

CONFIRMATION LETTER

This Confirmation Letter ("Confirmation") is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement, dated October 12, 2005 (the "Master Agreement"), between Pacific Wind, 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 obligation of either Party to perform its obligations under this Agreement is expressly conditioned upon CPUC Approval by March 31, 2006. 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 Approval 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 Approval 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 issues a final, non-appealable order approving this Agreement.

1.2 Seller's Condition: Right to Terminate. Seller shall have the right to terminate this Agreement without further obligation on the part of either Party on or before each date specified hereafter upon written notice to Buyer in the event either of the following conditions does not occur:

1.2.1 On or before December 31, 2007, Section 45(c)(3)(A) of the Internal Revenue Code of 1986, as amended, is amended such that the latest date on which a "qualified facility" may be placed into service (as such terms are defined therein) is extended to at least December 31, 2008 and all other terms and conditions of the Production Tax Credit are materially no less favorable to the taxpayer as those effective on December 31, 2005, in the event the Commercial Operation Deadline is extended due to transmission constraints as provided in Section 3.2. "Materially no less favorable" means a federal tax credit or deduction determined by reference to renewable electric energy produced from wind resources that provides tax credits or deductions for at least ten years of at least nineteen Dollars (\$19.00) per MWh; or

1.2.2 On or before March 31, 2007, Seller shall have received legally binding commitments from a financial institution or institutions to fund the development, construction and ownership of the Facility on commercially reasonable terms and conditions; provided that, in the event the Commercial Operation Deadline is extended due to transmission constraints as provided in Section 3.2, the deadline for Seller's receipt of the legally binding commitments shall be extended to December 31, 2007.

- 2.0 Product: As-Available. "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.
- 3.0 Facility. The Output (defined below) will be supplied from the following generation assets only (collectively, the "Facility" or the "Units"):

Facility Name:	Pacific Wind, LLC
Site Name:	Pacific Wind Project
Facility Physical Address:	Rosamond Boulevard, Antelope Valley, Kern County, California
Technology Type:	Wind
Specific Unit Description:	Approximately 137 1.5MW wind turbines
Facility Total Nameplate Capacity:	205.5 MW (as may be adjusted pursuant to Section 7.1)

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, on an instantaneous basis, be greater or less than the total nameplate rated Output of 205.5 MW (as may be adjusted pursuant to Section 7.1) and an annual estimated Output of 603,060 MWh (as may be adjusted pursuant to Section 7.1).

3.2 The Facility must meet Commercial Operation by the Commercial Operation Deadline. The "Commercial Operation Deadline" with respect to a Facility shall be no later than December 31, 2007, as extended by reason of Force Majeure or as may otherwise be extended by written agreement signed by both parties. The Commercial Operation Deadline shall also be extended until no later than December 31, 2008 if the New Transmission Line (defined below) is not fully completed and operational by March 31, 2007. If the New Transmission Line is not fully completed and operational by December 31, 2008, then Seller shall not be excused from achieving Commercial Operation thereafter as a result of a delay in the completion of the New Transmission Line.

The "New Transmission Line" shall be the new transmission lines of the Southern California Edison Company ("SCE") required for the reliable delivery of Output from the

Facility generally described in the diagram attached hereto as Exhibit E. The diagram shows the proposed transmission upgrades for the Tehachapi area and is accurate to the best of the Parties' knowledge as of the date of this Agreement. The Parties agree to modify this Agreement to replace Exhibit E to reflect any changes to the proposed transmission upgrades for the Tehachapi area.

3.3 "Commercial Operation" means that (a) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as Exhibit F; (b) Seller shall have delivered to Buyer and Buyer shall have accepted in its reasonable discretion completed Certificates of Commercial Operation from Seller, the turbine supplier, the EPC contractor and a Licensed Professional Engineer (defined below); provided, however, that Buyer shall accept or reject such Certificates of Commercial Operation and shall notify Seller in writing of the detailed reasons for any such rejection within five (5) Business Days of receipt thereof; (c) Seller shall have delivered a Letter of Credit 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 "Licensed Professional Engineer" means a person acceptable to Buyer in its reasonable judgment who (i) is licensed to practice engineering in the state (ii) has training and experience in the wind 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 is SP-15. In the event of a change in the CAISO Tariff that impacts the trading point or trading rules for SP-15 or in the event the Delivery Point is otherwise modified by the CAISO, the "Delivery Point" shall be a valid scheduling point in SP-15 that is either:

- a) The Buyer's load aggregation point, if defined by the CAISO; or
- b) If a Buyer load aggregation point is not defined by the CAISO, the CAISO-defined trading hub designed by Buyer as most closely representing Buyer's bundled customer load.

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.

If the "Non-standard Delivery" contract term is selected, Parties need to apply to the CPUC justifying the need for non-standard delivery.

5.1 "Delivery Term" shall begin on the Commercial Operation date 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 Commercial Operation date.

6.0 Output Requirements.

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 or the CAISO imbalance market 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 metered at the Delivery Point.

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 and such failure is not excused by the reasons set forth in sub-sections (ii), (iii) or (v) of Section 7.2 of this Agreement, "Excuses for Failure to Perform."

Guaranteed Energy Production = 844,284 MWh/24 month period

Provided, however, that if the sum of the nameplate rating of all the wind turbines installed in the Facility ("Actual Nameplate Rating") is between 200 MW and 210 MW, then the Guaranteed Energy Production amount above, the Facility Total Nameplate Capacity amount in Section 3.0, and the annual estimated Output amount in Section 3.1 shall be adjusted up or down, as applicable, by multiplying such amounts by the following adjustment factor:

$$\text{Capacity Adjustment Factor} = \frac{\text{Actual Nameplate Rating}}{205.5 \text{ MW}}$$

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;
- v. a reduction in Output as ordered under terms of the dispatch down and curtailment provisions (including CAISO or Buyer's system emergencies); or
- vi. insufficient wind power for the specified units to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the specified units' technical specifications;

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 Dispatch down periods from 7.2 and 7.3 will be treated in accordance with Section 17 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 in the case of an Event of Default of Buyer and except to the CAISO in accordance with the scheduling provisions of this Agreement.

8.2 Right of First Refusal. If at any time during the term of this Agreement, Seller or any of its affiliates intends to install new facilities or extend the Facility, other than, for purposes of this Section 8.2, the proposed wind energy project commonly referred to as the PdV Project (a 300 MW project), which is being constructed in the immediate vicinity of the Facility in Kern County and is contemplated to be completed in 2006/07 and will involve an affiliate of enXco, Inc., in either case by utilizing the property within a one (1) mile radius of the Facility and by utilizing wind generation from the area adjacent to the Facility 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 Seller or its affiliate wishes to enter into an agreement with a third party on terms more favorable to Buyer than those previously offered to Buyer, Seller shall, or shall cause its affiliate to, first offer the revised terms and conditions to Buyer under this Section, and Buyer shall have an additional thirty (30) days after receiving the revised Option Election Notice to accept the revised offer. If Buyer accepts an offer made under this Section, Seller shall, or shall cause its affiliate to, within a further sixty (60) days enter into a power purchase agreement with Buyer in substantially the same form as this Agreement, but incorporating such changes as are expressly identified in the terms and conditions included in the Option Election Notice.

9.0 Monthly Payments.

9.1 Contract Price. The Contract Price shall be \$57.00/MWh, except as adjusted in this Section. For purposes of this Section 9.1, the following terms shall be defined as follows:

“Actual Cost of Units” shall mean the actual verified cost of the wind turbine generators delivered to the Facility by the wind turbine supplier including, but not limited to, the generator, gear box, rotor hub/shaft, blades, towers, yaw drive, wind measurement equipment, aviation lights, electric cables, control monitoring system for each of the wind turbine generators, and shipping, up to and including the interconnection to the pad mount transformer. Actual Cost of Units shall exclude sales tax, installation costs, pad mount transformers, and foundations.

“Actual Nameplate Rating” shall mean the sum of the nameplate rating of all the wind turbines installed in the Facility.

“Reference Cost of Units” shall mean \$191,061,452, which Seller hereby represents and warrants is its best estimate as of the Effective Date of this Agreement of its expected Actual Cost of Units for its expected Actual Nameplate Rating of 205.5MW (which assumes 1.5 MW wind turbines with a tower height of 80 meters and a rotor length of 77 meters but such Reference Cost of Units shall not change if Seller selects a different turbine).

9.1.1. Seller shall use commercially reasonable efforts to lower its Actual Cost of Units.

9.1.2. If the ratio of the Actual Cost of Units to the Actual Nameplate Rating is less than the ratio of the Reference Cost of Units to 205.5 MW, then the Contract Price shall be revised for the term of this Agreement to equal:

\$57.00 x Price Adjustment Factor, where;

$$\text{Price Adjustment Factor} = \frac{[\text{Actual Cost of Units} \div \text{Actual Nameplate Rating}]}{[\text{Reference Cost of Units} \div 205.5 \text{ MW}]}$$

Buyer shall have the right to verify the Actual Cost of Units by an audit; provided, however, that Seller's turbine supplier agrees to the disclosure of the Actual Costs of Units to Buyer under the terms of a standard confidentiality agreement. Seller shall use commercially reasonable efforts to cause Seller's turbine supplier to clearly itemize the Actual Cost of Units in Seller's turbine supply agreement and to agree to the disclosure of the Actual Costs of Units to Buyer under the terms of a standard confidentiality agreement. If Buyer is unable to verify the Actual Cost of Units pursuant to this Section because such costs are not clearly itemized in Seller's turbine supply agreement or Seller's turbine supplier cannot agree to the disclosure of the Actual Costs of Units to Buyer under the terms of a standard confidentiality agreement or any other reason, the Contract Price shall be revised for the term of this Agreement to equal \$55.00/MWh.

9.1.3 If the ratio of the Actual Cost of Units to the Actual Nameplate Rating is equal to or greater than the ratio of the Reference Cost of Units to 205.5MW, then Seller shall deliver to Buyer a sworn affidavit from an executive officer of Seller stating as such (without disclosing the Actual Cost of Units), the Contract Price shall remain at \$57.00/MWh for the term of this Agreement, and Buyer shall have no audit rights to verify the Actual Cost of Units. The affidavit shall be in the form of Exhibit G attached hereto.

9.1.4 Under no circumstances shall the Contract Price be increased beyond \$57.00/MWh.

9.2 Energy Payment.

9.2.1 . As long as Amendment 42 is in effect or has not materially changed, on or about the 5th day of each month during the Delivery Term, the Parties will compare Delivered Energy (defined in 9.4) to scheduled energy for the preceding month. Buyer shall pay for all energy on a monthly basis in accordance with the following:

9.2.1.1 Over Deliveries. In the event that Delivered Energy for such month is equal to or greater than scheduled energy for such month, Buyer shall pay for the scheduled energy at the Contract Price. Buyer shall receive all Environmental Attributes for all Output in such month

regardless of whether it was sold into the CAISO. The amount of Delivered Energy in excess of the scheduled energy ("Excess Energy") shall be sold for the account and benefit, if any, of Seller into the CAISO imbalance market in accordance with the then applicable CAISO rules.

9.2.1.2 Under Deliveries. In the event that scheduled energy for such month is greater than Delivered Energy for such month, Buyer shall pay the Contract Price for (i) the Delivered Energy, and (ii) the incremental amount of energy equal to the scheduled energy less the Delivered Energy ("Incremental Energy").

9.2.1.3 Twelve Month True-Up. Commencing at the end of the first Contract Year, Seller and Buyer shall conduct, on an annual basis, a true-up for the preceding Contract Year of the total amounts of Incremental Energy compared to the total amount of Excess Energy. In the event that the Incremental Energy exceeds the Excess Energy, Seller shall pay to Buyer the difference between the Incremental Energy and Excess Energy multiplied by the amount, if any, by which the Contract Price exceeded the twelve month average CAISO imbalance price applied by the CAISO with respect to imbalance charges for Participating Intermittent Resources during the applicable twelve-month period. Seller may pay Buyer by including any amounts owed as an offset in its next monthly invoice(s). In the event the total amount of Excess Energy during the preceding Contract Year exceeds the total amount of Incremental Energy during the preceding Contract Year, Seller shall not be entitled to any payment for such difference. The parties further agree that the true-up contained herein shall occur more frequently than annually if and when the Incremental Energy exceeds the Excess Energy by ten thousand (10,000) MWhs. Notwithstanding the foregoing provisions of this paragraph, if either, (a) Amendment 42 is not in effect or (b) Amendment 42 is materially changed, each of Seller or Buyer shall have the right in its sole discretion to discontinue the settlement arrangements as described in this paragraph and shall continue performing under this Agreement in accordance with Section 9.2.1.4.

9.2.1.4 In the event that either Party discontinues settlement arrangements as described above, Seller and Buyer will use commercially reasonable efforts to modify this Agreement to arrive at a mutually agreeable amendment that will provide a scheduling or other arrangement for the delivery of energy from the Facility to Buyer. Regardless of whether such an amendment is agreed upon, each of the Parties' obligations hereunder shall continue in force and effect and until such time as a mutually agreeable amendment is reached. Seller shall use a scheduling protocol similar to Amendment 42 and Seller shall be paid on a monthly basis the lower of scheduled energy or Delivered Energy as follows: (a) in the event that Delivered Energy for such month is equal to or greater than scheduled

energy for such month, Buyer shall pay for the scheduled energy at the Contract Price and Buyer shall receive Environmental Attributes for the scheduled energy only; and (b) in the event that the scheduled energy for such month is greater than Delivered Energy for such month, Buyer shall pay the Contract Price for the Delivered Energy and shall not pay for the Incremental Energy and Buyer shall receive Environmental Attributes for the Delivered Energy only.

9.3 CAISO Charges. Seller shall assume all liability and pay for all imbalance and inter-zonal congestion charges attributable to it. 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 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 all imbalance and inter-zonal congestion charges attributable to it and Penalties under this Agreement. 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 to Seller or its Scheduling Coordinator in accordance with the CAISO Tariff and all applicable protocols.

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

9.4 "Delivered Energy" means the metered energy less Delivery Losses. "Delivery Losses" means all electrical losses occurring between the ISO approved revenue meter and the Delivery Point and electrical losses occurring over the ISO Grid as such losses are assigned by the ISO to the Facility including if applicable, but not limited to:

a. If the ISO approved revenue meter is not installed on the high voltage side of the Facility's substation bus bar, transformer and other electrical losses occurring between the ISO approved revenue meter and the high voltage side of the Facility's substation bus bar;

b. Any electrical losses between the high voltage side of the Facility's substation bus bar and the ISO Grid, including the following if applicable DLF or TLF

"DLF" means a measure of all net electrical losses as determined by the CPUC associated with the transmission of electric energy through the electric system from the high voltage side of the Facility's substation bus bar to the interface with the ISO Grid, also known as the distribution loss factor.

“TLF” (for resources outside of the CAISO grid) means a measure of all net electrical losses, as determined by the Transmission Provider, associated with the transmission of electric energy through the electric system from the high voltage side of the Facility’s substation bus bar to the interface with the ISO Grid, also known as the transmission loss factor.

; and

c. Electrical losses determined by utilizing the GMM, or TMM if applicable, assigned to the Facility.

“GMM(s)” means the generation meter multipliers as determined by the ISO representing the calculation of all electrical losses assigned to the Facility associated with the transmission of electric energy delivered by the Facility over the ISO Grid, which values are, as of the Effective Date, posted by the ISO on its website. The values used in the Agreement will be those appearing on the ISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

“TMM” means the tie meter multipliers as determined by the ISO representing the calculation of all electrical losses over the ISO Grid associated with the transmission of electric energy delivered at an ISO Control Area boundary, which values are, as of the Effective Date, posted by the ISO on its website. The values used in the Agreement will be those appearing on the ISO website on the third (3rd) Business Day of the calendar month following the month for which such values are being applied.

10.0 Environmental Attributes. 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).

11.0 Facility Schedule. The Facility Milestones are the following:

No.	Task	Milestone Date
1	Submit Project Development Security from 8.4(a) of the Cover Sheet	Within 30 days from which all conditions precedent set forth in Section 1 are either satisfied or waived.

2	Submit Application for Interconnection Agreement	T – 12 months
3	Pre Certification as an eligible renewable supplier for the RPS issued by the California Energy Commission	T – 6 months
4	Land Rights sufficient for Seller to commence construction of the Facility and evidencing Seller’s valid leasehold and/or real property interest in the Facility Site, except for transmission easements, access easements and other related easements and rights-of-way (but not with respect to the physical location of the turbines), for a term of at least 20 years from the Commercial Operation date.	T – 6 months
5	Application for all Local, State and Federal Permits	T – 6 months
6	Commencement of Construction	T – 6 months
7	Application for Certification as a Participating Intermittent Resource by the CAISO	T – 2 month

For purposes of this Section 11, “T” refers to the Commercial Operation Deadline, as the same may be amended, from time to time, in accordance with the provisions of this Confirmation or as otherwise agreed by the Parties.

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 Within seven (7) days after the close of each calendar quarter until the Commercial Operation date, Seller shall provide Quarterly Progress reports similar in form and content of Exhibit H: Quarterly Progress Reports to Buyer. 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 by more than 90 days except as a result of Force Majeure, Seller shall submit to Buyer, within ten (10) days of such missed milestone date, a remedial action plan (the "Remedial Action Plan").

12.2 Missed Commercial Operation Deadline/Delay Damages. 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 \$8,304 for each day or portion of a day that the Commercial Operation occurs after the scheduled Commercial Operation Deadline, up to a total of 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 right or remedies arising from any Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation after the expiration of the above-referenced delay. Such delay shall not constitute an Event of Default during the 180 day period referred to above.

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 or as soon as practical thereafter. 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 and declare an Event of Default and/or Buyer at its sole discretion may reject any Remedial Action Plan submitted under Section 12.2 after the one hundred and eighty days referred to in Section 12.2 has passed and declare an Event of Default.

13.0 Pre-Commercial Operation.

13.1 Operating Procedures. No later than forty-five (45) days before the earlier of the first delivery of Output from the Unit or the Commercial Operation date, 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.

13.2 Test Energy. Before the Delivery Term and subject to the completion of all facilities in accordance with an interconnection agreement, Seller may schedule, sell and deliver the Output and associated Environmental Attributes to Buyer at the Delivery Point, which shall constitute test energy. Buyer shall receive and pay for the lower of scheduled energy or Delivered Energy each month as follows: (a) in the event that Delivered Energy for a month is equal to or greater than scheduled energy for such month, Buyer shall pay for the scheduled energy at seventy-five percent (75%) of the Contract Price and Buyer shall receive the Environmental Attributes for the scheduled energy only; and (b) in the event that the scheduled energy for a month is greater than the Delivered Energy for such month, Buyer shall pay seventy-five percent (75%) of the Contract Price for the Delivered Energy and shall not pay Seller for the Incremental Energy, and Buyer shall receive Environmental Attributes for the Delivered Energy only.

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 fifty (50) hours per turbine 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 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.

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 Participating Intermittent Resources. Seller shall cause the Facility to become a Participating Intermittent Resource (as defined in the CAISO Tariff) including negotiating and executing a CAISO Participating Generator Agreement, Meter Service Agreement for ISO Metered Entities and a Letter of Intent to become a Participating Intermittent Resource (collectively, the "Program Agreements"). Seller and Buyer shall comply with Amendment 42 and all applicable protocols issued by CAISO relating to Participating Intermittent Resources, including the EIRP, for the term of the Delivery Term and prior to the Delivery Term during the test energy period.
- 16.0 Scheduling and Scheduling Coordinator. Seller or Seller's designee shall be the Scheduling Coordinator for the Facility and shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Term in accordance with Amendment 42 and the EIRP and prior to Commercial Operation for test energy. Seller shall submit schedules, and any updates to such schedules, to the CAISO based on the most current forecast of Output consistent with Amendment 42 and the EIRP. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and CAISO tariff or its successor, and any other generally accepted operational requirements. Seller shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO Tariff and implementing CAISO standards and requirements, including but not limited to executing a CAISO Participating Generator Agreement, so as to be able to deliver Output to the CAISO controlled grid. Subject to Article 9, in the event that Amendment 42 or 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 date of this Agreement.

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 I: 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 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 cause the Facility's Scheduling Coordinator (as defined in the CAISO tariff) to provide Buyer with a copy of a non-binding hourly forecast of deliveries of Output for each hour of the immediately succeeding day concurrent with delivery of the same to the CAISO. A forecast provided in a day prior to any non-Business Day(s) shall include forecasts 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 forecast indicating a change in forecasted Output from the then current CAISO forecast which is provided to CAISO under Amendment 42 and any and all scheduling protocols issued by CAISO.
- 17.0 Dispatch Down/Curtailment. Both parties shall be excused from performing their obligations under this Agreement for (a) curtailments ordered directly or indirectly by the CAISO or (b) scheduled and unscheduled maintenance on SCE's facilities that prevents Seller and/or Buyer from delivering and/or taking Output at the Delivery Point.
- 18.0 Delivery and Metering. All deliveries of Output shall be metered in real-time basis to reflect the delivery of energy 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 CAISO Agreements. Seller shall enter into a Participating Generator Agreement and a Meter Service Agreement with the CAISO and shall comply with the CAISO Tariff and standards applicable to metering. 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 CAISO on-line meter data by identifying Buyer as an authorized user with "read only" privileges on Schedule 3 of Seller's Meter Service Agreement with the CAISO.

- 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 and the CAISO Tariff. 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 under the Meter Service Agreement, 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 under the Meter Service Agreement, 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.

19.0 SEP Awards, Contingencies. (NOT APPLICABLE)

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.

20.0 PGC Funding Termination Event (NOT APPLICABLE)

- (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: Pacific Wind, LLC

Buyer: San Diego Gas & Electric Company

Signature: *enXco Development Corporation
its Sole Member*

Signature: *T.C. Farrelly*

By: *[Handwritten Signature]*

By: T.C. Farrelly

JORGE E. COLMENARES

Title:

VICE PRESIDENT

Title:

Vice President
Electric & Gas Procurement

APPROVED as to legal form a.s.