

ENERGY SERVICES AGREEMENT

This Energy Services Agreement (the "Agreement") is made and entered into as of the 12 day of February, 2004 ("Effective Date"), by and between Green Sand Investments, LLC (the "Customer"), a California Limited Liability Corporation and San Diego Gas and Electric Company, a California corporation ("SDG&E"), collectively the "Parties."

RECITALS

- A. WHEREAS, Customer owns certain real property known as TKG Consulting Engineers and located at 5670 Oberlin Drive, San Diego, CA 92121 (collectively the, "Property"); and
- B. WHEREAS, SDG&E will install at the Property and operate an electric generation system ("Energy System") for its electric distribution system as described in more detail in the attached Exhibit "A". The Energy System will provide electric power to SDG&E's electric distribution system;
- C. WHEREAS, SDG&E will be able to verify the conditions under which the Energy System can be installed and operated on an economical basis for future electric distribution projects;
- D. WHEREAS, after the installation of the Energy System, SDG&E will provide electric service to the occupants of the Property at the applicable utility tariff(s) rate in accordance with the terms hereof;
- E. NOW, THEREFORE, the Parties hereto, for and upon the promises, covenants, conditions, terms and provisions herein set forth, agree as follows:

SECTION 1 - SCOPE OF SERVICES

1.1 Electric Service. SDG&E will provide electric service to the occupants of the Property according to the Rules approved by the California Public Utilities Commission ("CPUC"). The Energy System will operate in parallel with SDG&E's electric distribution system and occupants would be billed according to the applicable SDG&E schedule(s). No special provisions will be provided by SDG&E unless otherwise agreed upon by both Parties and approved by the CPUC.

1.2 Billing. Bills for electric service will be rendered according to the Rules approved by the CPUC.

1.3 Lease. The lease terms shall be in accordance with the Facilities Lease Agreement dated January 15, 2004 ("FLA") by and between the Parties. SDG&E shall not be responsible for additional rents, taxes, fees not included in the FLA.

1.4 Recitals. The terms of the Recitals set forth above are fully incorporated in the terms of this Agreement.

SECTION 2 - PHASES AND TERMINATION OF AGREEMENT

2.1 Design Phase. Upon the complete execution of this Agreement, the Design Phase will begin, and SDG&E will at its sole expense commence the steps necessary for the design of its Energy System.

2.1.1 Notice to Customer. SDG&E shall be responsible for the design of the Energy System including electrical and mechanical engineering design, and associated drawings and permits. SDG&E will notify the Customer when the design has been completed ("Design Completion Notice"). SDG&E's notification shall include notice to Customer of where any concrete slabs or structures are planned to be located. SDG&E will provide Customer with a complete copy of the plans. Customer agrees to: make no photocopies or other copies of the plans; disclose them to no one except for its engineers, accountants, attorneys and other agents who have a need to know; and that the plans will be used for no other purpose than this Agreement and construction permitting.

2.1.2 Notice of Design Acceptance. Upon receipt of the Design Completion Notice and a copy of the set of plans, Customer will have five (5) business days to review the plans and provide input to SDG&E. Customer will provide to SDG&E a notification ("Notice of Design Acceptance") upon approving the design.

2.1.3 Right to Terminate. Either party may terminate the Agreement at any time during the Design Phase for any reason upon 10 days prior written notice.

2.2 Installation Phase. SDG&E will commence the actions necessary to complete the Energy System's installation, including but not limited to having the Energy System delivered to the Property and provision for the natural gas supply. SDG&E shall use reasonable efforts to coordinate the installation with the Customer's construction schedule and complete the installation commensurate to the completion of building commissioning and occupant move-in (assuming delivery of the Energy System is not held up due to causes beyond the reasonable control of SDG&E). SDG&E will provide at its sole expense for the Energy System: the power generation equipment and all associated equipment and material on the utility grid side of the meter, equipment room or enclosures (if needed), project management, electric interconnection to the electric distribution grid, necessary metering, dispatch, monitoring equipment, and communication services.

2.2.1 Right to Terminate. Either party may terminate the Agreement at any time during the Installation Phase for any reason upon 10 days prior written notice.

- a) If an event of default by Customer occurs prior to the end of the Installation Phase, or Customer requests to terminate Agreement for any reason other than a breach by SDG&E, SDG&E shall be entitled to terminate the Agreement and charge Customer a termination fee pursuant to Section 2.4.
- b) If a breach by SDG&E occurs during the Installation Phase, or SDG&E requests to terminate Agreement for any reason other than a breach by Customer, SDG&E shall compensate Customer for all expenses to recover any costs expended in support of the installation of the Energy System as of the date of termination and removal costs. SDG&E shall provide electric and natural gas service to the Property under existing rules, conditions and tariffs.

2.2.2 Notice of Completion. SDG&E will send Customer a written notice delivered registered mail when the installation is complete and the Energy System is operational ("Completion Notice").

2.3 Generation Phase

2.3.1 Generation Phase Term. Upon Customer's receipt of Completion Notice, the Generation Phase Term shall be in effect for a term of five (5) years commencing on the date of the Completion Notice.

2.3.2 Customer's Options at End of Generation Phase Term. Upon the expiration of the Agreement's Generation Phase, Customer shall elect one of the following options:

- a) Customer shall have option to continue the Generation Phase for an additional five (5) year term ("First Term Option") and upon expiration of the First Term Option, Customer shall have the option to continue the Generation Phase for a second five (5) year term upon expiration of the First Term Option ("Second Term Option"), subject to all terms and conditions of this Agreement.
- b) Customer may purchase the Energy System for a negotiated price. Customer will be responsible for the redesign and reconfiguration of the Energy System to provide power to the property on Customer's side of the utility electric service meter. Customer will be responsible for all costs including but not limited to: net metering, interconnection, local permitting costs (if necessary). Both parties will sign an agreement that will include all terms and conditions of the sale ("Transfer of Ownership Agreement").
- c) SDG&E will remove the Energy System pursuant to the requirements of Section 2.5 below.

Customer shall make the election by written notice to SDG&E sent not less than 60 days before the expiration of the Generation Phase Term. If Customer fails to make an election, SDG&E may remove the Energy System pursuant to Section 2.5 below on at least 10 days prior written notice to Customer.

2.3.3 Default by Customer. If Customer fails to perform any material provision of the Agreement within 30 days from receipt of written notice from SDG&E to cure, SDG&E may immediately thereafter without any further notice to Customer terminate the Generation Phase and remove the Energy System and exercise any other right or remedy provided by law or equity.

2.3.4 Default by SDG&E. If SDG&E fails to perform any material provision of the Agreement within 30 days from receipt of written notice from Customer to cure, Customer may immediately upon notice to SDG&E elect to terminate the Generation Phase and have SDG&E remove the Energy System in accordance with Section 2.3.2(c) above.

2.4 Termination Fee. Upon termination of the Agreement by Customer for any reason, Customer may be required to pay SDG&E an amount sufficient to reimburse SDG&E for all expenses it has incurred through the date of termination and for all unavoidable costs SDG&E will incur ("Termination Fee"). Customer shall pay the Termination Fee within 30 days of receipt of any invoice from SDG&E and reasonable supporting documentation. Provided, however, that no Termination Fee shall be due if SDG&E terminates the Agreement or if Customer terminates the Agreement pursuant to Section 2.3.4 or pursuant to Customer's options at the expiration of the Generation Phase Term (Section 2.3.2).

2.5 Removal of Energy System. If the Agreement is terminated (or if Customer elects to have SDG&E remove the Energy System upon expiration of the Generation Phase), SDG&E will remove

the Energy System from the Property and ensure proper electrical service is provided. Customer agrees that SDG&E will not be required to, and understands that SDG&E will not remove any concrete pads or other such permanent facilities installed to accommodate the Energy System. SDG&E will exercise reasonable care in the removal, but shall have no liability to Customer for damages to the Property or persons at the Property unless such damages were due to SDG&E's sole negligence or its willful misconduct. SDG&E will remove the Energy System within 90 days of termination of this Agreement. If SDG&E does not remove the Energy System within the specified time frame, Customer may have the System removed at SDG&E's cost and expense.

SECTION 3 – SDG&E'S STATUS AND SUBCONTRACTORS

3.1 Status of SDG&E. SDG&E will perform and execute the Agreement as an independent contractor to the Customer and will not be an agent or employee of the Customer for any purpose.

3.2 Subcontracts and Subcontractors. SDG&E will have the right to have all or any part of the design, installation, operation, maintenance, or removal of the Energy System or any other obligation of SDG&E undertaken concerning the Agreement, accomplished by subcontractors pursuant to subcontracts between SDG&E and such subcontractors. Subcontractors will be selected by SDG&E, and SDG&E will be solely responsible for the performance of the subcontractors. SDG&E will pay each subcontractor according to the terms of the subcontract between SDG&E and the respective subcontractor.

3.3 No Liens. SDG&E will keep the Property free from all liens from contractors or subcontractors performing work for SDG&E.

SECTION 4 - OWNERSHIP

4.1 Ownership of Energy System. SDG&E will at all times during the term of this Agreement have sole ownership of all and each part of the Energy System. Customer agrees that the Energy System is the personal property of SDG&E and shall execute or obtain the execution of such documents SDG&E reasonably requires in order to document its ownership interest and protect it from the claims of creditors of Customer.

4.2 Ownership of Proprietary Property Rights. Customer will not acquire any interest in any formulas, patterns, devices, secret inventions or processes, copyright, patent, other intellectual or proprietary rights, inventions or processes, or similar items of property that are or may be used concerning the Energy System.

4.3 Ownership of Existing Equipment and Materials. Despite anything herein to the contrary, title and ownership of the equipment and materials presently existing at the Property at the time of execution of this Agreement will remain in the sole possession of the Customer.

SECTION 5 – CUSTOMER'S RIGHTS AND DUTIES

5.1 Reasonable Assistance. Customer shall give SDG&E such reasonable assistance as SDG&E requires in order to design the system, in order to apply for and obtain any and all required permits, in order to perform any aspect of the Agreement. Provided, however, that Customer shall not be required to pay any out-of-pocket expenses in connection with such assistance.

5.2 Access / Space. Customer shall provide SDG&E with space and access to the Energy System in accordance with the FLA.

5.3 Roofing Requirements. Customer shall provide to SDG&E proof of structural certification of the roof from a California licensed registered engineer. SDG&E shall review the Energy System design with the Customer's roofing contractor to discuss roof warranty issues. If the design will void the roof warranty, SDG&E will revise the design of the energy system at its sole expense so as to not void the roof warranty. Customer shall be responsible for ensuring placement of SDG&E's Energy System on the roof will not void the roof warranty. SDG&E shall not be responsible for voiding Customer's roof warranty.

5.4 Data and Tours. Customer shall provide permission to SDG&E, its affiliates and their respective employees, contractors and agents to inspect, monitor, photograph and videotape the Energy System; conduct surveys; utilize all data for evaluation, business planning, and marketing purposes; arrange tours by interested 3rd parties. SDG&E shall obtain permission from Customer prior to conducting tours. Tours shall be scheduled and conducted in a manner that is not disruptive to Customer's business operations. Unless mutually beneficial, the customer shall not be obligated to provide more than sixteen (16) hours per year of support for these activities.

5.5 Utility Charges. Property occupant shall remain responsible for all utility charges for electricity and gas consumed by Customer according to the applicable SDG&E schedule(s).

5.6 LEED™ Certification and Energy Efficiency. Customer shall obtain LEED™ certification from the US Green Building Council for the Property. Customer shall design the building to meet or exceed the California Title 24 building standard by 30%.

5.7 Customer's General Responsibilities. Except as may be expressly provided herein, Customer will not move, modify, remove, adjust, alter, change or operate the Energy System, or any part of it, during the term of the Agreement, without prior written direction or approval of SDG&E, except if there is an occurrence reasonably deemed by the Customer to be a bona fide emergency of which the Customer will notify SDG&E immediately. Customer shall maintain the Property in good repair and will use its best efforts to protect and preserve the Energy System.

SECTION 6 – SDG&E'S RIGHTS AND DUTIES

6.1 SDG&E's Design Responsibilities. During the Design Phase, SDG&E shall design the Energy System in such a manner that will not require structural modifications to the Property.

6.2 SDG&E's Operating Rights. During the Generation Phase, SDG&E will have the right to operate the Energy System on such days, at such times of day and for the periods of time, as SDG&E, in its sole discretion, decides. SDG&E shall have no liability to Customer for failure to operate the Energy System or for its failure to generate power for the Property's use.

6.3 SDG&E's Maintenance Responsibilities. During the Generation Phase, at no cost to Customer, SDG&E will operate the Energy System and keep it in good condition and repair. However, should the need for maintenance or repairs arise from negligence or misconduct of the Customer or any employee or other agent of the Customer, SDG&E may, at its election, perform maintenance, repairs and make adjustments to the Energy System and may charge the Customer for this work. SDG&E will invoice the Customer for such charges and the Customer will pay SDG&E's invoice within Thirty (30) days of receipt.

6.4 Upgrading or Altering the Equipment. SDG&E will have the right to maintain, make adjustments, enhance, repair, replace and change the Energy System. Replacements, substantial alterations or additions to the Energy System will become a part of the Energy System.

SECTION 7 – CLOSING OR CONDEMNATION OF PROPERTY

7.1 Closing. During the Generation Phase, Customer will give SDG&E a minimum of ninety (90) days notice of its intent to close or abandon the Property for an indefinite period.

7.2 Condemnation. If a condemnation renders most of the Property uninhabitable or unusable, Customer will give SDG&E notification upon receipt of condemnation notice from the local jurisdiction. SDG&E shall have the right to terminate the Agreement and remove the system at its sole discretion and shall not be required to adhere to the conditions in Section 2.5

SECTION 8 - CHANGED CONDITIONS

8.1 If conditions are encountered at the Property that are (a) subsurface or otherwise concealed physical conditions that are at variance with those indicated in the Customer's documents or other information furnished by the Customer, or (b) unknown physical conditions of an unusual nature, which are at variance with those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the Agreement, then notice by the observing Party will be given to the other Party promptly before the conditions are disturbed and in no event later than thirty (30) days after the first observance of the conditions. Customer and SDG&E will promptly investigate such condition and, where appropriate, will approve equitable changes to the Agreement.

SECTION 9 - HAZARDOUS MATERIALS

9.1 Hazardous Materials. The term "Hazardous Materials" means any substance considered hazardous under any environmental law, including, but not limited to, Hazardous Materials Transportation Act, as amended (49 U.S.C. 1801, et. seq.), the Resource Conservation and Recovery Act ("RCRA"), as amended (42 U.S.C. 6901, et. seq.), the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health & Safety Code, Sections 25300 et seq.), the California Hazardous Waste Control Law (under California Health and Safety Code Section 25000, et. seq.), the Occupational Safety and Health Act (29 USC Section 651 et seq.), the California Occupational Safety and Health Act (California Labor Code Sections 6300 et seq.), the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), as amended (42 U.S.C. 9601, et. seq.) and the California Hazardous Substances Account Act ("HSAA"), as the same may be reauthorized (California Health & Safety Code 25300 et seq.) and the regulations adopted and publications promulgated thereunder.

SECTION 10 - PERMITS, APPROVALS AND COORDINATION

10.1 Permits and Approvals. Unless otherwise provided, herein, SDG&E will secure and pay for all permits concerning SDG&E's work. The Customer will use its best efforts to help SDG&E in obtaining all necessary permits and approvals for the work.

10.2 Coordination. SDG&E and the Customer agree to coordinate the work to reduce interference with the performance of the work of the Customer and its employees taking place at the Property.

SECTION 11 - REPRESENTATIONS AND WARRANTIES

11.1 By Each Party. Each Party warrants and represents to the other that:

- a) It has all requisite power, authority, licenses, and permits, corporate or otherwise, to execute and deliver this Agreement and perform its obligations hereunder.
- b) Its execution, delivery, and performance of this Agreement have been duly authorized and all necessary corporate action to consummate the transactions contemplated hereunder have been completed, and this Agreement has been duly executed and delivered for it by the signatories so authorized, and it constitutes its legal, valid, and binding obligation.
- c) Its execution, delivery, and performance of this Agreement shall not result in a breach or violation of, or constitute a default under, any agreement, lease, or instrument to which it is a party or by which it or its properties may be bound or affected.
- d) It has not received any notice, nor to the best of its knowledge is there pending or threatened any notice, of any violation of any applicable laws, ordinances, regulations, rules, decrees, awards, permits, or orders that would materially and adversely affect its ability to perform hereunder.

11.2 Customer's Representations. The Customer hereby warrants, represents, and promises that:

- a) It intends to continue to use the Property in a manner similar to its present use, and to the same extent.
- b) To the best of its knowledge and ability, it has provided or will provide timely to SDG&E all applicable records requested by SDG&E and the information set forth therein is, and all information in other records to be subsequently provided pursuant to this Agreement will be, true and accurate in all material respects and not contain any omissions necessary to prevent the information provided from being misleading.

SECTION 12 - INSURANCE

12.1 Commercial General Liability Insurance. Customer shall carry and maintain on an "occurrence" form commercial general liability policy or policies, insuring against liability arising from bodily injury, death, property damage, personal and advertising injury, products/completed operations liability, contractual liability covering all operations of Customer under this Agreement. There shall be no explosion, collapse or underground exclusion. Such coverage shall be in an amount of not less than \$1,000,000.00 (One Million Dollars) per occurrence. If the policy maintains a policy aggregate, such aggregate shall not be less than twice the per occurrence limit.

12.2 Commercial or Business Automobile Liability Insurance. Customer shall maintain an automobile liability policy or policies insuring against liability for damages because of bodily injury, death, or damage to property, (including loss of use thereof), and occurring in any way related to the use by or on behalf of Customer of automobiles, including loading or unloading of any of Customer's automobiles (including owned, non-owned, leased, rented and/or hired vehicles). Such coverage shall be in an amount of not less than \$1,000,000.00 (One Million Dollars) combined single limit.

12.3 Workers' Compensation & Employers' Liability Insurance. In accordance with the laws of the State of California, Customer shall maintain in force workers compensation insurance for all of its employees. If applicable, Customer shall obtain U.S. Longshoremen's and Harbor Workers

compensation insurance, separately, or as an endorsement to workers compensation insurance. Customer shall also maintain Employer's Liability coverage in an amount of not less than \$1,000,000.00 (One Million Dollars) per accident and per employee for disease. In lieu of such insurance, Contractor may maintain a self-insurance program meeting the requirements of the State of California shall be performed along with the required Employers' Liability insurance

SECTION 13 - INDEMNIFICATION

13.1 Patent Indemnity. SDG&E will protect, defend, indemnify and hold the Customer harmless against and from all claims, judgments, amounts paid in settlement, costs and expenses, including reasonable attorneys' fees relating to alleged patent or copyright infringement, misappropriation of proprietary rights, or trade secrets or similar claims, resulting from actions taken by SDG&E concerning this Agreement.

13.2 Environmental Indemnity.

13.2.1 Pre-Existing Hazardous Materials. To the fullest extent permitted by law, the Customer shall indemnify and hold harmless SDG&E, its employees, agents and subcontractors, from and against all claims, damages, losses and expenses, including but not limited to consultants' fees and attorneys' fees ("Environmental Liabilities"), arising out of or resulting from the presence of Hazardous Materials (Section 9.1) at the Property or performance of the work in or around the Property affected by Hazardous Materials (except for such materials brought to the Property or generated on the Property by SDG&E), including, but not limited to, any claims, damages, losses and expenses arising out of the ownership, transportation (whether by rail, truck, air and/or other means) and/or disposal of any of the materials described in Section 9.1. The work in the affected area of the Property will not be resumed except by written agreement between the Customer and SDG&E. SDG&E will not be required to do any work relating to such pre-existing Hazardous Materials. The cost of removal and disposal of such Hazardous Materials shall be born solely by the Customer.

13.2.2 SDG&E's Hazardous Materials. SDG&E shall indemnify and hold harmless Customer from all Environmental Liabilities arising out of Hazardous Materials brought to the Property or generated on the Property by SDG&E and released or spilled during the installation or operation of the Energy System (except when caused by the sole negligence or willful misconduct of Customer).

13.3 General Mutual Indemnity. SDG&E and the Customer will indemnify, defend and hold each other harmless from all claims, actions, costs, expenses, damages and liabilities, including attorneys' fees, consultant fees and expert witness fees, arising out of, connected with, or resulting from the sole negligence or willful misconduct of that party's employees or agents. However, neither party will indemnify the other against claims, damages, expenses, or liabilities resulting from alleged, claimed, or concurrent negligence or misconduct of the other party. The duty to indemnify will continue in full force and effect despite the expiration or termination of this Agreement, and will exist with respect to any claims based on facts or conditions that occurred before any said termination.

SECTION 14 - DISPUTES

14.1 Payment Disputes. Customer and SDG&E agree to use their best efforts to promptly resolve any disputes regarding invoices, so that payments to SDG&E are not unnecessarily delayed. Accordingly, within ten (10) business days of receipt of an invoice from SDG&E, the Customer will notify SDG&E of the following: (i) all objections, in whole or part, the Customer has to the invoice; (ii) the specific dollar amount the Customer disputes, and (iii) the specific dollar amount the Customer does not dispute. The Customer will also attach all documents and calculations on which the Customer relies

upon to support its objections. In all instances, the Customer will pay SDG&E the undisputed portion of the invoice within the periods set forth in the Agreement. SDG&E's acceptance of a payment in an amount less than that stated in its invoice is not a concession by SDG&E that the full amount stated is not due and owing. The parties will resolve the disputed portion of the payment(s) according to Section 14.2.

14.2 Arbitration. Except for a claim or request for equitable relief, all disputes in any way relating to, arising under, connected with or incident to the Agreement will be arbitrated in San Diego County, California, according to Construction Industry Arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. No party may be compelled to arbitrate if the parties cannot join a third-party necessary to the arbitration. If any such necessary party is not joined, then all parties are excused from arbitration. This agreement to arbitrate will be enforceable under the Federal Arbitration Act, or under the law of California, if and only if under the terms of the Federal Arbitration Act such Act is not applicable.

14.3 Litigation. If a party makes a claim or request for equitable relief or the parties are otherwise excused from arbitration, the parties agree that all disputes in any way relating to, arising under, connected with, or incident to the Agreement, and over which federal courts have subject matter jurisdiction, will be litigated, if at all, exclusively in the United States District Court for the Southern District of California, and, if necessary, the corresponding appellate courts. The parties further agree that all disputes in any way relating to, arising under, connected with, or incident to this Agreement, and over which the federal courts do not have subject matter jurisdiction, will be litigated, if at all, exclusively in the Courts of the State of California, and, if necessary, the corresponding appellate courts. The parties expressly submit themselves to the personal jurisdiction of the State of California.

SECTION 15 - CONDITIONS BEYOND THE CONTROL OF THE PARTIES

15.1 Force Majeure. If SDG&E or the Customer shall be unable to reasonably perform any of its obligations under this Agreement due to acts of God, insurrections or riots, or similar "force majeure" events, this Agreement shall remain in effect, but the non-performing party's obligations shall be suspended until the said event shall have ended. Alternatively, the Agreement may be terminated by either party as provided in Section 2, in which event the parties shall have the rights and obligations set forth in said Section. If SDG&E is the terminating party, however, no Termination Fee shall be due or payable by Customer.

15.2 Regulatory Risk. If any federal, state, or municipal government or regulatory authority, including, without limitation, a public utility commission, should for any reason enter an order, modify its rules or codes, or take any action whatever, that disallows utility ownership of generation systems, or *materially affects SDG&E's expectations regarding the purpose and operation of this Agreement*, SDG&E may immediately terminate the Agreement on written notice to Customer. In such event, SDG&E may elect whether to remove the Energy System or sell it to Customer, and no Termination Fee shall be due or payable by Customer.

SECTION 16 - MISCELLANEOUS

16.1 Notices. Any and all notices and other communications made in accordance with this Agreement shall be in writing and shall be deemed properly given or made if delivered in person or via confirmed telecopy with a hard copy placed in first class mail, postage prepaid, to the party's designated representatives at the addresses below:

SDG&E: San Diego Gas and Electric Company
8335 Century Park Court, CP12G
San Diego, CA 92123
Attn: Alex Kim
Telecopy: 858-636-5724
Telephone: 858-654-1248

Customer: **Green Sand Investments, LLC**
5670 Oberlin Drive
San Diego Ca. 92121
Attn.: Paul Gibson, Director
Telecopy: 858-597-0555
Telephone: 858-597-0565

16.2 Further Assurances. Each party shall do all necessary acts and make, execute, and deliver such written instruments as shall from time to time be reasonably required to carry out the terms of this Agreement.

16.3 Assignment. Each party may assign or transfer all or part of its rights, obligations, or interests in this Agreement, only after obtaining the written consent of the other party which consent will not be unreasonably withheld. Any proposed assignee or transferee shall expressly assume in writing the duties and obligations of the assigning party under this Agreement and shall immediately furnish or cause to be furnished to the other party a true and correct copy of the document or documents evidencing such assignment or transfer and assumption of duties and responsibilities. Any purported assignment or transfer of any right, obligation or interest in this Agreement which fails to comply with this Section shall be void and of no effect. If an assignment of all or part of the rights, obligations, and interests has been approved as provided in this Section, the assignee or transferee shall become a party for all purposes under this Agreement and the assuming party shall no longer be a party.

16.4 Binding Obligations. The obligations set forth in this Agreement shall be binding and inure to the benefit of the parties and their successors, heirs, permitted assigns, personal representatives, and representatives in bankruptcy.

16.5 Rights in Third Parties. The parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or to create for the benefit of any third party any duty or standard of care by any covenant, obligation, or undertaking established herein.

16.6 Entire Agreement. This Agreement constitutes the complete and final expression of the agreement of the parties and is intended as a complete and exclusive statement of the terms and conditions which supersede all prior and contemporaneous offers, promises, representations, negotiations, discussions, and communications, which may have been made in connection with the subject matter of this Agreement. All Exhibits and Recitals are incorporated by reference.

16.7 Amendments. This Agreement may be modified or amended only by a written instrument duly executed by the parties.

16.8 Attorney's Fees. If any action or proceeding is brought by any party to remedy any breach of this Agreement or to enforce any of its provisions, the prevailing party shall be entitled to recover, in addition to any other relief granted in such action or proceeding, reasonable attorney's fees, witness fees, expert witness fees, court costs, and disbursements.

16.9 Section Headings Not Binding. The section headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

16.10 Severability. In the event that any of the terms, covenants or conditions of this Agreement or the application of any such term, covenant or condition shall be held invalid as to either party or circumstance by any court having jurisdiction, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless such court holds that the provisions are not severable from all other provisions of this Agreement.

16.11 Waiver of Rights. No waiver of any term or condition of this Agreement shall be effective unless made in writing signed by the party against whom the waiver is sought to be enforced. Any waiver at any time by either of the parties of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any other or subsequent default or matter.

16.12 Governing Law. This Agreement is made and entered into and shall be interpreted in accordance with the applicable laws of the State of California. The parties hereby consent to the jurisdiction and venue of the courts located in the County of San Diego, State of California, in resolving any dispute arising under or concerning this Agreement.

SECTION 17 – LIMITATION OF LIABILITY

17.1 No Consequential Damages. Except as expressly set forth in this Agreement, neither party shall have liability to the other for any direct, indirect, incidental, consequential or punitive damages.

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

**SAN DIEGO GAS AND ELECTRIC
COMPANY**

GREEN SAND INVESTMENTS, LLC

By: 

By: 

Name: Richard M. Morrow

Name: PAUL GIBSON

Title: Vice President,
Customer Service -
Major Markets

Title: DIRECTOR

Exhibit "A" – Energy System

SDG&E will own and operate an energy generating system consisting of:

A 40 kW AC photovoltaic (PV) system consisting of PV modules, DC to AC inverter, data acquisition system (DAS), metering, transformer, disconnect switches, wiring and conduit. The PV modules shall occupy approximately 5,000 square feet of space on the Property roof. The system will interconnect with the utility electrical grid in the meter room on the utility grid side of the meter. The inverter, DAS, metering, and transformer shall be located on the ground level, outdoors, near the electric utility meter room.