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| <i>For Seller's Use Only</i> | |
| Trade Date | |
| Seller's ID | |

CONFIRMATION

Reference:
 Master Power Purchase and Sale Agreement
 Between <Company Legal Name> ("Seller")
 And Marin Energy Authority ("Buyer")
 As of <Month, Day, Year> (the "Effective Date")
 Transaction Date: <Month, Day, Year>

RECITALS:

WHEREAS, pursuant to California Public Utilities Code Sections 366.1, et. seq., Buyer has been registered as a Community Choice Aggregator (the "CCA");

WHEREAS, Buyer is an independent public agency formed in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) and established by that certain Joint Powers Agreement, effective as of December 19, 2008 ("Joint Powers Agreement") to protect the environment by furthering the environmental goals of AB 32, the Global Warming Solutions Act of 2006 (the "GWSA"), and reducing greenhouse gas emissions by studying, promoting, developing, conducting, operating and managing energy and energy-related climate change programs, including but not limited to the CCA program;

WHEREAS, pursuant to California Public Utilities Code Section 366.2, the Buyer submitted Buyer's CCA Implementation Plan ("Implementation Plan") and Statement of Intent to the CPUC;

WHEREAS, the CPUC approved the Implementation Plan on February 2, 2010;

WHEREAS, pursuant to the GWSA, the State of California has established a timetable to implement measures to reduce greenhouse gas emissions;

WHEREAS, pursuant to its regulatory authority and the purposes of the Joint Powers Agreement, Buyer required as part of its Request for Proposals that at least 25% of the Full Requirements Product Supply include Eligible Renewable Energy (such amount is not expected to exceed 35,000 MWhs per year for phase one loads);

WHEREAS, Buyer, pursuant to this Confirmation, will be taking a regulatory action that will purchase Renewable Energy to promote the regulatory goals established in the GWSA and thereby qualify for Class 8 categorical exemption under Section 15308 of Title 14 of the California Code of Regulations;

WHEREAS, Buyer issued a Request for Proposals for Full Requirements Product Supply for Buyer serving as the CCA;

WHEREAS, Buyer selected Seller to supply the Full Requirements Product for Buyer serving as the CCA;

WHEREAS, Buyer will in turn supply the Full Requirements Product for use by the Members; and

WHEREAS, Seller and Buyer desire to set forth the terms and conditions pursuant to which Seller shall supply the Full Requirements Product to Buyer, and Buyer shall take and pay for such supply of Full Requirements Product, including, subject to satisfaction of the conditions herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements in this Agreement and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. **DEFINITIONS.** Defined terms shall have the meanings set forth in this Confirmation or as set forth below:

"Adopted Policies" means policies regarding the operation of Buyer which have been approved by Buyer's board of directors, including but not limited to those policies entitled: (i) "Bad Debt"; (ii) "Customer Confidentiality"; (iii) "Fees"; (iv) "Deposits"; and (v) "Establishment and Reestablishment of Credit", as such policies are amended, restated, supplemented or otherwise modified by Buyer's board of directors.

"Ancillary Services" means those ancillary services, including but not limited to those described in FERC Order No. 888, that may from time to time be required by FERC to be supplied by CAISO.

"Applicable Law" means any statute, law, treaty, rule, regulation, ordinance, code, permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction; or any binding interpretation of the foregoing, as any of them is amended or supplemented from time to time.

"CAISO" means the California Independent System Operator Corporation or the successor organization to the functions thereof.

"CAISO Charges" mean those amounts (other than for imbalance Energy which is identified by the CAISO as of the Effective Date as charge code 6475) billed by CAISO and associated with the procurement and delivery at the Delivery Point of any full

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requirements product through the CAISO market to CCA Customers as such charges may be adjusted from time to time pursuant to the Tariff.

"Capacity" means the net generating capability of a generating resource or generating resources. Capacity is expressed in MW.

"Capacity Requirement" means Capacity as required for Buyer to meet its RAR.

"Commercially Reasonable Efforts" for the purposes of this Confirmation, "commercially reasonable efforts" or acting in a "commercially reasonable manner" shall not require a Party to undertake extraordinary or unreasonable measures.

"CER" means Certified Emission Reduction Credits

"CRRs" means Congestion Revenue Rights as defined in the Tariff.

"CPUC" means the California Public Utility Commission.

"Customers" means any account designated, from time to time, by Buyer as being served by Buyer, and identified to Seller pursuant to this Confirmation.

"Energy" means real (not reactive) electric energy in the form of three-phase alternating current having a nominal frequency of approximately 60 cycles per second, a harmonic content consistent with the requirements of the Institute of Electrical and Electronic Engineers Standard No. 519, and a voltage content consistent with the guidelines applied by the Control Area in which the applicable generating resource resides. Energy is measured in MWh.

"Eligible Renewable Energy" means Energy generated from Eligible Renewable Energy Sources.

"Eligible Renewable Energy Source" means any Renewable Energy Source that qualifies for the RPS.

"Environmental Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to any Renewable Energy Source or Renewable Energy. Environmental Attributes include but are not limited to RECs, as well as: (1) any avoided emission 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), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Environmental Attributes associated with one (1) MWh of energy. Environmental Attributes do not include (i) any energy, capacity, reliability or other power attributes from a Renewable Energy Source, (ii) production tax credits associated with the construction or operation of a Renewable Energy Source 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 a seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by a Renewable Energy Source for compliance with local, state, or federal operating and/or air quality permits. If the Renewable Energy Source is a biomass or biogas 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 Renewable Energy Source.

"Environmental Products" includes, but is not limited to, environmental credit offset products (such as CO₂ credits, VER, CER, ERC), bundled or stand alone RECs sourced from either renewable power or gas and CO₂ offsets. Environmental Products must be verifiable through a recognized registry and are not geographically limited to a specific region or source.

"ERC" means emission reduction credits.

"FERC" means the Federal Energy Regulatory Commission.

"GHG Free Energy" means one or more of the following: (a) Renewable Energy; (b) Energy offset and/or bundled with by Renewable Energy Certificates; and (c) Energy offset with other Environmental Products.

"Governmental Authority" means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, having jurisdiction as to the matter in question.

“Imbalance Charge” means any scheduling penalties, imbalance penalties, overpull or unauthorized overrun penalties, operational flow order penalties, cash out charges, banking charges or similar penalties, fees or charges, assessed by, or oversupply credits or payments due with respect to a failure to comply with balance and/or scheduling requirements of any applicable entity, specifically excluding any distribution charges imposed by PG&E on the delivery of the Energy hereunder.

“Lower Limit” has the quantitative meaning set forth in Section 5.4.

“Other Renewable Energy Source” means any renewable energy source that is not an Eligible Renewable Energy Source, including wind, hydro-electric, geothermal, biogas including landfill gas, digester gases and gas conversion or gasification technologies, direct combustion biomass, biodiesel power producing facilities, photovoltaic, solar thermal, fuel cells using eligible renewable fuels, qualifying municipal solid waste conversion, tidal current, ocean wave, and ocean thermal technology; provided, however, that in no event shall coal or nuclear resources be deemed to be “Other Renewable Energy Source”.

“PG&E” means Pacific Gas and Electric Company, its successors and assigns.

“Product” means any products provided by Seller to Buyer under this Confirmation.

“Renewable Energy” means electricity generated from Renewable Energy Sources.

“Renewable Energy Certificates” or “RECs” means a certificate of proof representing renewable and/or environmental attributes associated with energy production, issued through the accounting system established by the California Energy Commission under Public Utilities Code Section 399.13, that one unit of electricity was generated and delivered by an Eligible Renewable Energy Resource and such REC satisfies the requirements of RPS. For purposes of this definition, RECs shall also include “tradable RECs” or “TRECs” (as described in that certain proposed decision of the CPUC dated December 23, 2009 in Rulemaking 06-02-012).

“Renewable Energy Source” means any Eligible Renewable Energy Source or Other Renewable Energy Source.

“Renewables Portfolio Standard” or “RPS” means that quantity of renewable energy resources that Buyer is required to procure pursuant to Applicable Law.

“Resource Adequacy Requirement” or “RAR” means those resource adequacy requirements that Buyer is required to comply with pursuant to Applicable Law.

“SC Services” means those schedule coordinator services described in Appendix I, attached hereto and incorporated herein.

“Security Agreements” mean collectively the following agreements: (a) that certain Blocked Account Control Agreement between Buyer, Seller and a financial institution which maintains the accounts described therein; (b) that certain Cash Collateral Agreement between Buyer and Seller; (c) that certain Security Agreement between Buyer and Seller; and (d) any such other documents executed therewith.

“System Power” refers to the Energy resource mix for electricity in the State of California net of electricity sold to consumers as specific purchases.

“Tariff” shall mean the electric tariff filed by CAISO with the Federal Energy Regulatory Commission, as such document is amended and replaced by CAISO from time to time.

“Upper Limit” has the quantitative meaning set forth in Section 5.4.

“VER” means verified emission reduction credits.

“Weighted Average Price” shall mean a price determined on a monthly basis as a function of Buyer's actual energy consumption and the corresponding average price over the hour of CAISO Real-Time PG&E LAP Price (as posted by the CAISO). The weighted average price calculation is as set forth below.

When Buyer's monthly Energy usage is greater than the Upper Limit, the weighted average price would be:

$$\text{Weighted Average Price} = \frac{\text{sum over all hours } [(\max (\text{hourly load} - \text{hourly Upper Limit}, 0) * \text{hourly price})]}{\text{sum over all hours } [(\max (\text{hourly load} - \text{hourly Upper Limit}, 0)]}$$

When Buyer's monthly Energy usage is less than the Lower Limit, the weighted average price would be:

$$\text{Weighted Average Price} = \frac{\text{sum over all hours } [(\max (\text{hourly Lower Limit} - \text{hourly load}, 0) * \text{hourly price})]}{\text{sum over all hours } [(\max (\text{hourly Lower Limit} - \text{hourly load}, 0)]}$$

2. PRODUCT.

2.1 Seller Supply Obligation. Throughout the Delivery Period, Seller shall sell and deliver or make available, or cause to be sold and delivered or made available to Buyer, the "Full Requirements Product," which is comprised of:

- (a) a quantity of Energy determined in accordance with this Confirmation;
- (b) a quantity of Renewable Energy as set forth in Section 2.2;
- (c) a quantity of Capacity equal to the Capacity Requirement;
- (d) Ancillary Services required to supply the foregoing electrical Energy identified in this Section 2.1 (the "Full Requirements Energy") to the Delivery Point;
- (e) distribution losses incurred in supplying Full Requirements Energy at the Delivery Point; and
- (f) SC Services.

2.2 Renewable Energy. During the Delivery Period, Seller shall provide to Buyer Renewable Energy in amounts sufficient to ensure that (i) Customers participating in Buyer's (a) "Light Green" service receive at least 25% (and 26.5% during the Delivery Period in 2015) of their Energy from Eligible Renewable Energy Sources, and (b) "Deep Green" service receive 25% (and 26.5% during the Delivery Period in 2015) of their Energy from Eligible Renewable Energy Sources and 100% of their Energy from Renewable Energy Sources and (ii) Buyer meets any RPS obligations. The Renewable Energy sold by Seller to Buyer shall also include any and all Environmental Attributes associated with such Renewable Energy. If due to any action by the CPUC or any state, federal or local governmental authority or agency, or any change in Applicable Law occurring after the execution date hereof (a "Change in Law"), the Parties shall work in good faith to try and revise this Confirmation so that the Parties can perform their obligations regarding the purchase and sale of Renewable Energy or Buyer's compliance with RPS obligations on economic terms equal to those in force on the execution date hereof. In the event the Parties cannot reach agreement on any amendments to this Confirmation within 60 days following the Change in Law, Seller shall perform its obligations hereunder with regard to Renewable Energy or compliance with RPS obligations in accordance with the Applicable Law immediately prior to the Change in Law.

2.3 Carbon Neutral Energy. During the initial period of Energy deliveries contemplated in this Confirmation (from the start date set forth in Section 3 below, or such other date as reflects the actual commencement of Energy deliveries hereunder) and December 31, 2010, the "Initial Period"), Seller shall provide Carbon Neutral Energy (as defined below) to Buyer in an amount not less than 53% of total Energy deliveries for such period (the "Minimum Carbon Neutral Delivery"). Following the Initial Period, Seller shall provide Energy hereunder to Buyer such that the carbon content of such Energy is equal to or less than the carbon content of Energy supplied by PG&E to customers in the north path service territory (as defined by the CAISO). This commitment shall be tested on an annual basis at the end of each calendar year and shall compare the carbon free content disclosed or reported by PG&E in publicly available information, such as the PG&E power content label, for the immediately preceding calendar year (or part thereof for the final contract year) with the following quantities delivered by Seller to Buyer during such time period: (i) Eligible Renewable Energy, (ii) GHG Free Energy and (iii) with respect to any System Power delivered by Seller to Buyer, the quantity of hydro-electric, nuclear and renewable energy included in such System Power (collectively, "Carbon Neutral Energy"). To the extent that the quantity of Carbon Neutral Energy delivered by Seller to Buyer during such time period is less than that disclosed or reported by PG&E (such differential, "Carbon Free Shortfall"), (a) the Carbon Free Shortfall shall be added to the Minimum Carbon Neutral Delivery requirements for the then-current year, and (b) Seller and Buyer shall timely identify Environmental Products equivalent to the Carbon Free Shortfall. Seller shall procure the identified Environmental Products within 90 days of the end of such calendar year; provided, however, that Buyer reserves the right to identify and purchase (or direct Seller to purchase) Environmental Products offered on more favorable commercial terms to satisfy the Carbon Free Shortfall. For purposes of clarification, the Parties agree that all costs for securing the Carbon Neutral Energy as required by this Section 2.3 shall be paid for by Buyer. In the event Marin County is no longer within the PG&E service territory, the references in this Section 2.3 to 'PG&E' shall be replaced by the identity of the utility which has Marin County within its service territory.

2.4 No New Construction. Seller covenants and agrees, during the Delivery Period, that (a) no new facilities are required to be constructed in order for Seller to meet its supply obligation, and (b) it shall not construct any new facilities to meet its supply obligation hereunder unless such new facility has satisfied all Applicable Law, including CEQA and any other applicable California environmental statutes relating to the construction and operation of such facility.

2.5 Non-Renewable Energy. The Energy provided under this Confirmation may be procured from unit-specific sources, provided such resources are not coal or nuclear, under terms and conditions to be agreed between the Parties. To the extent unit-specific resources have not been agreed to by the Parties, Seller will use System Power to provide the required Energy and in addition, the Parties acknowledge that Seller will supply System Power from time to time to satisfy any Energy required hereunder so long as the Renewable Delivery requirements are satisfied at the end of each calendar year.

3. **DELIVERY PERIOD.** This Confirmation shall be in full force and effect as of the Transaction Date. The terms set forth herein shall apply from the Start Date through the End Date:

| | |
|--------------------|------------------|
| Start Date: | End Date: |
| June 1, 2010 | May 31, 2015 |

4. **LOCATION AND DELIVERY POINT.**

| | | | |
|--------------------|---------------------|-----------------------|------------------------------|
| Market Area | Supply Point | Delivery Point | Buyer's Local Utility |
| CAISO | NP15 EZ Gen Hub | PG&E LAP | PG&E |

5. **PRICING.**

- 5.1. **Contract Price (Electricity):** Buyer shall pay the following Contract Price for Energy, including related Ancillary Services (on a pass-through basis), and CAISO scheduling services (expressed in USD per MWh) for all monthly Electricity usage that is within the Balanced Monthly Usage as set forth in the tables, below.

| Year | Contract Price (in US\$/MWh) |
|------|------------------------------|
| 2010 | \$ _____ |
| 2011 | \$ _____ |
| 2012 | \$ _____ |
| 2013 | \$ _____ |
| 2014 | \$ _____ |
| 2015 | \$ _____ |

- 5.2. **Contract Price (Renewable Energy):** Buyer shall pay the following Premium (Renewable Energy) (expressed in USD per MWh) for all monthly Renewable Energy which is in addition to the Contract Price (Electricity), including related Ancillary Services (on a pass-through basis), and CAISO scheduling services (expressed in USD per MWh) for all monthly Electricity usage as set forth in the tables, below

| Year | Eligible Renewable Energy Premium (in US\$/MWh) | Other Renewable Energy Premium (in US\$/MWh) |
|------|---|--|
| 2010 | \$ _____ | \$ _____ |
| 2011 | \$ _____ | \$ _____ |
| 2012 | \$ _____ | \$ _____ |
| 2013 | \$ _____ | \$ _____ |
| 2014 | \$ _____ | \$ _____ |
| 2015 | \$ _____ | \$ _____ |

- 5.3. **Contract Price (Resource Adequacy Capacity):** Buyer shall pay the following Contract Price (Resource Adequacy Capacity) (expressed in USD per kilowatt) on a monthly basis for Capacity as set forth in the tables below:

| Year | System Resource Adequacy Capacity (in US\$/kW/month) | Bay Area Resource Adequacy Capacity (in US\$/kW/month) | Other PG&E Resource Adequacy Capacity (in US\$/kW/month) |
|------|--|--|--|
| 2010 | | \$ _____ | \$ _____ |
| 2011 | | \$ _____ | \$ _____ |
| 2012 | | \$ _____ | \$ _____ |
| 2013 | | \$ _____ | \$ _____ |
| 2014 | | \$ _____ | \$ _____ |
| 2015 | | \$ _____ | \$ _____ |

5.4. **Balanced Monthly Usage:** The term “Balanced Monthly Usage” shall mean the volume of Energy that is between the “Lower Limit” and the “Upper Limit” as defined and set forth below: **[add exhibit with the Baseline hourly volumes]**

| Balanced Monthly Usage Limits | |
|---|---|
| Lower Limit (the “Lower Limit”) (Percent below Buyer’s Baseline Monthly Usage) | Upper Limit (the “Upper Limit”) (Percent above Buyer’s Baseline Monthly Usage) |
| «TableStart:TotalContractedQuantity»«lower_limit»% | «upper_limit»«TableEnd:TotalContractedQuantity»% |

5.5. **Pass-Through Charges:** Seller shall be responsible for bidding and scheduling the loads of all Customers in accordance with Applicable Law, including the Tariff. Seller shall pass through to Buyer all CAISO Charges for providing Energy at the Delivery Point. Buyer’s Customers will remain responsible for payment of delivery charges for transmission, distribution, public goods and other non-bypassable surcharges charged directly to Customers by PG&E. Buyer may request a review of the relevant records of Seller to confirm the accuracy of any costs passed-through to Buyer hereunder. Seller shall provide such records for Buyer’s review during normal business hours and copies of such records at Buyer’s cost and subject to any applicable confidentiality restrictions.

5.6. **Distribution Losses:** Buyer shall be responsible for the cost (the “Distribution Loss Cost”) of additional Energy provided by Seller necessary to cover distribution losses incurred in delivering Energy from the supply point to the Customer’s meters. At the end of each calendar month hereunder, Seller shall calculate the Distribution Loss Cost for the immediately preceding calendar month as follows: (a) the quantity of Energy delivered by PG&E to all Customers prior to PG&E’s application of any distribution loss factor, less (b) the quantity of Energy delivered by PG&E to all Customers as filed by PG&E with the CAISO (such differential, the “Losses”). The Losses (in MWh) shall be calculated on an hourly basis and shall be multiplied by the applicable real-time price (in \$/MWh) posted by the CAISO at the PG&E load aggregation point for Energy deliveries to Buyer. The Parties acknowledge that Losses shall not be considered in determining whether Buyer’s monthly Energy usage is within or outside of the Energy Baseline Monthly Usage range.

6. **CONTRACT QUANTITY.** Seller shall service 100% of Buyer’s Energy requirements. Energy prices pursuant to this Confirmation will relate to the quantities set forth in the table below (the “Contract Quantities”):

| Month | Energy Baseline Monthly Usage (MWh) | Renewable Energy Baseline Annual Usage (MWh) | Resource Adequacy Obligation (in kW/month) |
|--------------------------------|-------------------------------------|--|---|
| «ContractedQuantity» «date» | «monthly_usage» | «annual_usage» | «Calc_Demand_RA»«TableEnd:ContractedQuantity» |

Buyer shall be liable for all costs associated with delivering Energy from the Supply Point to the Delivery Point and Seller shall assist Buyer (at Buyer’s cost) with obtaining all CRRs required relating to the congestion from the Supply Point to the Delivery Point. For unit-specific Energy delivered hereunder pursuant to Section 2.4, Buyer shall be liable for all costs associated with delivering Energy from the generation point (the load aggregation point) to the Delivery Point and Seller shall assist Buyer (at Buyer’s cost) with obtaining all CRRs required relating to the congestion from such generation point to the Delivery Point.

7. **MONTHLY BILLING SETTLEMENT.** Seller’s monthly invoice to Buyer shall include the charges described in this Section 7 for Energy and Resource Adequacy Capacity.

7.1. **Usage Above Upper Limit:** During any month of delivery, if Buyer’s metered usage for Energy (expressed in MWh) exceeds the Upper Limit (“Excess Quantity”), Seller shall invoice Buyer an amount equal to the Upper Limit multiplied by the Contract Price (Electricity). For the Excess Quantity, Buyer shall reimburse Seller at the monthly Weighted Average Price plus all related CAISO Charges at the Delivery Point.

7.2. **Usage Below Lower Limit:** During any month of delivery, if Buyer’s metered usage for Energy (expressed in MWh) is less than the Lower Limit (“Underused Quantity”), Seller shall invoice Buyer for an amount equal to the Lower Limit multiplied by the Contract Price (Electricity) and shall credit Buyer’s account by an amount equal to the Underused Quantity multiplied by the monthly Weighted Average Price.

7.3. **Resource Adequacy Capacity Usage Above Limit.** During any month of delivery, if Buyer’s received Capacity with respect to its Resource Adequacy Requirement exceeds the Upper Limit (“Excess Resource Adequacy Capacity Quantity”), Seller shall invoice Buyer an amount equal to the Upper Limit multiplied by the Contract Price (Resource Adequacy Capacity). For the Excess Resource Adequacy Capacity Quantity, Buyer shall reimburse Seller for its actual

cost of buying the Excess Resource Adequacy Capacity Quantity. Seller shall make commercially reasonable efforts to minimize the cost of Excess Resource Adequacy Capacity Quantity purchased on behalf of Buyer provided that Seller shall not enter into any such transactions for such purchases without Buyer's consent and acceptance of such transactions.

- 7.4. **Resource Adequacy Capacity Usage Below Limit.** During any month of delivery, if Buyer's received Capacity with respect to its Resource Adequacy Requirement is less than the Lower Limit ("Underused Resource Adequacy Capacity Quantity"), Seller shall invoice Buyer for an amount equal to the Lower Limit multiplied by the Contract Price (Resource Adequacy Capacity) and shall credit Buyer's account for the revenues obtained by Seller from remarketing the Underused Resource Adequacy Capacity Quantity. Seller shall make commercially reasonable efforts to maximize the value of Underused Resource Adequacy Capacity Quantity remarketed on behalf of Buyer provided that Seller shall not enter into any such transactions for remarketing without Buyer's consent and acceptance of such transactions.
- 7.5. **Collection of Customer Payments.** Buyer shall direct PG&E to deposit into a lockbox account, in favor of Seller, all of the proceeds of all of the Customer account receipts (net of the amounts to be paid to PG&E) received from the sale of the Product to the Customers. Seller shall receive, in accordance with the Security Agreements, payments for its invoice for the previous calendar month and after Seller's invoice is paid and agreed to reserves have been funded, the amounts remaining in such lockbox shall be immediately released to Buyer on the 25th of each calendar month in accordance with the Security Agreements. Seller acknowledges that revenues from Customer account receipts may be subject to a lien securing secured loan facilities for Buyer provided that Seller, Buyer and the lender(s) of such secured loan facilities shall have agreed to an intercreditor agreement acceptable to Seller in its reasonable discretion to the extent that Seller's lien on the amounts in the lockbox is at least pari passu with the lien of Buyer's lender(s). The Parties agree that the lockbox account shall be in the name of Buyer, and any interest earned thereon shall accrue to Buyer.
8. **SEMI-ANNUAL RENEWABLE ENERGY RECONCILIATION.** No later than January 1st and June 1st of each calendar year during the term of this Confirmation, Buyer shall provide Seller with notice stating Buyer's then-current estimate of Buyer's compliance with the Renewable Portfolio Standards for such calendar year together with documentation setting forth amounts of Renewable Energy which were required to be delivered for the preceding six-month period pursuant to Section 2.2. Following delivery of this notice, the Parties shall work together promptly to determine whether they anticipate Seller to be compliant or not with the requirements set forth in Section 2.2 for such calendar year and the Parties shall work together in good faith to determine appropriate actions to ensure that Seller will deliver sufficient amounts of Renewable Energy to be compliant with the requirements set forth in Section 2.2.
- 8.1 **Excess Renewable Energy.** In the event the Parties anticipate that Buyer will purchase more Renewable Energy than required by Section 2.2 for such calendar year, Buyer may, in its sole discretion, to the extent permitted under Applicable Law, bank and carryover such excess Renewable Energy for use in the succeeding calendar year. In the event banking is not permitted by Applicable Law, then Seller shall remarket such excess Renewable Energy for Buyer and shall credit Buyer's account by an amount equal to the amount received by Seller for such sales efforts. Seller shall make commercially reasonable efforts to maximize the value of such excess Renewable Energy remarketed on behalf of Buyer provided that Seller shall not enter into any such transactions for remarketing without Buyer's consent and acceptance of such transactions.
- 8.2 **Deficient Renewable Energy.** In the event the Parties anticipate that Buyer will purchase less Renewable Energy than required by Section 2.2 for such calendar year, Seller shall seek to procure such additional quantities of Renewable Energy required by Buyer in such calendar year. Seller shall make commercially reasonable efforts to minimize the cost of the purchases of additional Renewable Energy purchased on behalf of Buyer provided that Seller shall not enter into any such transactions for procuring additional Renewable Energy without Buyer's consent and acceptance of such transactions. Seller shall use commercially reasonable efforts to secure such Energy at a price no greater than the Contract Price (Renewable Energy); provided, however that Buyer shall pay Seller the actual costs of such additional Renewable Energy (whether such costs exceed the Contract Price or not).
9. **CAPACITY REDUCTION.** Buyer shall notify Seller as soon as possible if there is to be a permanent decrease in the Capacity Requirement ("Capacity Reduction"). In addition, Buyer shall be deemed to have a Capacity Reduction if reduced capacity is shown on the most recent long-term forecast. Any Capacity associated with a Capacity Reduction shall be remarketed by Seller using its commercially reasonable efforts to maximize such value and no such transactions shall be executed without consultation with, and approval by, Buyer. Buyer shall pay Seller all costs Seller incurs in effectuating the Capacity Reduction, including any costs associated with hedging and other fees, costs, expenses and losses relating to selling or otherwise disposing of the Capacity, reduced by any revenues or gains realized thereby (in the aggregate, the "Resale Costs"), and Seller shall credit Buyer with an amount equal to the actual sales price for such capacity less the Resale Costs). The Parties will cooperate to use commercially reasonable efforts to reduce the cost to Buyer of a Capacity Reduction.
10. **LOAD SERVED.** The services and the Product described under this Confirmation shall be provided to the Customer accounts specified by Buyer. During the initial commencement of this Confirmation, the Customers will be switched to CCA service over an approximately 30-day period in accordance with the applicable meter read cycle for such Customer. At the end of each month, Buyer shall provide to Seller updated account information for Customers to be served during the upcoming

month. Buyer shall also provide to Seller a daily report of Customer sales based on the meter data reported by the utility distribution company. Buyer shall prepare invoices to the Seller based on such daily reports. Buyer shall also deliver notice of any Customers which are no longer part of the Buyer's Marin Clean Energy program.

11. **RESOURCE SUBSTITUTION.** Buyer may independently gain control or enter into contractual obligations with respect to specific electric supply or demand-side resources procured from other third parties or independently developed by Buyer ("**Buyer Facilities**"). The Parties agree that incorporation of the Energy, Capacity, and Renewable Energy from such Buyer Facilities into this Agreement shall be in the sole discretion of Buyer, subject solely to adjustment of the price for Energy, Capacity, and Renewable Energy set forth in this Agreement hereto payable by Buyer to Seller to reflect all reasonable and actual documented costs Seller incurs in connection therewith, including, reimbursement from Buyer for any costs associated with hedging and other fees, costs, and losses directly incurred by Seller in reducing the Energy, Capacity, and Renewable Energy otherwise provided to Buyer pursuant to this Agreement, such costs to be offset by any revenues or gains of Seller realized thereby. Seller agrees to use commercially reasonable efforts to minimize such costs to Buyer. If Buyer requests Seller to provide scheduling services for Buyer with regard to the new supply sources, Seller shall only provide such services upon the mutual agreement by the Parties of the terms and conditions (including any service fee) for such services.

The Buyer may pursue the development of Buyer Facilities during the term of this Agreement. Buyer shall have the right, on and after December 31, 2010, to provide Seller not less than one hundred and eighty (180) days written notice that Energy, Capacity, or Renewable Energy will be available to be incorporated into this Agreement. Unless otherwise agreed between the Parties, within ten (10) Business Days of receipt of such notice, the Seller shall notify the Buyer in writing of the costs to Seller determined in accordance with this Section 11 to be incurred in connection with incorporating such Energy, Capacity, or Renewable Energy into this Agreement. Immediately upon receipt of such written cost determination, the Buyer shall have the right (but not the obligation) to direct the Seller in writing to incorporate such Energy, Capacity, or Renewable Energy into this Agreement at the agreed upon price. In the event that Buyer Facilities are expected to become operational or effective during the term of this Confirmation, the Parties shall work in good faith to amend the underlying credit agreements in place between Seller and Buyer and its lenders so that amounts paid by Buyer's customers to PG&E and then into the lockbox arrangement discussed in Section 7.5 above shall be apportioned as security between the Parties and/or Buyer's lenders based on the quantity of energy delivered by Buyer to its Customers from the Buyer Facilities as compared with the energy delivered pursuant to this Confirmation.

12. **SECURITY PROVISIONS.**

12.1 **Compliance with Agreements and Policies.** During the term of this Confirmation, Buyer shall comply with the Security Agreements and the Adopted Policies. Buyer shall give Seller copies of any revisions to the Adopted Policies not less than 30 days prior to the effectiveness of such revisions. Upon the occurrence of an event of default (after giving effect to any applicable cure periods) by Buyer under any Security Agreement or a termination of any Security Agreement by Seller due to Buyer's failure to perform in accordance with the terms thereof, such event shall constitute an Event of Default in accordance with Article V of the Master Agreement and Buyer shall therefor be the 'Defaulting Party' with regard to such failure to perform.

12.2 **Buyer Reporting Requirements.** During the term of this Confirmation, Buyer shall provide Seller with the reports required below and shall also provide Seller with any clarifications requested regarding such reports and such other information Seller reasonably requests regarding Buyer's financial performance or the ongoing viability of the CCA. In the event Buyer fails to provide Seller with any required reports or such additional information or clarifications requested by Seller and such failure is not remedied within fifteen (15) Business Days of Seller's written request therefor, such failure shall be an Event of Default in accordance with Article V of the Master Agreement and Buyer shall therefor be the 'Defaulting Party' with regard to such failure to perform.

(a) **Monthly Reports.** Commencing on (A) the Transaction Date of this Confirmation with regard to the reports requested in subsection (i) below and (B) the start date set forth in Section 3 below, or such other date as reflects the actual commencement of Energy deliveries hereunder, for all other reports requested below in subsections (ii) through (viii), the following reports shall be provided by Buyer to Seller not later than (X) twenty (20) days following the end of each calendar month for items (i) through (vii) below and (Y) and five (5) days following the end of each calendar month for item (viii) below, and each report shall be with regard to such previous calendar month or other period as applicable:

(i) Monthly and year to date consolidated and consolidating financial statements for such month prepared in accordance with generally accepted accounting principles. Such financial statements shall include, at a minimum, a detailed profit and loss statement, balance sheet, statement of cash flows, a monthly and year to date financial projections showing line item and total variances between such financial projections and actual results and an executive summary describing the causes of any variances which are +/- 5% between the monthly financial statements and the financial projections. Such report shall be in the format as Seller may reasonably require from time to time;

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- (ii) Customer deposit report including a complete and detailed report of all collateral Buyer is holding from any Customer in the format agreed to between the Parties;
 - (iii) Cash reconciliations and bank statements for each of Buyer's banking accounts;
 - (iv) Summary of billing information regarding Energy delivered to Customers;
 - (v) Summary of payments made by Customers or other entities to Buyer and a summary of delinquent accounts regarding Customers;
 - (vi) Summary of all Customers added or deleted from the list of Customers served by Buyer;
 - (vii) Certificate of compliance with Adopted Policies and adherence to the requirement of no distributions to any member of Buyer; and
 - (viii) Summary of all net meter data, grossed-up meter data and the difference between the two amounts on a daily and hourly interval basis.
- (b) Annual Reports. The following report shall be provided by Buyer to Seller not later than 120 days following the end of each calendar year and shall be with regard to such previous calendar year (or portion thereof with regard to the first report):
- (i) Buyer's financial reports consisting of, at a minimum, profit and loss statement, balance sheet, cash flow statement and a statement showing the changes in equity on a consolidating basis (as applicable), each as prepared in accordance with generally accepted accounting principles and audited by an independent certified public accountant.

As supplemented by this Confirmation including its Appendices, if any, all other Terms and Conditions contained in the Agreement remain in full force and effect.

| |
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| This Confirmation is subject to the Schedule(s) identified below and that are attached hereto: |
| Appendix I - Schedule of Schedule Coordinator Services |

SELLER

MARIN ENERGY AUTHORITY

Sign: _____

Sign: _____

Print: _____

Print: _____

Title: _____

Title: _____

| | |
|------------------------------|--|
| <i>For Seller's Use Only</i> | |
| Trade Date | |
| Seller's ID | |

Appendix I Schedule Coordinator Services

Reference:
Master Power Purchase and Sale Agreement
Between <Company Legal Name> ("Seller")
And Marin Energy Authority ("Buyer")
As of <Month, Day, Year> (the "Effective Date")
Transaction Date: <Month, Day, Year>

In conjunction with the attached Confirmation, Seller shall provide the schedule coordinator services set forth on this Appendix I (collectively, the "SC Services"). Any capitalized terms used in this Appendix I but not otherwise defined in this Appendix I or the Confirmation shall have the meanings ascribed to such terms in the Tariff.

1. **Forecasting.**

- (a) **Short Term Forecasting.** Seller shall be responsible for preparing and submitting short-term load forecasts of Energy and Capacity for less than one year as Buyer's 'Scheduling Coordinator' necessary to meet its energy supply obligations to Buyer. The Parties shall mutually agree from time to time on the assumptions and models to be included in the short-term and long-term forecasts prepared hereunder. Buyer shall provide settlement quality meter data, resource data and load data as reasonably requested by Seller necessary for the preparation of the forecasts. Seller shall not be liable for any costs or losses incurred by or charged to Buyer as a result of Seller's forecasting obligations so long as Seller has performed its obligations in accordance with prudent industry practices. In the event an administrative agency requests clarification of forecasts provided by Seller hereunder or otherwise requires Buyer to substantiate such forecasts, Seller shall in good faith assist Buyer in responding to the administrative agency's request and assist Buyer in defending the reasonableness of such forecasts (such assistance shall exclude payment of any costs or expenses incurred by Buyer in responding to such inquiries).
- (b) **Long Term Forecasting.** Buyer shall prepare appropriate long-term load forecasts for Energy and Capacity for one year and greater and Seller will assist and coordinate with Buyer in its preparation of such long-term load forecasts and Buyer shall submit such long-term load forecasts as required by the CPUC, CEC the CAISO or any other applicable regulatory body, including those required of a CCA (including all updates and revisions, the "Long-Term Forecast") and promptly provide Seller with a copy thereof, provided that every ninety (90) days Buyer shall provide Seller with either a new Long-Term Forecast or a statement that no changes to the most recent Long-Term Forecast have occurred. Seller shall have the right to request clarification regarding any change made to the Long-Term Forecast.

2. **Load Balancing.** Seller shall be responsible for and shall pay, and shall reimburse or credit Buyer if Buyer pays, all Imbalance Charges resulting from the supply of Product between the Lower Limit and Upper Limit, except to the extent such Imbalance Charges are a result of Buyer's failure to perform hereunder, including but not limited to the failure to receive Energy, or in connection with Seller's provision of the SC Services, or are a result of an event of Force Majeure.

3. **Regulatory Reporting.** Seller will provide information to Buyer necessary for Buyer to timely comply with monthly, annual and periodic regulatory reporting requirements for RPS and Resource Adequacy requirements and as otherwise required by Applicable Law with respect to any Product.

4. **Scheduling.** Seller shall be responsible for submitting schedules and bidding Product in accordance with the obligations of a Scheduling Coordinator as defined by the CAISO, including the scheduling and bidding for loads of all Customers served by Buyer. Seller shall perform the scheduling and bidding scheduling and bidding services in accordance with the Tariff, protocols and business practices. Seller shall establish a separate 'Scheduling Coordinator' identification to isolate CAISO charges related to providing energy supply services to Buyer. Seller shall adjust schedules as necessary to assist in coordinating the transition of Resource Adequacy obligations between PG&E and Buyer.

- (a) **Adjustment Bids for Congestion Management:** Seller shall submit Adjustment Bids to the CAISO on behalf of Buyer in accordance with the Tariff to the extent that Buyer has provided Seller with bidding instructions therefore.
- (b) **Monthly Summary Report / Filing.** On or before the 15th day of each month (or the next Business Day thereafter if the 15th day of the month is not a Business Day) following the end of each month during the term, Seller will e-mail to Buyer electronic reports summarizing the activities during the prior month, which reports shall be in form and substance reasonably satisfactory to Buyer and Seller (the "Monthly Report"). The monthly reports will be supported by appropriate documentation. Seller shall file with CAISO all schedules and meter data reports required to be filed by the Scheduling Coordinator for Buyer.
- (c) **Tagging and Checkout:** Seller shall be responsible for tagging and checkout of all transactions on a daily basis, as required.

- (d) Seller Excused. Seller shall be excused from performing its obligations under this Appendix I to the extent that any failure by Buyer to perform any of its obligations hereunder, delays or interferes with Seller performing its obligations under this Appendix I.

5. **Buyer's Obligations.**

- (a) Information for Scheduling. Buyer acknowledges that Seller will be communicating information that Seller receives from Buyer to the CAISO. **BUYER AGREES THAT IT WILL INDEMNIFY AND HOLD HARMLESS SELLER AND SELLER'S AFFILIATES WITH RESPECT TO ANY FINES OR PENALTIES THAT MAY BE ASSESSED AGAINST SELLER BY THE CAISO FOR INACCURATE INFORMATION THAT BUYER REPORTED TO SELLER IN WRITING (INCLUDING ELECTRONIC COMMUNICATIONS)**. Buyer acknowledges that Seller will be requesting that Buyer confirm the accuracy and completeness of the information and consistency with Buyer's operational plans and that Seller may refuse to provide the SC Services at any time Seller does not receive that confirmation, and Seller shall have no liability hereunder for such refusal to provide the SC Services.
- (b) Meter Data. Buyer shall establish its ability to perform, or have performed by a third party on Buyer's behalf, all metering requirements necessary for Seller to comply with the requirements of the Tariff in connection with providing services. Buyer shall actively intervene with third parties, as necessary and appropriate, on Seller's behalf to ensure that Seller has all reasonable access to relevant meters, associated Assets and facilities and meter data as is necessary for Seller to comply with the requirements of the Tariff. Buyer shall submit to the ISO any meter data required by the ISO related to Buyer's schedules consistent with the ISO's Settlement and Billing Protocol and Metering Protocol. Buyer shall comply with the CAISO's annual meter data quality audit.
- (c) Contact List. Buyer shall provide Seller with a 24 hour emergency contact list.
- (d) Information: Buyer shall timely provide any information as reasonably required by Seller to perform the SC Services.

6. **Scheduling Fees.** Buyer shall be obligated to pay to Seller the following fee under this Appendix I:

- (a) Volumetric Charges Fee. A fee for all volumetric charges imposed on Seller by the CAISO as a consequence of Seller being an ISO Participant on behalf of Buyer. Such volumetric charges shall include, but are not limited to, Grid Management Charges, no pay charges, Ancillary Services charges, transmission charges, congestion charges, line loss charges, Unaccounted for Energy and neutrality charges, and any other load and/or generation based fees including an Uninstructed Deviation Penalty if applicable.
- (b) Scheduled Coordinator Application Fee. A one-time set up fee to be paid to the CAISO that allows Seller to provide scheduling coordinator services fees on behalf of Buyer.

7. **Monthly Settlement.**

- (a) Third Party Costs. On or before the 15th day of each month (or the next Business Day thereafter if the 15th day of the month is not a Business Day), Seller shall assemble all third party charges incurred for services performed by Seller during the previous month pursuant to Section 5 of this Appendix I for inclusion in the Monthly Report. If actual third party charges are not available for inclusion in the Monthly Report, Seller may estimate such charges, with appropriate invoice adjustments to be made when actual charges are known.
- (b) CAISO Settlements. On or before the 15th day of each month (or the next Business Day thereafter if the 15th day of the month is not a Business Day), Seller shall provide Buyer with an estimate of the amount of ISO Settlement costs attributable to Buyer through the forthcoming Settlement Period. Seller shall pay any Settlement costs incurred by Seller on behalf of Buyer and incorporated within invoices from the CAISO on or before the due date in accordance with the Tariff for inclusion in the Monthly Report.
- (c) Payment Information. On or before the 15th day of each month (or the next Business Day thereafter if the 15th day of the month is not a Business Day), Seller shall deliver to Buyer a statement, which may be based on reasonable estimated amounts if actual amounts are not available, in electronic form and in writing setting forth amounts due Buyer or Seller, as the case may be, under this Appendix I. Seller and Buyer shall net all amounts due between Buyer and Seller arising under this Appendix I and amounts owed between the Parties pursuant to the Confirmation pursuant to Section 6.4 of the Master Agreement. Payments required pursuant to this Annex I shall be made in accordance with the payment provisions of the Master Agreement applicable to the Confirmation.

8. **Obligations Several / Relationship.** The duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Appendix I shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Appendix I. The relationship of Seller and Buyer hereunder is that of independent contractor and not that of agent, representative, partner or joint venturer. No fiduciary duty or relationship shall exist between the Parties.

9. **Authorized Representatives.** Each Party shall designate in writing one or more persons as its authorized representative(s) to act on its behalf in carrying out the provisions of this Appendix I. The Parties shall be bound by the oral and written communications, directions, requests, decisions and other actions taken by their respective authorized representative.

10. **Buyer's Representation and Indemnity.** Buyer acknowledges that Seller will be communicating information that Seller receives from Buyer to the CAISO. Buyer covenants and agrees with Seller that all information provided to Seller by Buyer, its officers and employees will be true, complete and consistent with Buyer's operational plans and in compliance with rules and requirements of the CAISO and FERC. By giving an operational instruction, Buyer shall be deemed to make a representation and warranty that the information included in such instruction is accurate and consistent with Buyer's operational plans and in compliance with CAISO and FERC rules. Buyer agrees that it will indemnify and hold harmless Seller and Seller's Affiliates with respect to any fines or penalties that may be assessed against Seller by the CAISO or FERC for inaccurate information that Buyer reported to Seller or the failure of Buyer (or its agent) to comply with CAISO or FERC rules or regulations or any obligations. Buyer acknowledges that Seller will be requesting that Buyer confirm (i) the accuracy and completeness of the information; (ii) consistency with Buyer's operational plans and (iii) compliance with the CAISO and FERC rules or regulations. Seller may refuse to provide the services set forth on this appendix at any time Seller does not receive that confirmation.

11. **No Dedication of Facilities.** Neither the services performed by Seller under this Appendix I nor either Party's actions or inactions under this Appendix I shall constitute or be construed as a dedication of the systems or assets, or any portion thereof, of either Party to the public or to the other Party.

12. **Control.** Buyer agrees, upon request of Seller, to submit a letter of concurrence in support of any affirmative statement by Seller that this contractual arrangement does not transfer "ownership or control of generation capacity" from Buyer to Seller, as the term "ownership or control of generation capacity" is used in 18 CFR Section 35.42.