"Capacity Attributes" means any current or future defined characteristic, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific as to the location or any other attribute of the Facility, intended to value any aspect of the capacity of the Facility to produce Energy or ancillary services, including but not limited to any accounting construct so that the full Facility Total Net Capacity, as set forth in Section 3.0 of in the Confirmation Letter, of the Facility may be counted toward a Resource Adequacy Requirement or any other measure by the CPUC, the CAISO, the FERC, or any other entity invested with the authority under federal or state law, to require Buyer to procure, or to procure at Buyer's expense, Resource Adequacy or other such products.

(13) Section 1.65 is added as follows:

"CPUC Approval" means 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:

(1) Approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer's administration of the Agreement;

(2) finds that any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer'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;

(3) finds that any procurement pursuant to this Agreement constitutes incremental procurement or procurement for baseline replenishment by Buyer from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation to increase its total procurement of eligible renewable energy resources that it may have pursuant to the California Renewables Portfolio Standard, CPUC Decision 03-06-071, or other applicable law; and

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

(14) Section 1.66 is added as follows:

“Environmental Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Unit(s) and its displacement of conventional energy generation. Environmental Attributes include but are not limited to: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄) and other greenhouse gases (GHGs) that have been determined by 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; and (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 kWh basis and one Green Tag represents the Environmental Attributes associated with one (1) MWh of energy. Environmental Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Unit(s), (ii) production tax credits associated with the construction or operation of the energy projects 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 pre-existing pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Unit(s) for compliance with local, state, or federal operating and/or air quality permits. If Seller’s Unit(s) is a biomass or landfill gas facility and Seller receives any tradable Environmental Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Environmental Attributes to ensure that there are zero net emissions associated with the production of electricity from such facility.

(15) Section 1.67 is added as follows:

“Resource Adequacy” means the procurement obligation of load serving entities, including Buyer, as such obligations are described in CPUC D.04-10-035 and D.05-10-042 and subsequent CPUC decisions addressing Resource Adequacy issues, as those obligations may be altered from time to time in the CPUC Resource Adequacy Rulemaking (R.)04-04-003 and (R.)05-12-013 or by any successor proceeding, and all other Resource Adequacy obligations, including those relating to scheduling coordination, established by any other entity, including the CAISO. Article Two. Transaction Terms and Conditions

- (a) Amend Section 2.1 by deleting it in its entirety and replacing it with the following: “2.1 Transaction. A Transaction shall be entered into upon agreement of the Parties, in writing.”
- (b) Section 2.3 shall be deleted in its entirety.
- (c) Section 2.5 shall be amended by deleting the last two sentences therein.

Article Three. Obligations and Deliveries

- (a) **Force Majeure.** Add the following paragraph at the end of Section 3.3:

“Before and after the Date of Commercial Operation, this Master Agreement may be terminated by the non-Claiming party with no further obligation to either party if a Force Majeure event prevents the performance of a material portion of the obligations hereunder and such Force Majeure is not resolved within twelve (12) months after the notice given above.”

- (b) **Environmental Attributes.** New Section 3.4 shall be added to the Agreement as follows:

“Seller hereby provides and conveys all Environmental Attributes from the Unit(s) to Buyer as part of the Product being delivered, as such term is described in the applicable Transaction confirmation for the period set forth in such confirmation. Seller represents and warrants that Seller holds the right to all Environmental Attributes from the Unit(s), and Seller agrees to convey and hereby conveys all such Environmental Attributes to Buyer as included in the delivery of the Product from the Unit(s).”

- (c) **Resource Adequacy.** Add the following new Section 3.5:

“During the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all of the Facility Total Net Capacity, including Capacity Attributes, from the Facility to enable Buyer to meet its Resource Adequacy or successor program requirements, as the CPUC, CAISO or other regional entity may prescribe (“Resource Adequacy Requirements”). Seller understands that the CPUC and CAISO are currently in the process of developing requirements for Resource Adequacy and these requirements and the implementation thereof have not been finalized. Seller agrees that during the Delivery Term Seller shall, at a minimum, comply with the terms set forth in Exhibit C to enable Buyer to use all of the capacity, including Capacity Attributes, to be committed by Seller to Buyer pursuant to this Master Agreement to meet Buyer’s Resource Adequacy Requirements.

- (d) **Climate Action Registry.** The parties agree to add the following new Section 3.6:

“Seller shall register the Facility with the California Climate Action Registry as may be required by the CPUC pursuant to Decision 06-02-032 and any subsequent order, but in any event, no later than the date of Commercial Operation.”

- (e) **WREGIS.** The parties agree to add the following new Section 3.7:

“Prior to the date of Commercial Operation, Seller shall register the Facility in the Western Renewable Energy Generating Information System or any successor renewable energy tracking program (“WREGIS”), and take all other action necessary to ensure that the Energy and Environmental Attributes produced from the Facility are tracked for purposes of satisfying the requirements of the California Renewable Portfolio Standard. In the event that WREGIS is not in operation as of the date of Commercial Operation, Seller shall perform its obligations as required per this subsection, as soon as WREGIS is in operation.”

Article Four. Remedies for Failure to Deliver/Receive: Sections 4.1 and 4.2 shall be deleted in their entirety and replaced with the following:

4.1 **Seller Failure.** If Seller fails to schedule and/or deliver all or part of the Product pursuant to a Transaction, and such failure is not excused under the terms of the Product as described in Section 7.2 of the Confirmation Letter, or by Buyer’s failure to perform, then Seller shall pay Buyer, on the date payment would otherwise be due in respect of the month in which the failure occurred, an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for the affected megawatt hours. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

4.2 **Buyer Failure.** If Buyer fails to schedule and/or receive all or part of the Product pursuant to a Transaction and such failure is not excused under the terms of the Product as described in 7.3 of the Confirmation Letter, or by Seller’s failure to perform, then Buyer shall pay Seller, on the date payment would otherwise be due in respect of the month in which the failure occurred, an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Sales Price from the Contract Price for the affected megawatt hours. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

Article Five: Events of Default.

(a) Section 5.1 Events of Default.

Section 5.1(c) is amended by deleting the reference to “three (3) Business Days” and replacing it with “thirty (30) days.”

Amend Sections 5.1(b) and 5.1(h)(i) by adding the following at the end thereof: “or with respect to the representations and warranties made pursuant to Section 10.2 of this Master Agreement or any additional representations and warranties agreed upon by the parties, any such representation and warranty becomes false or misleading in any material respect during the term of this Master Agreement or any Transaction entered into hereunder.”

Within Section 5.1, add the following new Events of Default:

“(i) if at any time during the Term of Master Agreement, Seller delivers or attempts to deliver to the Delivery Point for sale under this Master Agreement electrical power that was not generated by the Unit(s);

“(j) failure to meet the performance requirements agreed to pursuant to Section 7.1 of the Confirmation Letter ; and

“(k) a Letter of Credit Default as described in Section 8.4.”

(b) Section 5 Declaration of an Early Termination Date and Calculation of Settlement Amount.

Section 5.2, 5.3, 5.4, and 5.5 shall be deleted in their entirety and replaced with the following:

5.2 Declaration of Early Termination Date and Calculation of Settlement Amounts: If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (“Non-Defaulting Party”) shall have the right to (i) designate a day, no earlier than the day such notice is effective and no later than thirty (30) days after such notice is effective, as an early termination date (“Early Termination Date”) to accelerate all amounts owing between the Parties and to liquidate and terminate all, but not less than all, Transactions (each referred to as a “Terminated Transaction”) between the Parties, (ii) withhold any payments due to the Defaulting Party under this Master Agreement and (iii) suspend performance. The Non-defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages. The Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount.

5.3 Net Out of Settlement Amounts. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single amount by: netting out (a) all Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article Eight, plus any or all other amounts due to the Defaulting Party under this Master Agreement against (b) all Settlement Amounts that are due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Master Agreement, so that all such amounts shall be netted out to a single liquidated amount (the “Termination Payment”). If the Non-Defaulting Party’s aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Master Agreement, the Termination Payment shall be zero.

5.4 Notice of Payment of Termination Payment. As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such

calculation. The Termination Payment shall be made to the Non-Defaulting Party, as applicable, within fifteen (15) Business Days after such notice is effective.

5.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within fifteen (15) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer Performance Assurance to the Non-Defaulting Party in an amount equal to the Termination Payment."

(c) **Section 5.7 Suspension of Performance.**

Section 5.7 is amended by deleting the phrase "ten (10) NERC Business Days" and replacing it with "fifteen (15) NERC Business Days."

Further amend Section 5.7 by the deletion of the following phrase in the first sentence "or (b) a Potential Event of Default".

Article Six: Payment and Netting

(a) **Section 6.2 Timeliness of Payment.**

Section 6.2 shall be deleted in its entirety and replaced by the following:

Timeliness of Payment. Unless otherwise agreed by the Parties in a Transaction, all invoices under this Master Agreement shall be due and payable in accordance with each Party's invoice instructions thirty (30) days after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full. Seller shall submit a monthly invoice via fax and email during the Delivery Term. Buyer has thirty (30) days to pay the invoice. Invoice shall be itemized, identifying all component charges and unit prices. Invoice shall identify the Output scheduled and delivered during all hours of the month. The invoice shall describe in reasonable detail the calculations used to arrive at invoiced amounts."

(b) **Sections 6.7**

Section 6.7 Payment for Options is amended by deleting the text and substituting therefore "Intentionally omitted."

Article Eight: Credit and Collateral Requirements

(a) **Party A Credit Protection.** The first three sentences in Section 8.1 shall be deleted in their entirety and replaced with the following:

"8.1 Party A Credit Protection. The applicable credit and collateral requirements shall be as specified on the Cover Sheet and shall only apply if marked as "Applicable" on the Cover Sheet."

(b) **Party B Credit Protection.** The first three sentences in Section 8.2 shall be deleted in their entirety and replaced with the following:

"8.2 Party B Credit Protection. The applicable credit and collateral requirements shall be as specified on the Cover Sheet and shall only apply if marked as "Applicable" on the Cover Sheet."

- (c) **Performance Security.** Section 8.3 is hereby amended to read in full as follows:

8.3 Grant of Security Interest/Remedies. To the extent either or both parties deliver Performance Assurance hereunder, each Party (a “Pledgor”) hereby grants to the other Party (the “Secured Party”) a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, any and all proceeds resulting from such Performance Assurance or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Secured Party, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Secured Party’s first-priority 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, the Non-Defaulting Party may do any one or more of the following: (i) exercise any of the rights and remedies of a Secured Party with respect to all Performance Assurance, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the Defaulting Party in the possession of the Non-Defaulting Party or its agent; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all Performance Assurance then held by or for the benefit of the Secured Party free from any claim or right of any nature whatsoever of the Defaulting Party, including any equity or right of purchase or redemption by the Defaulting Party. The Secured Party shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Pledgor’s obligations under the Agreement (the Pledgor remaining liable for any amounts owing to the Secured Party after such application), subject to the Secured Party’s obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

- (d) If the parties elect as being applicable on the Cover Sheet, the following new Section 8.4 shall be added:

“8.4 To secure its obligations under this Master Agreement, in addition to satisfying any credit terms pursuant to the terms of Section 8.2 to the extent marked applicable, Seller agrees to deliver to Buyer (the “Secured Party”) within thirty (30) days after the date on which all of the conditions precedent set forth in Section 1 of the Confirmation Letter are either satisfied or waived, and Seller shall maintain in full force and effect (a) until the Commercial Operation Date a Letter of Credit in the amount of One Million, Six Hundred Eighty Thousand and Eight Hundred and Sixty Dollars (US\$1,680,860), the form of which shall be determined in the sole discretion of Buyer and (b) from the Commercial Operation Date until the end of the Term a Letter of Credit in the amount of Five Million, Forty Two Thousand and Five Hundred and Eighty Dollars (US\$5,042,580), the form of which shall be determined in the sole discretion of the Buyer. Any such security shall not be deemed a limitation of damages

All Letters of Credit shall be subject to the following provisions:

(a) The Seller shall (i) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit and in accordance with this Master Agreement, (ii) if the issuer has indicated its intent not to renew such Letter of Credit, provide a substitute Letter of Credit at least sixty (60) days prior to the expiration of the outstanding Letter of Credit, and (iii) if an issuer of a Letter of Credit shall fail to honor the Buyer’s properly documented request to draw on an outstanding Letter of Credit, provide for the benefit of the Buyer a substitute Letter of Credit, that is issued by an alternate issuer acceptable to the Buyer within five (5) Business Days after the Seller receives notice of such refusal.

(b) “Letter of Credit Default” shall mean with respect to an outstanding Letter of Credit, the occurrence of any of the following events: (i) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least “A-“ by S&P or “A3” by Moody’s; (ii) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be continuing after the lapse of any applicable grace period; (iii) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; or (iv) Seller shall fail to meet the requirements of this Section 8.4 after the applicable cure periods, if any.

(c) In all cases, the reasonable costs and expenses of (including but not limited to the reasonable costs, expenses, and attorneys’ fees, including reasonably allocated costs of in-house counsel of the Buyer for

enforcing) establishing, renewing, substituting, canceling, increasing and reducing the amount of (as the case may be) one or more Letters of Credit shall be borne by the Seller.”

Article Ten: Miscellaneous

- (a) **Term of Master Agreement.** Add the following sentence to Section 10.1: “The Transaction shall terminate on the day following the last day of the Delivery Term, unless terminated sooner pursuant to the express provisions of this Master Agreement”.

- (b) **Representations, Warranties, and Covenants.**

Section 10.2(vi) is amended to delete the phrase “or any of its Affiliates.”

Section 10.2(ix) is deleted in its entirety and the words “Intentionally Omitted” are put in its place.

The following Section 10.2(xiii) shall be added:

“The Seller and, if applicable, its successors, represents and warrants throughout the term of the Delivery Term of each Transaction entered into under this Agreement that: (a) the Unit(s) 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 (b) the Unit(s) Output delivered to Buyer qualifies under the requirements of the California Renewable Portfolio Standard.”

Section 10.2(xiv) shall be added as follows:

“Seller covenants throughout the Delivery Term that it will take no action or permit any other person or entity (other than Buyer) to take any action that would impair in any way Buyer’s ability to rely on the Project in order to satisfy its Resource Adequacy Requirements”

- (c) **Assignment.**

Article 10.5 shall be deleted in its entirety and replaced with the following:

“10.5.1 **Assignment.** Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers and the financing provider(s) shall assume the payment and performance obligations provided under this Agreement with respect to the transferring Party provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

10.5.2 **Financing Documents.** Buyer agrees to enter into a commercially reasonable consent to assignment with Seller’s financing parties that is consistent with industry standards for similar projects.”

- (d) **Governing Law/Venue.** Article 10.6 shall be modified as follows::

Section 10.6 “Governing Law” shall be amended by deleting “NEW YORK” and inserting “CALIFORNIA” in place thereof.

Add the following to the end of Article 10.6:

“THE PARTIES HEREBY CONSENT TO CONDUCT ALL DISPUTE RESOLUTION, JUDICIAL ACTIONS OR PROCEEDINGS ARISING DIRECTLY, INDIRECTLY OR OTHERWISE IN

CONJUNCTION WITH, OUT OF, RELATED TO OR ARISING FROM THIS MASTER AGREEMENT IN THE CITY OF SAN DIEGO, CALIFORNIA.”

- (e) **Section 10.9 Audit.** Section 10.9 is modified by adding the following at the end thereof:

“The Parties agree that Generally Accepted Accounting Principles (“GAAP”) and the Security Exchange Commission (“SEC”) rules require Buyer and its independent auditor to evaluate whether Buyer must consolidate Seller’s financial information (but not financial information of Seller’s constituent members unless deemed to be included as part of Seller under GAAP). Buyer will require access to financial records and personnel of Seller to determine if consolidated financial reporting is required. If Buyer determines at any time that consolidation is required, Buyer shall require from Seller the following during every calendar quarter for the term of this Agreement:

- (a) Complete annual financial statements within 15 days of the end of the applicable reporting period;
- (b) Financial schedules underlying the financial statements and notes to the financial statements all within 20 days of the end of the applicable reporting period; and
- (c) Access to financial records and accounting and management personnel at such reasonable times and on such reasonable conditions so as not to interfere with Seller’s conduct of its business (1) so that Buyer’s independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and (2) so that Buyer can be provided analytical information, as needed, to enable Buyer to meet its SEC filing requirements, including but not limited to those under Item 2 on Form 10-Q, and Item 7 on Form 10-K, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”).

Any information provided to Buyer shall be treated as confidential except that such information may be disclosed in connection with the publication of Buyer’s financial statements as deemed necessary by Buyer.”

- (f) **Section 10.11 Confidentiality.** Section 10.11 shall be deleted in its entirety and replaced with the following:

“10.11 Neither Party shall disclose the non-public terms or conditions of this Master Agreement or any Transaction hereunder to a third party, other than (i) the Party’s employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer’s Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section 10.12 of this Master Agreement; (v) in order to comply with any applicable law, regulation, or any exchange, control area or ISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party (“Disclosing Party”), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section 10.11 (“Disclosure Order”) each Party shall, to the extent practicable, use reasonable efforts: (i) to notify the other Party prior to disclosing the confidential information and (ii) prevent or limit such disclosure. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.”

(g) RPS Confidentiality. Add a new section to Article 10 as follows:

“10.12 RPS Confidentiality. Notwithstanding Section 10.11 of this Master Agreement at any time on or after the date on which the Buyer makes its advice filing letter seeking CPUC Approval of the Master Agreement either Party shall be permitted to disclose the following terms with respect to such Transaction: Party names, resource type, delivery term, project location, estimated annual deliveries, expected Date of Commercial Operation, Delivery Point, and project capacity. If Option B is checked on the Cover Sheet, neither Party shall disclose party name or project location, pursuant to this Section 10.12, until six months after such CPUC Approval.

(h) Publicity. Add a new Section to Article 10 as follows:

“10.13 Publicity. Except as provided for in Sections 10.11 and 10.12 above, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Master Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed.”

(i) Dispute Resolution. Add a new section to Article 10 as follows:

“10.14 Dispute Resolution.

(a) If a dispute shall arise between the Parties relating to the interpretation of this Master Agreement or to performance of any Transaction under it, the Party desiring resolution of the dispute shall notify the other Party in writing. The notice shall set forth the matter in dispute in reasonable detail and a proposed solution.

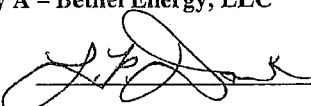
(b) The Parties shall attempt to resolve any dispute within 30 calendar days after delivery of the written notice referred to above. Any disputes not so resolved shall be referred by each Party to a senior officer (or the officer's designee) for resolution. If the Parties fail to reach an agreement within 30 days after such referral, each Party shall have the right to pursue any and all remedies provided in this Master Agreement and as afforded by law.

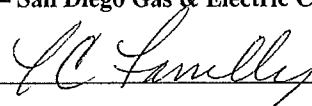
(j) **10.15. Prevailing Wages.** To the extent applicable, Seller shall comply with the prevailing wage requirements of California Public Utilities Code section 399.14, subdivision (h).

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

Party A – Bethel Energy, LLC

Party B – San Diego Gas & Electric Company

By:  _____

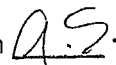
By:  _____

Name: Len P. Daniel

Name: Terry C. Farrelly

Title: Manager

Title: Vice President-Electric and Gas Procurement

APPROVED as to legal form 



EXHIBITS

EXHIBIT A

The contents of Exhibit A are deleted and replaced with the phrase "Intentionally Omitted."

EXHIBIT B

FORM OF LETTER OF CREDIT

[DATE]

To: [Name and Address of Secured Party]

Re: Our Irrevocable Standby Letter of Credit No. _____
In the Amount of US _____

Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number _____ in favor of [name of Secured Party] ("Secured Party"), by order and for account of [name of Account Party] ("Account Party"), [address of Account Party], available at sight upon demand at our counters, at [location] for an amount of US\$ _____ [amount spelled out and xx/100 U.S. Dollars] against presentation one of the following documents:

- 1- Statement signed by a person purported to be an authorized representative of Secured Party stating that: "[name of Account Party] ("Account Party") is in default under the agreement between Secured Party and Account Party dated _____ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a "default", "event of default" or similar term as defined in such agreement, any other agreement between Secured Party and Account Party, or otherwise). The amount due to Secured Party is US \$ _____."

or

- 2- Statement signed by a person purported to be an authorized representative of Secured Party stating that: "as of the close of business on _____ [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Secured Party, whether or not a default has occurred, is U.S. \$ _____."

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Account Party.
- Partial and multiple drawings are permitted.
- Fax of Document 1 or 2 above acceptable.

This Letter of Credit expires on _____ at our counters.

We hereby engage with Secured Party that upon presentation of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1 or 2 above. If a document is so presented by 1:00 pm on any New York banking day, we will honor the same in full in immediately available New York funds on that day and, if so presented after 1:00 pm on a New York banking day, we will honor the same in full in immediately available New York funds by noon on the following New York banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least

ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500 ("UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 13(b) and 17 of the UCP, in which case the terms of this Letter of Credit shall govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.

[Name of Bank]

Authorized Signature(s)

EXHIBIT C

RESOURCE ADEQUACY

Seller and Buyer agree that throughout the Delivery Term the Parties shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable Buyer to use the Facility Total Net Capacity to satisfy Buyer's Resource Adequacy Requirements.

EXHIBIT D

COMMERCIAL OPERATION CERTIFICATE

The undersigned, _____ (“EPC Contractor”), _____ (“_____ Supplier”), _____ (“Licensed Professional Engineer”) and Bethel Energy, LLC (“Owner”) make the following certifications to San Diego Gas & Electric Company (“SDG&E”), dated as of _____. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Master Power Purchase and Sale Agreement dated _____ between Owner and SDG&E (the “Agreement”).

[Major Generation Equipment] Supplier hereby certifies that:

The _____ comprising the Facility have been erected and installed at the project site and have been commissioned as required under the Supply and Installation Agreement (“_____ Supply Agreement”) dated as of _____, by and between _____ Supplier and Owner and each such _____ has passed the performance testing required to be performed pursuant to the _____ Supply Agreement.

The Warranty Period under the Warranty Agreement (“Warranty Agreement”) dated as of _____, by and between _____ Supplier and Owner has commenced.

EPC Contractor hereby certifies that:

All requirements necessary to achieve [Commercial Operation/Substantial Completion] as set forth in the agreement between the EPC Contractor and Owner dated ____ (“EPC Contract”) have been completed and the Facility has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [minimum performance guarantees].

Owner hereby certifies that:

1. Except for punch list items that would not materially affect the performance, reliability or safe operation of the Facility, the Facility has been completed in accordance with all applicable specifications and is ready for continuous commercial operation in compliance with all applicable laws and governmental approvals. The Facility has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [insert minimum performance guarantees], and complete test reports have been submitted to Buyer.
2. The Operation and Maintenance Agreement (O&M Agreement), by and between Owner and _____ dated as of _____ has commenced.
3. Owner has a valid leasehold or real property interest in the Facility Site for a term of at least [____] years from the Commercial Operation date.
4. The interconnection facilities have been completed in accordance with applicable specifications, tariffs, laws and governmental approvals to enable power generated by the Facility to be received at the Delivery Point.

5. Owner has obtained all governmental approvals necessary for the continuous commercial operation of the Facility and the Facility is in compliance with all such governmental approvals and all other applicable laws.

Licensed Professional Engineer certifies that:

1. We have read the Master Agreement, the [_____] Supply Contract, and the EPC Contract and we understand the requirements for Commercial Operation under the Master Agreement, the specifications and performance testing requirements under the [_____] Supply Contract, and the requirements for [Commercial Operation/Substantial Completion] under the EPC Contract.
2. We have reviewed the material and data made available to us by the Owner, the [_____] Supplier, and the EPC Contractor for the Facility.
3. To the extent practical, we have reviewed the engineering, procurement, construction and performance testing for the Facility and in the course of this review we have not discovered any material errors or omissions in the work performed to date.
4. We have reviewed the certificates of Owner, [_____] Supplier, and EPC Contractor above, and find the representations provided to be correct in all material respects.
5. We have reviewed all governmental approvals and permits identified by the Owner as being required for the construction and operation of the Facility and are of the opinion that the Facility as completed is in compliance in all material respects with the environmental and technical requirements contained therein.
6. Based on our review of the aforementioned information and of information provided to us by others which we have not independently verified, we are of the opinion that, as of, Commercial Operation has occurred as defined in the Master Agreement.

Executed this ____ day of ____, 200_

_____ **SUPPLIER**

a _____ corporation

By: _____

Name:

Title:

EPC CONTRACTOR

a _____ corporation

By: _____

Name:

Title:

OWNER

a _____ limited liability company

By: _____
Name:
Title:

LICENSED PROFESSIONAL ENGINEER:

a _____ corporation

By: _____
Name:
Title:

ACCEPTED BY SDG&E:

BY: _____
NAME: _____
TITLE: _____
DATE: _____

Exhibit E

Contract Price Adjustments

The On-Peak Contract Prices shall be adjusted in accordance with Section 9.1 of the Confirmation and the relevant sections of the Internal Revenue Code ("IRC") as follows:

The adjusted On-Peak Contract Price shall be equal to: (On Peak Contract Price in Section 9.1) + (ITC Adjustment from Table 1) + (5-Year MACRS Adjustment from Table 2) – (PTC Adjustment from Table 3).

Table 1: Investment Tax Credit ("ITC") Adjustment (\$/MWh)

Scope of Benefits*

	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
ITC Rate**											
30%	\$4.28	\$3.83	\$3.38	\$2.93	\$2.48	\$2.03	\$1.58	\$1.13	\$0.68	\$0.23	\$0.00
25%	\$4.28	\$4.28	\$4.28	\$4.00	\$3.55	\$3.10	\$2.65	\$2.20	\$1.74	\$1.29	\$1.07
20%	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$4.17	\$3.71	\$3.26	\$2.81	\$2.36	\$2.14
15%	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$3.88	\$3.43	\$3.21
10%	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28	\$4.28

*Scope of Benefits shall mean the percentage of qualified capital expenditures of the Facility eligible to receive ITCs.

** ITC Rate shall mean the percentage rate established by the IRC to calculate the ITCs.

Table 2: 5-Year Modified Accelerated Cost Recover System ("MACRS") Adjustment (\$/MWh)

Scope of Benefits*

	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Adjustment	\$3.42	\$3.06	\$2.70	\$2.34	\$1.98	\$1.62	\$1.26	\$0.90	\$0.54	\$0.18	\$0.0

* Scope of Benefits shall mean the percentage of qualified capital expenditures of the Facility eligible for the 5-Year MACRS.

Table 3: Production Tax Credit ("PTC") Adjustment (Assuming a 10 Year Applicability) \$/MWh

Scope of Benefits*

	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
PTC RATE**:											
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$2.50	\$0.00	\$0.04	\$0.08	\$0.12	\$0.17	\$0.21	\$0.25	\$0.29	\$0.33	\$0.37	\$0.42
\$5.00	\$0.00	\$0.08	\$0.17	\$0.25	\$0.33	\$0.42	\$0.50	\$0.58	\$0.66	\$0.75	\$0.83
\$7.50	\$0.00	\$0.12	\$0.25	\$0.37	\$0.50	\$0.62	\$0.75	\$0.87	\$1.00	\$1.12	\$1.25
\$10.00	\$0.00	\$0.17	\$0.33	\$0.50	\$0.66	\$0.83	\$1.00	\$1.16	\$1.33	\$1.49	\$1.66
\$12.50	\$0.00	\$0.21	\$0.42	\$0.62	\$0.83	\$1.04	\$1.25	\$1.45	\$1.66	\$1.87	\$2.08
\$15.00	\$0.00	\$0.25	\$0.50	\$0.75	\$1.00	\$1.25	\$1.49	\$1.74	\$1.99	\$2.24	\$2.49
\$17.50	\$0.00	\$0.29	\$0.58	\$0.87	\$1.16	\$1.45	\$1.74	\$2.03	\$2.32	\$2.61	\$2.91
\$20.00	\$0.00	\$0.33	\$0.66	\$1.00	\$1.33	\$1.66	\$1.99	\$2.32	\$2.66	\$2.99	\$3.32
\$22.50	\$0.00	\$0.37	\$0.75	\$1.12	\$1.49	\$1.87	\$2.24	\$2.61	\$2.99	\$3.36	\$3.74
\$25.00	\$0.00	\$0.42	\$0.83	\$1.25	\$1.66	\$2.08	\$2.49	\$2.91	\$3.32	\$3.74	\$4.15
\$27.50	\$0.00	\$0.46	\$0.91	\$1.37	\$1.83	\$2.28	\$2.74	\$3.20	\$3.65	\$4.11	\$4.57

\$30.00	\$0.00	\$0.50	\$1.00	\$1.49	\$1.99	\$2.49	\$2.99	\$3.49	\$3.98	\$4.48	\$4.98
\$32.50	\$0.00	\$0.54	\$1.08	\$1.62	\$2.16	\$2.70	\$3.24	\$3.78	\$4.32	\$4.86	\$5.40
\$35.00	\$0.00	\$0.58	\$1.16	\$1.74	\$2.32	\$2.91	\$3.49	\$4.07	\$4.65	\$5.23	\$5.81
\$37.50	\$0.00	\$0.62	\$1.25	\$1.87	\$2.49	\$3.11	\$3.74	\$4.36	\$4.98	\$5.60	\$6.23
\$40.00	\$0.00	\$0.66	\$1.33	\$1.99	\$2.66	\$3.32	\$3.98	\$4.65	\$5.31	\$5.98	\$6.64
\$42.50	\$0.00	\$0.71	\$1.41	\$2.12	\$2.82	\$3.53	\$4.23	\$4.94	\$5.64	\$6.35	\$7.06
\$45.00	\$0.00	\$0.75	\$1.49	\$2.24	\$2.99	\$3.74	\$4.48	\$5.23	\$5.98	\$6.72	\$7.47
\$47.50	\$0.00	\$0.79	\$1.58	\$2.37	\$3.15	\$3.94	\$4.73	\$5.52	\$6.31	\$7.10	\$7.70

*Scope of Benefits shall mean the percentage of total annual estimated Output eligible for PTCs.

**PTC Rate shall mean the dollar per MWh value of the PTC.

Calculation Example:

Tax Benefits	Assumptions
ITC Rate	25%
ITC Scope	60%
Scope of MACRS	60%
Scope of PTC	60%
PTC Rate	\$10.00 MWh
Price Calculations/Adjustments	\$/MWh
Summer On-Peak Contract Price	\$110.52
ITC Adjustments to Contract Price	+ \$ 2.65
MACRS Adjustment to Contract Price	+ \$ 1.26
PTC Adjustment to Contract Price	- \$ 1.00
Adjusted Contract Price	\$113.43

OTHER:

The maximum by which On-Peak Contract Price can be adjusted is \$7.70/MWh.

If Seller is eligible to receive tax benefits not listed herein applicable to renewable energy, the Parties agree to negotiate in good faith to proportionately reduce the Contract Price adjustment listed herein. Except for such reduction, no other factors shall be used to adjust the Contract Price.

Off-Peak and Semi-Peak Contract Prices are not subject to adjustments.

EXHIBIT F-1

FORM OF QUARTERLY PROGRESS REPORT

**Quarterly Progress Report
of
Bethel Energy, LLC**

(“Seller”)

**provided to
San Diego Gas & Electric Company**

[Date]

Table of Contents

[TBD]

1.0 Instructions.

All capitalized terms used in this report shall have the meanings set forth below and any capitalized terms used in this report which are not defined below shall have the meanings ascribed thereto in the Master Power Purchase and Sale Agreement by and between _____ ("Seller") and San Diego Gas & Electric Company dated _____, 2004 (the "Agreement").

Seller shall review the status of each significant element of the Facility Schedule provided pursuant to Section 10.0 of the Confirmation and Seller shall identify such matters referenced in clauses (i)-(v) below as known to Seller and which in Seller's reasonable judgment are expected to adversely affect the Project or the Facility Schedule, and with respect to any such matters, shall state the actions which Seller intends to take to ensure that Conditions and the Milestones will be attained by their required dates. Such matters may include, but shall not be limited to:

(i) Any material matter or issue arising in connection with a Governmental Approval, or compliance therewith, with respect to which there is an actual or threatened dispute over the interpretation of a law or regulation, actual or threatened opposition to the granting of a necessary Governmental Approval, any organized public opposition, any action or expenditure required for compliance or obtaining approval that Seller is unwilling to take or make, or in each case which could reasonably be expected to materially threaten or prevent financing of the Project, attaining any Condition or Milestone, or obtaining any contemplated agreements with other parties which are necessary for attaining any Condition or Milestone or which otherwise reasonably could be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(ii) Any development or event in the financial markets or the independent power industry, any change in taxation or accounting standards or practices or in Seller's business or prospects which reasonably could be expected to materially threaten financing of the Project, attainment of any Condition or Milestone or materially threaten any contemplated agreements with other parties which are necessary for attaining any Condition or Milestone or could otherwise reasonably be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(iii) A change in, or discovery by Seller of, any legal or regulatory requirement which would reasonably be expected to materially threaten Seller's ability to attain any Condition or Milestone;

(iv) Any material change in the Seller's schedule for initiating or completing any material aspect of Project;

(v) The status of any matter or issue identified as outstanding in any prior Quarterly Report and any material change in the Seller's proposed actions to remedy or overcome such matter or issue.

Seller shall complete, certify, and deliver this form Quarter Quarterly Progress Report to [_____], together with all attachments and exhibits, with [3] copies of the Report delivered to [_____] and [_____].

2.0 Executive Summary.

2.1 Major activities to be performed for each aspect of the Project during the current calendar quarter.

Please provide a brief summary of the Major¹ activities to be performed for each of the following aspects of the Project during the current calendar quarter:

- 2.1.1 Design
- 2.1.2 Engineering
- 2.1.3 Major Equipment procurement
- 2.1.4 Construction
- 2.1.5 Milestone report
- 2.1.6 Permitting (See Section 3.0)

2.2 Major activities scheduled to be performed in the previous calendar quarter but not completed as scheduled.

Please provide a brief summary of the Major activities which were scheduled to be performed in the previous calendar quarter and their status, including those activities that were not completed as scheduled:

- 2.2.1 Design
- 2.2.2 Engineering
- 2.2.3 Major Equipment procurement
- 2.2.4 Construction
- 2.2.5 Milestone report
- 2.2.6 Permitting

¹ For Purposes of this Report, "Major" shall mean any activity, event, or occurrence which may have a material adverse impact on the construction of the Facility or completion of the Project on a timely basis if such activity, event, or occurrence occurs or if such activity, event, or occurrence fails to occur as anticipated or scheduled, which material adverse impact includes, but is not limited to, Seller's inability to achieve a Milestone Date.

3.0 Permitting.

The following describes each of the Major Governmental Approvals required for the construction of the Facility and the status of each:

3.1 State and/or federal Governmental Approvals.

Please describe each of the Major state and/or federal Governmental Approval (including the Permit to Construct issued by the San Diego County Air Pollution Control District) to be obtained by Seller (or EPC Contractor) and the status of each.

DESCRIPTION	STATUS

3.2 Local and/or county Governmental Approvals.

Please describe each of the Major local and/or county Governmental Approvals to be obtained by Seller and the status of each.

DESCRIPTION	STATUS

3.3 Permitting activities which occurred during the previous calendar quarter.

Please list all permitting activities which occurred during the previous calendar quarter.

3.4 Permitting activities occurring during the current calendar quarter.

Please list all permitting activities which are expected to occur during the current calendar quarter.

3.5 Permitting Notices received from EPC Contractor.

Please attach to this Quarterly Progress Report copies of any notices related to permitting activities received from EPC Contractor during the previous calendar quarter.

4.0 Design Activities.

4.1 Table of design schedule to be followed by Seller and its subcontractors.

The following table lists the design schedule to be followed by Seller and its subcontractors.

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE

4.2 Design activities to be performed during the current calendar quarter.

Please explain in detail the design activities which are expected to be performed during the current calendar quarter.

4.3 Table of design activities completed during the previous calendar quarter.

Please explain in detail the design activities which were completed during the previous calendar quarter.

6.2 Major Equipment procurement activities to be performed during the current calendar quarter.

Please explain in detail the major equipment procurement activities which are expected to be performed during the current calendar quarter.

6.3 Major Equipment procurement activities completed during the previous calendar quarter.

Please explain in detail the major equipment procurement activities which were completed during the previous calendar quarter.

7.0 Construction Activities.

7.1 Table of construction activities to be performed by Seller and its subcontractors.

The following tables lists construction activities to be performed by Seller and its subcontractors:

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE
Civil Progress			
Structural Progress			
[Steam] Generator Progress			
Piping Progress			
IC and Electrical Progress			
Subcontractor Progress			

7.2 Construction activities to be performed during the current calendar quarter.

Please explain in detail the construction activities which are expected to be performed during the current calendar quarter.

7.3 Construction activities completed during the previous calendar quarter.

Please explain in detail the construction activities which are expected to be performed during the previous calendar quarter.

7.4 EPC Contractor Monthly Progress Report.

Please attach a copy of the Monthly Progress Reports received during the previous calendar quarter from the EPC Contractor pursuant to the EPC Contract, certified by the EPC Contractor as being true and correct as of the date issued.

7.5 Three-month look-ahead construction schedule.

Please provide a three-month look ahead construction schedule.

8.0 Milestones.

8.1 Milestone schedule.

Please state the status and progress of each Milestone and identify any completed Milestone(s) for the previous calendar quarter.

8.2 Remedial Action Plan (applicable if Seller fails to achieve Milestone by the Milestone Date).

Please explain in detail each of the following aspects of Seller's remedial action plan:

8.2.1 Missed Milestone

8.2.2 Plans to achieve missed Milestone

8.2.3 Plans to achieve subsequent Milestone

8.2.4 Delays in engineering schedule

Please explain in detail any delays beyond the scheduled Milestone Dates stated in Section 5.1, any impact from the delays on the engineering schedule, and Seller's plans to remedy such impact.

8.2.5 Delays in Major Equipment procurement

Please explain in detail any delays beyond the contracted delivery date and/or the projected installation date stated in Section 6.1, any impact from the delays on Major Equipment procurement schedule, and Seller's plans to remedy such impact.

8.2.6 Delays in construction schedule

Please explain in detail any delays beyond the scheduled completion dates stated in Section 7.1, any impact from the delays on the construction schedule, and Seller's plans to remedy such impact.

9.0 Safety and Health Reports

9.1 Please list all accidents from the previous calendar quarter:

9.2 Any work stoppage from the previous calendar quarter:

9.3 Work stoppage impact on construction of the Facility:

I, _____, on behalf of and as an authorized representative of, do hereby certify that any and all information contained in the attached Seller's Quarterly Progress Report is true and accurate, and reflects, to the best of my knowledge, the current status of the construction of the Facility as of the date specified below.

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT F-2

FORM OF PROGRESS REPORT TO CALIFORNIA PUBLIC UTILITY COMMISSION

<p>RPS Project Development Status Report</p> <p>[Contract Name Here]</p> <p>For [Month & Year here]</p>			
Date of Latest Construction Progress Report from Counterparty:			
Project Owner/Counterparty:			
Technology:			
Capacity (MW):	Annual Energy (GWh/year):		
On-Line Date:	Term/Duration (years):		
Construction Start Date:	Point of Delivery:		
Location:			
Status At-A-Glance			
The below to be filled in w/ either: Completed, Acceptable, Unknown, or Concern. See Section B for a description of milestones. When the answer is "Concern" the milestone should be flagged with a notation number where additional detail is provided in Section A.			
Milestones	Status	Initial Completion Date	Projected Completion Date
Fuel/Resource Supply:			
Financing:			
Corporate Financing			
Project Financing			
Site Control (100%):			
Permitting:			
Engineering:			
Major Equipment Procurement:			
Construction:			
Startup Testing and Commissioning:			
Transmission:		See Below	See Below
Transmission - Detail (see Section C)			
Dependent Transmission Upgrade(s):			
Scheduled Completion:			
Point of Interconnection:			
Early Interconnection:			
Gen-Tie Length:			
Gen-Tie Voltage:			
ISO Queue Position:			
Feasibility Study (FS):			
System Impact Study (SIS):			
Facilities Study (FAS):			
Remedial Action Plan:			
Additional Comments:			
Date of Preparation:			

A. Notes for Project Development Status

Please elaborate on any "Concern" responses in the matrix on the front page by copying the number it is tagged with here and provide further details. If there are changes between original schedule and/or previous status, please note

what caused the change, if the change will have any affect on the plant on-line date, and what would be required to bring the parameter back to status quo or on schedule.

- 1.
- 2.
- 3.

B. Instructions for Completing Status Report

General: Any box can be expanded as necessary to accommodate relevant information, but the matrix information should be succinct and, if necessary, flagged with a notation number where additional detail is provided in the Notes section. Also, the Date that the matrix is developed should be entered at the bottom of the table to ensure that a reviewer understands the timing of the assessment and to allow for keeping track of updates if later versions are submitted.

If **Capacities** and **Annual Energies** change over time through routine anticipated degradation, specify the first year value. For Annual Energy, specify a standard full-year value, rather than a partial-year value that incorporates the effect of a mid-year in-service date. If capacity and energy change over the course of the contract, because of the development or retirement of discrete project phases, show the year that each new level of capacity or energy takes effect (e.g., 2012: XXX).

Fuel/Resource Supply - Note what source studies (e.g., geothermal steam, biomass availability, wind regime, etc.) have been conducted and the strength of their conclusions. Also, fuel delivery issues should be identified.

Financing - Where the financing process stands (e.g., equity commitment secured).

Site Control – (1) Indicate % of site control, (2) whether developer owns, leases, or has an option on the site, and (3) timing to secure 100% site control

Permitting – Status of required licenses or permits for the construction and operation of the new facility (e.g., air emissions, water supply, wastewater discharge or disposal, land use, etc.).

Engineering – Status of project engineering.

Major Equipment Procurement – Status of major equipment procurement (e.g., wind turbines).

Construction – Has developer planned for, selected, or acquired all necessary equipment and construction (e.g., A/E, EPC) contracts.

Start-up Testing & Commissioning – Status of project start-up testing and commissioning

C. Transmission – Detailed Discussion

Dependent Transmission Upgrade(s) - Name of the critical bulk transmission upgrades needed for this project (e.g., Tehachapi Phase 2).

Scheduled Completion - Provide scheduled completion date for any dependent transmission upgrades described above (mm/dd/yy)

Point of Interconnection - Provide substation name and voltage (e.g. Midway 230 kV)

Early Interconnection (EI) – If early interconnection is being considered, please provide (1) estimated date of EI, (2) EI type (e.g., temporary, conditional firm, energy only, etc), (3) maximum MW accommodated (may be less than full project MW), and (4) frequency of expected curtailment (e.g., 20%)

Gen-Tie Length - Provide length of gen-tie between generating facility and point of interconnection (in miles)

Gen-Tie Voltage - Provide operating voltage of gen-tie (e.g. 66 kV, 115 kV, 230 kV)

ISO Queue Position - Provide position number assigned in the California ISO Controlled Grid Generation Queue

Feasibility Study (FS) - Indicate status with one of the following responses: NA, Waived, In Progress, Complete, or leave blank (i.e. not yet started)

System Impact Study (SIS) - Indicate status with one of the following responses: In Progress, Complete, or leave blank (i.e. not yet started)

Facilities Study (FAS) - Indicate status with one of the following responses: In Progress, Complete, or leave blank (i.e. not yet started)

EXHIBIT G

OUTAGE NOTIFICATION FORM

OUTAGE NOTIFICATION FORM

This form may be used to comply with CAISO's outage notification requirements for both planned and forced outages. Report outages as soon as possible by submitting form via email to TSched@SempraUtilities.com or via fax at (858) 650-6191.

<p>Request Type: <input type="checkbox"/> New Scheduled Maintenance Outage <input type="checkbox"/></p> <p>Generator Name: _____ Location Code: _____ Address: _____ _____</p> <p>Contact Name: _____ Phone Number: _____ Email: _____</p> <p>Alternate Name: _____ Alternate Number: _____ Email: _____</p>	<p>Previous Notification (if applicable) _____ Date Sent: _____ mm/dd/yyyy Time Sent: _____ hh:mm</p> <p style="text-align: center;"><small>(For times, use 24hr format)</small></p> <p>Today's Date: _____ mm/dd/yyyy Current Time: _____ hh:mm</p> <p>Outage Start Date: _____ mm/dd/yyyy Outage Start Time: _____ hh:mm</p> <p>Outage End Date: _____ mm/dd/yyyy Outage End Time: _____ hh:mm</p> <p>Outage Duration: _____ MW Available During Outage: _____ MW Unavailable During Outage: _____ RMR Unit? <u>Yes/No</u></p>
--	--

System (Select One)

<input checked="" type="radio"/> Boiler <small>Codes 0010-1999</small>	<input type="radio"/> Generator <small>Codes 4500-4899</small>	<input type="radio"/> Regulatory, Safety, Environmental <small>Codes 9504-9720</small>
<input type="radio"/> Balance of Plant <small>Codes 3110-3999</small>	<input type="radio"/> Pollution Control Equipment <small>Codes 8000-8835</small>	<input type="radio"/> Others <small>Codes 9900-9999</small>
<input type="radio"/> Steam Turbine <small>Codes 4000-4499</small>	<input type="radio"/> External <small>Codes 9000-9040</small>	

Cause Code Ranges / Affected Component

(Select One)

Cause Code / Component Problem

(Select One)

Comments

CONFIRMATION LETTER –BETHEL SOLAR 2

This Confirmation Letter (“Confirmation”) is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement-Bethel Solar 2, dated **October 31, 2006** (the “Master Agreement”), between **Bethel Energy, LLC** (“Seller”) and **San Diego Gas & Electric Company** (“Buyer”), and constitutes part of and is subject to the terms and provisions of such Master Agreement (collectively, the “Agreement”). Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

1.0 Effectiveness of Confirmation Letter.

1.1 CPUC Approval. The obligations of Buyer to purchase and Seller to deliver the Product, including the Output (as defined in Section 3 of this Confirmation), under this Agreement are expressly conditioned upon CPUC Approval. The Parties agree to cooperate and use all reasonable efforts to obtain the CPUC Approval as soon as is practicable. Should the CPUC issue an order approving this Agreement with conditions or modifications that materially alter the commercial aspects of this Agreement, the Parties shall have ten (10) Business Days from the mailing date of such order to provide the other Party written notice of the issuing Party’s acceptance or rejection of the CPUC order as issued; provided, however, if a Party fails to provide written notification of its acceptance or rejection to the other Party within such ten (10) day period, that Party’s silence shall be deemed to constitute acceptance of the CPUC order as issued and agreement by such Party that this condition has been satisfied, upon the CPUC Approval Date. If a notice of rejection is sent, the parties agree to use good faith efforts to renegotiate this Agreement. If, within sixty (60) days, no agreement is reached, either party may terminate this Agreement upon delivery of notice to the other party. For purposes of this Agreement, the “CPUC Approval Date” shall be defined as the first Business Day after the date on which the CPUC order approving this Agreement becomes final and no longer subject to any appeal.

1.2 Financing. No later than November 30, 2008, Seller shall have obtained legally binding commitments from a financial institution or institutions to finance the development, construction and ownership of the Facility on terms and conditions acceptable to Seller in Seller's sole and absolute discretion. In the event that Seller shall fail to give written notice to Buyer on or before January 1, 2009 that Seller has either satisfied or waived the condition precedent specified in this Section 1.2, then the condition precedent shall be deemed not to have been satisfied or waived and neither party shall have any further obligation under this Agreement.

2.0 Product. The term “Product” shall mean the Output (defined in Section 3.1) delivered on an As-Available basis which includes all associated Capacity Attributes and Environmental Attributes (as those terms are defined in the Cover Sheet). “As Available” means, with respect to a Transaction, that Seller shall deliver to Buyer and Buyer shall purchase at the Delivery Point the Product from the Units, in accordance with the terms of this Agreement and subject to the excuses for performance specified in this Agreement.

- 2.1 Firm Transmission. Seller shall obtain Firm Transmission service from the Imperial Irrigation District (IID) to deliver to the Delivery Point. Seller shall provide a copy of any executed Firm Transmission service agreement and any amendments thereto, by the earlier of (i) thirty (30) days after execution of such agreement or amendment or (ii) at Buyer's request.
- 3.0 Facility. The Output (defined below) will be supplied from the following generation assets only (collectively, the "Facility" or the "Units"):

Facility Name:	<u>Bethel Solar 2</u>
Site Name:	<u>Fillaree Ranch</u>
Facility Physical Address:	<u>Located Northwest of El Centro, in the Imperial Valley</u>
Technology Type:	<u>Solar Thermal Energy</u>
Specific Unit Description:	<u>Solar Parabolic Trough System, including steam generator and auxiliary boiler.</u>
Facility Total Net Capacity:	<u>49.4 MW</u>

- 3.1 "Output" means all electrical energy produced from the Facility, net of electrical energy used to operate the Facility, that is generated by the Facility, which may be greater or less than the total annual estimated Output of 168,086 MWh.
- 3.2 The Facility must satisfy the requirements for Commercial Operation (set forth in Section 3.3) by the Commercial Operation Deadline ("COD"). The "Commercial Operation Deadline" with respect to the Facility shall be no later than December 31, 2009, as extended by reason of Force Majeure, or as may otherwise be extended by written agreement signed by both parties.
- 3.3 "Commercial Operation" means that (a) Seller shall have satisfied the requirements set forth in the Commercial Operation Certificate attached as Exhibit D; (b) Seller shall have delivered and Buyer shall have accepted in its reasonable discretion a completed Commercial Operation Certificate from the Seller, the turbine supplier, the EPC Contractor and a Licensed Professional Engineer (defined below); (c) Seller shall have delivered a Letter of Credit as accepted by Buyer in accordance with Section 8 of the Master Agreement; and (d) Seller has received all local, state and federal licenses, permits and other approvals as may be required by law for the construction, operation and maintenance of the Facility, including approvals, if any, required under the California Environmental Quality Act for the Facility and related interconnection facilities.
- 3.4 "Date of Commercial Operation" means the date the requirements for Commercial Operation set forth in Section 3.3 are satisfied.
- 3.5 "Licensed Professional Engineer" means a person acceptable to Buyer in its reasonable judgment who (i) is licensed to practice engineering in California, (ii) has training and experience in the solar power industry, (iii) has no economic relationship, association, or nexus with the Seller, (iv) is not a representative of a consulting engineer, contractor, designer or other individual involved in the

development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility, and (v) is licensed in an appropriate engineering discipline for the required certification being made.

4.0 Delivery Point. The Delivery Point shall be Buyer's facilities at the 230 kV bus of the Imperial Valley Substation.

5.0 Delivery Term. The Parties shall specify the period of Product delivery for the "Delivery Term," as defined herein, by checking one of the following boxes:

(Check one)

- delivery shall be for a period of ten (10) years.
- delivery shall be for a period of fifteen (15) years.
- delivery shall be for a period of twenty (20) years.
- delivery shall be for a period of _____ years.

5.1 The "Delivery Term" shall begin on the date of Commercial Operation and continue for the time period specified above.

5.2 "Contract Year" shall mean any of the twelve (12) consecutive months starting with the first day of the month following the Date of Commercial Operation.

6.0 Output.

6.1 Contract Quantity. During the Delivery Term, Seller shall deliver, and Buyer shall receive and pay for, the energy from the Facility as more fully described in Section 9. In no event shall Seller have the right to procure electric energy from sources other than the Facility for sale and delivery pursuant to this Agreement. Station Service Power--Retail (defined below) shall be provided by the local service provider and the electrical usage shall be metered separately from the Output.

6.2 "Station Service Power--Retail" means electrical energy used to operate the Facility other than electrical energy that is generated by the Facility.

7.0 Performance Guarantees / Excuses for Failure to Perform.

7.1 Energy Production Guarantees. The Buyer shall in its sole discretion have the right to declare an Event of Default if Seller fails to achieve the Guaranteed Energy Production in any rolling 24 month period described below and such failure is not excused by the reasons set forth in sub-sections (ii), (iii), or (v) of Section 7.2 of this Confirmation Letter, "Excuses for Failure to Perform."

Guaranteed Energy Production equals 235,320 MWh, subject to adjustment, as set forth in the following sentence. If Seller is otherwise capable of generating Output from the Facility but is excused from performance under sub-section (ii), (iii) or (v) of Section 7.2, then the Guaranteed Energy Production shall be adjusted downward for each day or part thereof that such performance is excused

in accordance with the Adjustments to Guaranteed Energy Production schedule provided below.

Adjustments to Guaranteed Energy Production

<u>Month</u>	<u>MWh/Day</u>
January	285
February	418
March	503
April	552
May	541
June	559
July	541
August	536
September	532
October	494
November	325
December	240

7.2 Seller Excuses. Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement in the event that Seller fails to deliver the Product to Buyer for any of the following reasons:

- i. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller's negligence or willful misconduct;
- ii. Force Majeure;
- iii. by the Buyer's failure to perform;
- iv. by Scheduled Maintenance Outages of the specified Units; or
- v. a reduction in Output as ordered under the Curtailment provisions (including CAISO, or Buyer's system emergencies); or
- vi. insufficient solar energy resources for the specified Units to generate energy as determined by the best solar resource standards utilized by other solar producers or purchasers in the vicinity of the Facility.

7.3 Buyer Excuses. The performance of the Buyer to receive the Product may be excused only (i) during periods of Force Majeure, (ii) by the Seller's failure to perform or (iii) during dispatch down periods.

7.4 Curtailment/Dispatch Down. For purposes of Section 7.3, curtailment periods will be treated as resulting from curtailments described in Section 17, clause (a),

of this Confirmation Letter, and dispatch down periods will be treated as resulting from dispatch downs described in Section 17, clause (b), of this Confirmation Letter.

8.0 Exclusivity/Option to Purchase.

8.1 Exclusivity. At no time shall Seller sell or otherwise dispose of Output or Environmental Attributes from the Facility to any third party except (i) to the IID in the imbalance market if Seller is unable to deliver Output to the Delivery Point or (ii) in the case of an Event of Default of Buyer.

8.2 Right of First Offer. If, at any time during the term of this Agreement, Seller or any of its affiliates intends to install new facilities within a five (5) mile radius of the Facility or any expansion thereof to produce additional energy beyond that produced by the Facility (the "New Facilities Energy"), it shall first offer, or shall cause its affiliate to offer, the New Facilities Energy to Buyer by delivering notice to Buyer setting forth the terms and conditions of the offer in writing and in reasonable detail (each, an "Option Election Notice"). Except to the extent otherwise noted in the Option Election Notice, any such New Facilities Energy shall be purchased and sold pursuant to a power purchase agreement in form and substance (other than price) substantially the same as this Agreement (with the security requirements adjusted). Seller shall, or shall cause its affiliate to, promptly answer any questions that Buyer may have concerning the offered terms and conditions and shall meet with Buyer to discuss the offer. If Buyer does not accept in writing the offered terms and conditions within thirty (30) days after receiving the Option Election Notice, Seller or its affiliate may enter into an agreement to sell the New Facilities Energy to a third party on terms and conditions no more favorable to the third party than those offered to Buyer. If Buyer accepts an offer made under this Section 8.2, Seller shall, or shall cause its affiliate to, within a further sixty (60) days enter into with Buyer a power purchase agreement in substantially the same form as this Agreement, but incorporating such changes as are expressly identified in the terms and conditions in the Option Election Notice.

9.0 Monthly Payments.

9.1 Contract Price. The Contract Price to be paid by Buyer shall be as follows:

Contract Year	Summer Prices in \$/MWH			Winter Prices in \$/MWH		
	On-Peak	Semi-Peak	Off-Peak	On-Peak	Semi-Peak	Off-Peak
Year 1	\$110.52	\$77.82	\$61.83	\$107.84	\$77.87	\$55.50
Year 2	\$110.52	\$77.82	\$61.83	\$107.84	\$77.87	\$55.50
Year 3	\$110.52	\$77.82	\$61.83	\$107.84	\$77.87	\$55.50
Year 4	\$110.52	\$77.82	\$61.83	\$107.84	\$77.87	\$55.50
Year 5	\$110.52	\$77.82	\$61.83	\$107.84	\$77.87	\$55.50
Year 6	\$110.52	\$77.82	\$61.83	\$107.84	\$77.87	\$55.50
Year 7	\$110.52	\$77.82	\$61.83	\$107.84	\$77.87	\$55.50
Year 8	\$110.52	\$77.82	\$61.83	\$107.84	\$77.87	\$55.50
Year 9	\$110.52	\$77.82	\$61.83	\$107.84	\$77.87	\$55.50
Year 10	\$110.52	\$77.82	\$61.83	\$107.84	\$77.87	\$55.50
Year 11	\$112.34	\$79.08	\$62.89	\$109.66	\$79.18	\$56.45
Year 12	\$114.19	\$80.37	\$63.96	\$111.51	\$80.51	\$57.41
Year 13	\$116.08	\$81.67	\$65.06	\$113.40	\$81.86	\$58.40
Year 14	\$117.99	\$83.00	\$66.17	\$115.31	\$83.24	\$59.39
Year 15	\$119.94	\$84.35	\$67.30	\$117.26	\$84.64	\$60.41
Year 16	\$121.92	\$85.72	\$68.45	\$119.24	\$86.07	\$61.44
Year 17	\$123.94	\$87.12	\$69.62	\$121.26	\$87.51	\$62.49
Year 18	\$125.99	\$88.54	\$70.81	\$123.31	\$88.99	\$63.56
Year 19	\$128.08	\$89.99	\$72.02	\$125.40	\$90.49	\$64.65
Year 20	\$130.20	\$91.46	\$73.25	\$127.52	\$92.01	\$65.76

	Summer July 1 – October 31	Winter November 1 – June 30
On-Peak	Weekdays 11am – 7pm	Weekdays 1pm - 9pm
Semi-Peak	Weekdays 6am – 11am; Weekdays 7pm - 10pm	Weekdays 6am – 1pm; Weekdays 9pm – 10pm
Off-Peak*	All other hours	All other hours
*All hours during NERC holidays are off-peak.		

On the Date of Commercial Operation, the On-Peak Contract Prices (not Off-Peak or Semi-Peak Contract Prices) shall be adjusted in accordance with Exhibit E based on the amount of federal tax incentives under applicable federal law that the Facility is eligible for, if any, and if and only if the price determined under Exhibit E is greater than the On-Peak Contract Price listed above in this Section 9.1. If, within twenty-four (24) months after the Date of Commercial Operation, the Facility becomes eligible retroactively for the federal tax incentives listed in Exhibit E (or additional amounts of the federal tax incentives listed in Exhibit E), the On-Peak Contract Price shall be reduced for the remainder of the Delivery Term in accordance with Exhibit E. The On-Peak Contract Prices shall not be reduced to a price lower than the prices in this Section 9.1. Subsequent payments to Seller hereunder shall be reduced by means of setoff in twelve (12) monthly equal installments to reimburse Buyer for the difference, if any, between the On-Peak Contract Prices paid during such period and the final adjusted On-Peak Contract Prices. No further Contract Price adjustments shall be made.

9.2 Energy Payment. Energy payment shall be only for Delivered Energy, delivered by the Seller and received by the Buyer during the Delivery Term at the Delivery Point. Buyer shall receive all Environmental Attributes for all Output regardless of whether the Output was sold to the IID for delivery to Buyer’s Facilities at the Delivery Point. The energy payment shall be calculated as follows:

$$\text{Energy Payment} = \sum_{y=1}^H (\text{Delivered Energy}_h \times \text{Contract Price}_y)$$

where: h = hour in a month

H = number of hours in a month

y = Contract Year of applicable month

9.2.1 Imperial Irrigation District Agreement. Seller shall assume all liability and pay for all imbalance charges associated with the failure to properly schedule Output to the Delivery Point. Seller shall also assume all liability and reimburse Buyer for any Penalties (as defined below) incurred by Buyer as a result of Seller’s failure to abide by the CAISO Tariff or the IID equivalent of the CAISO Tariff (the “IID Tariff”) and all applicable protocols. Both parties shall cooperate to eliminate imbalances and minimize Penalties to the extent possible. Seller shall promptly notify

Buyer as soon as possible of any material imbalance that is occurring or has occurred. Such notification shall not impact Seller's responsibilities for payment for such imbalance charges. Notwithstanding anything to the contrary which may be contained herein, Seller shall be entitled to any and all credits and/or payments made by the CAISO or the IID to Seller or its Scheduling Coordinator in accordance with the IID Tariff and all applicable protocols.

9.2.2 "Penalties" shall be defined as any fees, liabilities, assessments, or similar charges assessed by the CAISO or the IID.

9.2.3 "Delivered Energy" means the lower of a) metered output or b) scheduled energy, in each case less Delivery Losses. "Delivery Losses" means all electrical losses occurring between the revenue meter and the Delivery Point and electrical losses occurring over the IID grid as such losses are assigned by the IID to the Facility.

9.3 Test Energy. Before the Delivery Term, Seller shall schedule, sell and deliver the Output to Buyer at the Delivery Point as test energy, so long as such test energy exceeds 1MW. With respect to such test energy, Buyer shall receive and pay for the lower of scheduled or Delivered Energy and associated Environmental Attributes delivered to the Delivery Point at the price of 90% of at the Contract Price applicable to the hour of delivery.

10.0 Reserved.

11.0 Facility Schedule. The Facility Milestones, unless extended due to a Force Majeure, are the following:

No.	Task	Milestone Date
1	Submit Project Development Security per Section 8.4 (a) of the Cover Sheet	Within 30 days after date on which all conditions precedent set forth in Section 1 are either satisfied or waived
2	Submit application for pre-certification as an eligible renewable supplier for the Renewable Portfolio Standard issued by the California Energy Commission ("Pre-Certification")	COD minus 24 months
3	Receive Pre-Certification from the California Energy Commission	COD minus 12 months
4	Execute a Transmission Service Agreement with the IID	COD minus 12 months
5	Execute an Interconnection Agreement, if required by IID	COD minus 12 months
6	Land Rights. Delivery to Buyer documentation in form and substance acceptable to Buyer evidencing Seller's good and marketable title in fee simple to the Facility site free and clear of all liens	COD minus 12 months

	and encumbrances except for customary exceptions which are acceptable to Buyer in its sole judgment or a valid leasehold interest in the Facility site for the duration of the Term of this Agreement. Any lease of the Facility site shall be subject to the prior review and approval of Buyer, which approval may not be unreasonably withheld or delayed.	
7	Receipt of all Federal, State and Local Permits and Approvals	COD minus 12 months
8	Issue an unconditional Notice to Proceed to its EPC Contractor	COD minus 10 months
9	Scheduling Services Agreement executed if required IID	COD minus 6 months
10	Complete Construction and Testing of Facility	COD minus 2 months

11.1 Buyer's Right to Monitor. Buyer may exercise its due diligence responsibilities via the following:

11.1.1 Buyer shall have the right to review Facility design drawings and documents.

11.1.2 Buyer may inspect the Facility's construction site or on-site Seller data and information pertaining to the Facility during business hours upon reasonable notice.

11.1.3 After the Effective Date and within seven (7) days after the close of each calendar quarter (or more frequently upon request by Buyer) until the Date of Commercial Operation, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit F: Quarterly Progress Reports to Buyer as may be modified from time to time to meet applicable CPUC requirements. Regularly scheduled meetings shall be held between representatives of Seller and Buyer for the purpose of reviewing Quarterly Progress Reports and Seller's construction progress.

11.2 Milestone Completion Notice. No later than seven (7) days after completion of each milestone set forth in Section 11.0, Seller shall submit written notice to inform Buyer of milestone completion. Seller must provide accompanying documentation (including copies of applicable agreements redacted, permits and certificates) sufficient to demonstrate evidence of such milestone completion.

12.0 Facility Delays.

12.1 Missed Milestones. If Seller misses three or more milestones set forth in Section 11.0 or misses any one by more than 90 days except as a result of Force Majeure, Seller shall submit to Buyer, within ten (10) Business Days of such missed milestone date, a remedial action plan (the "Remedial Action Plan").

12.2 Missed Commercial Operation Deadline. Seller shall cause the Facility to achieve Commercial Operation on or before the scheduled Commercial Operation Deadline. If Commercial Operation occurs after the scheduled Commercial Operation Deadline, Seller shall pay Buyer delay damages equal to \$5,580 for each day or portion of a day that the Commercial Operation occurs after the scheduled Commercial Operation Deadline, up to a total of one hundred and

eighty (180) days. Seller shall also submit a Remedial Action Plan within ten (10) days of a missed Commercial Operation Deadline. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to delay in achieving Commercial Operation on or before the scheduled Commercial Operation Deadline would be difficult or impossible to predict with certainty, (b) the daily delay damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the daily delay damages set forth in this section are the exclusive remedy for Seller's delay in achieving Commercial Operation by the scheduled Commercial Operation Deadline but shall not otherwise act to limit any of Buyer's rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether.

12.3 Remedial Action Plan/Additional Event of Default. For purposes of Section 12.1 and Section 12.2, at a minimum, a Remedial Action Plan shall set forth a detailed description of Seller's course of action and plan to achieve all milestones set forth in Section 11.0 and Commercial Operation by the Commercial Operation Deadline. Approval of a Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent milestones and Commercial Operation by the Commercial Operation Deadline. Buyer at its sole discretion may reject any Remedial Action Plan submitted under Section 12.1 or 12.2 and declare an Event of Default.

13.0 Operating Procedures. No later than forty-five (45) days before the Date of Commercial Operation, and from time to time as reasonably determined necessary by the Parties, the Parties shall meet to address how each Party will perform its respective obligations under this Agreement, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Scheduled Maintenance Outage reporting; (4) procedures for delivery forecasting; (5) procedures for record keeping; (6) scheduling procedures if applicable; and (7) invoicing and payment procedures; provided, that the failure to agree on Operating Procedures will not relieve the Parties of their respective obligations under this Agreement.

14.0 Maintenance.

14.1 Scheduled Maintenance Outages. Seller shall operate, maintain, and arrange Scheduled Maintenance Outages for the Facility in accordance with Good Utility Practices. Seller shall be limited to 336 hours of Scheduled Maintenance Outages per year.

14.1.1 No later than forty-five (45) days before the start of each calendar year, Seller shall provide Buyer with a timetable of Scheduled Maintenance Outages for the following twelve (12) months. Buyer may accept or reject such schedules but shall not unreasonably withhold or delay approval. If Seller reasonably determines that it is necessary to change a Scheduled Maintenance Outage, Seller shall notify Buyer of the proposed change at least ten (10) days before the outage begins. Buyer shall promptly respond to such notice and may request reasonable modifications in the schedule for the outage. Seller shall use best efforts in accordance with Good

Utility Practices not to schedule Scheduled Maintenance Outages during Summer Months (as defined below). "Summer Months" shall be defined as July, August, September and October.

14.1.2 A "Scheduled Maintenance Outage" means a planned shut down of any part of the Facility scheduled by Seller in accordance with this Section that affects Seller's ability to provide Output from the Facility to Buyer under this Agreement. Schedule Maintenance Outage includes periodic longer term outages more fully described in Section 14.1.3 below ("Long-Term Scheduled Maintenance Outage").

14.1.3 Every 3rd and 5th year starting from the first Contract Year, Seller may also schedule up to an additional 336 hours for a Long-Term Scheduled Maintenance Outage. These hours cannot be scheduled to occur during the Summer Months for any reason. The Long-Term Scheduled Maintenance Outage hours must be used consecutively and any unused hours will be forfeited. Available regularly Scheduled Maintenance Outage as described in 14.1 may be used to extend the length of the total outage as long as it does not extend the outage into the Summer Months. Seller will provide Seller with a thirty (30) day advanced written notice prior to starting the Long-Term Scheduled Maintenance showing starting date/time and ending date/time. Seller will coordinate the maintenance outage with the Buyer.

14.2 Emergency Periods. At Buyer's request, Seller shall use commercially reasonable efforts to deliver Output during CAISO declared emergency periods. In the event the Seller has previously scheduled a Scheduled Maintenance Outage coincident with an emergency, Seller shall use commercially reasonable efforts to reschedule the Scheduled Maintenance Outage.

14.3 Maintenance Log. Seller shall maintain a maintenance log for the Facility. The log shall include but not be limited to information on power production, fuel consumption and efficiency (if applicable), availability, maintenance (both breakdown and preventative) performed, outages, changes in operating status, inspections, manufacturer recommended services and replacement, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Information maintained pursuant to this paragraph shall be kept for two years and provided to Buyer electronically, within 30 days of Buyer's request.

15.0 Reserved.

16.0 Scheduling Services. Seller shall contract with the IID for services to schedule the forecast of Output to the Delivery Point for export to Buyer into the CAISO system in accordance with the CAISO Tariff during the Delivery Term. Seller shall submit schedules, and any updates to such schedules, to the IID based on the most current forecast of Output. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and IID Tariff or its successor, and any other generally accepted operational requirements.

Seller shall also fulfill contractual, metering and interconnection requirements set forth in the IID Tariff and implementing IID standards and requirements so as to be able to deliver Output to the Delivery Point in accordance with the CAISO Tariff. Subject to Article 9, in the event that the CAISO Tariff and/or any protocols relating thereto in the future are changed, amended, modified, replaced or terminated (collectively, the "Program Modifications"), Seller and Buyer hereby agree to comply with such Program Modifications and, to the extent practical, to implement the necessary Program Modifications in a manner that maintains the relative economic positions of the Parties as of the Effective Date.

Notwithstanding anything to the contrary herein, in the event Seller makes a change to its schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer's on-duty scheduling coordinator. Within two hours of the scheduling change due to Forced Outage, Seller shall submit Exhibit G: Outage Notification Form to the Buyer in accordance with the instructions shown on the form. Seller shall keep Buyer informed of any developments that will affect either the duration of the outage or the availability of the Facility during or after the end of the outage.

- 16.1 Annual Delivery Schedules. No later than forty-five (45) days before the beginning of each calendar year, Seller shall provide a non-binding forecast of each month's average-day deliveries of Output, by hour, for the following calendar year.
 - 16.2 Monthly Delivery Schedules. Ten (10) Business Days before the beginning of each month, Seller shall provide a non-binding forecast of each day's average deliveries of Output, by hour, for the following month ("Monthly Delivery Forecast").
 - 16.3 Daily Delivery Schedules. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, Seller shall provide, or cause the IID to provide, Buyer with a copy of a binding hourly schedule of deliveries of Output to the Delivery Point for each hour of the immediately succeeding day concurrent with delivery of the same to the CAISO. A schedule provided in a day prior to any non-Business Day(s) shall include schedules for the immediate day, each succeeding non-Business Day and the next Business Day. Seller shall provide Buyer with a copy of any and all updates to such schedule indicating a change in scheduled Output from the then current schedule which is provided to CAISO.
- 17.0 Curtailement and Dispatch Down. Both parties shall be excused from their performance under this Agreement if any of the following occurs (a) curtailments are ordered directly or indirectly by the CAISO that prevent either party from performing their obligations under this Agreement or (b) there is a dispatch down resulting from scheduled or unscheduled maintenance on Buyer's facilities that prevents receipt or delivery at the Delivery Point.

18.0 Delivery and Metering. All deliveries of Output shall be metered in real-time basis to reflect delivery to the Delivery Point. A copy of hourly metered and hourly scheduled information shall be included in each monthly invoice. All meters and equipment used for the measurement of Output shall be provided, owned, maintained, inspected, tested and read at no cost to Buyer by the Seller.

18.1 Meter Agreements. All meters and equipment used for the measurement of deliveries shall be provided, owned, maintained, inspected and tested at no cost to Buyer. To facilitate monthly settlement processes, Seller shall authorize Buyer to view the Facility's IID on line meter data by identifying Buyer as an authorized user with "read only" privileges on Seller's meter agreement with the IID.

18.2 Testing and Calibration. Seller shall perform or cause to be performed, at its expense, annual testing and calibration of the electric meters in accordance with Good Industry Practice. Seller shall give Buyer reasonable advance notice of any inspection, testing or calibration of the electric meters. Buyer shall have the right to have a representative or designee present at such inspection, test or calibration of the electric meters. Buyer shall have the right to require, at Buyer's expense, except as required below, a test of any of the electric meters not more often than two (2) times every twelve (12) months.

18.3 Inaccurate Meters. If any of the electric meters is deemed to be inaccurate, deliveries shall be measured by reference to Seller's check-meters, if installed and registering accurately, or the meter readings for the period of inaccuracy shall be adjusted as far as can be reasonably ascertained by Seller from the best available data, subject to review and approval by Buyer. If the period of the inaccuracy cannot be ascertained reasonably, any such adjustment shall be for a period equal to one-half of the time elapsed since the preceding test by applying the percentage of inaccuracy so found. Seller shall promptly cause such electric meters to be corrected and, where such inaccuracy was determined pursuant to a test required by Buyer, Seller shall bear the expense of any such test.

18.4 Delivered MWh Adjustments. In the event that, due to correction for inaccurate electric meters deemed to be inaccurate, the amount of Output is increased or decreased, the revised quantity of Output shall be used for purposes of calculating the Energy Payment. If any of such amounts for any period have already been calculated using the previous quantity of Output, they shall be recalculated using the revised quantity of Output. If the recalculation increases any amount payable by Seller to Buyer or decreases any amount payable by Buyer to Seller, Seller shall pay to Buyer the amount of such increase or decrease. If the recalculation increases any amount payable by Buyer to Seller or decreases any amount payable by Seller to Buyer, Buyer shall pay to Seller the amount of such increase or decrease.

19. SEP Awards, Contingencies.

Seller Termination Right

- (a) If Seller's Bid Price exceeds the Market Price Referent, Seller may seek a PGC Funding Award from the California Energy Commission, or its successor agency ("CEC"), for an amount (in \$ per MWh) equal to the positive difference derived by subtracting (a) the Market Price Referent (in \$ per MWh) from (b) the Bid Price (in \$ per MWh) ("PGC Fund Amount"). To the extent that Seller seeks such PGC Fund Award, Seller shall use best efforts to comply with all funding criteria and obtain the PGC Fund Amount and Buyer shall reasonably support Seller's efforts. If Seller does not obtain a PGC Funding Confirmation or PGC Funding Award by 11:59 p.m. Pacific Standard Time on the 120th day from the date on which Buyer files this Transaction for CPUC Approval ("Funding Termination Deadline"), then Seller may unilaterally terminate this Transaction prior to the Funding Termination Deadline effective as of the date on which Buyer receives Seller's written notice of termination. If Seller exercises this termination right, neither Buyer nor Seller shall be subject to liability of any kind.
- (b) At any time prior to the Funding Termination Deadline, if applicable, Seller shall send to Buyer within ten (10) days of (i) obtaining a PGC Funding Confirmation or PGC Funding Award, written notice of such confirmation or award and a copy of the final funding award agreement entered into by the California Energy Commission, or its successor agency ("CEC") and Seller, if the funding award agreement has been granted at that time, or (ii) receiving written notice from the CEC denying Seller's application for the requested PGC Fund Amount, a copy of such notice and a written statement from Seller, in which Seller shall (A) waive its termination rights under this Section 19 or (B) notify Buyer that the Transaction is terminated, pursuant to the terms of this Confirmation. If Seller has the right to terminate this Transaction, but fails to send written notice of termination by the Funding Termination Deadline, then Seller's termination right per this Section 19 shall be deemed waived in its entirety

"Bid Price" means the price as bid by Seller in response to the RFP or such other price as may be arrived at through negotiation.

"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).

"Public Goods Charge Funding" or "PGC Funds" means any supplemental energy payments, pursuant to Public Utilities Code Section 399.15, as shall be modified or amended from time to time.

"PGC Funding Award" means the final award of allocated PGC Funds from the CEC to Seller, pursuant to Section [25743(a) of the Public Resource Code], as shall be modified or amended from time to time.

"PGC Funding Confirmation" means a written notice from the CEC to the Seller acknowledging Seller's request for PGC Funds and the availability of such funds for Seller in a future PGC Funding Award.

20. PGC Funding Termination Event

- (a) PGC Funding Revocation. If at any time after Seller obtains a PGC Funding Confirmation or PGC Funding Award, (i) the PGC Funding Confirmation or PGC Funding Award is revoked in whole or in part by the CEC for reasons not caused by Seller's action or inaction, (ii) such revocation occurs prior to the issuance of a PGC Funding Award or during the term of the PGC Funding Award, and (iii) Seller has not received a financial benefit in the form of tax credits or any other source of public funding or credit directly related to the Product sold under this Confirmation, which benefit would offset the loss incurred from the revocation of the PGC Funding Confirmation or PGC Funding Award, then Seller shall have the right to terminate this Transaction, subject to Buyer's Right of First Refusal Option. If Seller exercises this termination right neither Buyer nor Seller shall be subject to liability arising from such termination.

Not more than ten (10) days from the Seller's receipt of written notification regarding revocation of the PGC Funding Confirmation or PGC Funding Award in whole or part, Seller shall notify Buyer in writing of the revocation of the PGC Funding Confirmation or PGC Funding Award, certify it has not received an offsetting financial benefit per clause (iii) above, and certify that such revocation is not due to Seller's action or inaction. Seller shall also provide Buyer with a copy of such CEC notification. ("Revocation Notice"). Seller shall specify in its Revocation Notice what percentage of lost PGC funding it is willing to accept to continue to perform under this Transaction (not exceeding 100%).

(b) Right of First Refusal Option.

(i) Option. Buyer, in its sole discretion, shall have the right, but not the obligation, to pay to Seller the percentage of lost PGC funding specified in its Revocation Notice ("Lost PGC Funds") and Seller shall continue performing under the Transaction for the remaining term of the Transaction (the "Option"). Buyer shall have 30 days from its receipt of the Revocation Notice to exercise the Option ("Exercise Period"), subject to Option Approval, as defined below.

(ii) Exercise of Option. If Buyer chooses to exercise the Option, Buyer shall send written notice to Seller stating that Buyer is exercising the Option, conditioned upon Buyer's receipt of Option Approval, as defined below, within 180 days of date on which Buyer received the Revocation Notice. The effectiveness of the Option exercise shall be subject to Buyer's receipt of a final, non-appealable order issued by the CPUC, satisfactory to Buyer, approving Buyer's exercise of the Option and recovery of costs associated with the payment of the percentage of lost PGC Funding ("Option Approval"). The date on which Buyer provides written notice of its Option exercise to Seller shall be the "Exercise Date." Buyer shall file an advice filing or application seeking the Option Approval within 30 days of the Exercise Date.

(iii) Payment. Prior to Buyer's receipt of Option Approval, Buyer shall pay Seller the Lost PGC Funds, which would have been due to Seller on a monthly basis for the period between the Exercise Date and the next invoice following the date on which the Option Approval is issued. Upon receipt of Option Approval Buyer shall continue paying Seller's Lost PGC Funds on a monthly basis until the expiration of the term of Seller's PGC Funding Award, or Reinstatement of Seller's PGC funding, whichever comes first.

(iv) Seller's Termination Right. Seller may terminate the Transaction in accordance with subSection (a) above upon the occurrence of any of the following events: (A) Buyer provides written notice to Seller rejecting the exercise of the Option, (B) the Option expires without being exercised, (C) Buyer fails to seek Option Approval within 30 days of the Exercise Date, or (D) Buyer fails to obtain Option Approval within 180 days of Buyer's receipt of the Revocation Notice. If Seller then terminates the Transaction, such termination shall be effective 30 days from the date on which Seller notifies Buyer of such termination. Both Parties shall continue to perform under this Transaction until the effectiveness of any such termination by Seller.

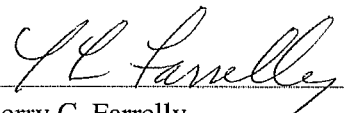
(c) Reinstatement of PGC Funding. If the PGC Funding Award is reinstated in its entirety, including retroactive payments for lost PGC Funds, at anytime before (i) Seller's termination of this Transaction or (ii) Buyer's exercise of the Option, then Seller shall no longer be permitted to terminate this Transaction, pursuant to Section 20(a), and both Parties shall continue to perform under this Transaction. If the PGC Funding Award is reinstated in whole or in part at anytime after Buyer has exercised the Option, then Buyer shall be relieved of all further obligations to pay any of Seller's lost PGC Funds, which will be covered by the reinstated PGC Funding Award. If PGC Funding Award is reinstated in whole or in part on a retroactive basis after Buyer has exercised the Option, then Buyer shall have the right to offset against payments due to Seller that portion of such award amount equivalent to the lost PGC Funds paid by Buyer to Seller between the period in which the PGC Funds were revoked and reinstated. Seller shall notify Buyer in writing of any such reinstatement of PGC Funds within 10 days of receiving notice of such reinstatement from the CEC, CPUC, or other regulatory agency responsible for the PGC Funds program, which notice shall include a copy of such notice.

IN WITNESS WHEREOF, the Parties have caused this Confirmation Letter to be duly executed as of the date first above written.

Seller: Bethel Energy, LLC

Buyer: San Diego Gas & Electric Company

Signature: 
By: Len P. Daniel

Signature: 
By: Terry C. Farrelly

Title: Manager

Vice President-
Title: Electric and Gas Procurement

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VDD