

NATURAL GAS PROGRAM AGREEMENT

This NATURAL GAS PROGRAM AGREEMENT (“this Agreement”) is made effective as of _____ (“the **Effective Date**”), by and among the Northern California Power Agency, a joint powers agency of the State of California (“**NCPA**”) and those of its Members who execute this Agreement (“**Participants**”). NCPA and the Participants are referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS

A. NCPA and the Participants are interested in purchasing Natural Gas as fuel for electricity generation for the benefit of the Participants’ customers.

B. The Participants, through forward market purchases of Natural Gas, and physical call options for Natural Gas, seek to reduce the proportion of their Natural Gas needs that would otherwise have to be obtained in a potentially volatile spot market, thereby assuring greater rate stability for their retail customers.

C. The Participants desire that NCPA negotiate and enter into term agreements to purchase Natural Gas from creditworthy suppliers that simultaneously allow Participants to diversify their counterparty risk by subscribing to a more diverse portfolio of Natural Gas contracts than if each Participant individually selected a single Natural Gas supplier.

D. The Participants further desire to enable and obligate NCPA to conduct the foregoing activities, and deliver electric energy generated from these Natural Gas purchases to the Participants, and to enable and obligate the Participants to pay for such Natural Gas and to pay NCPA for the costs of undertaking the foregoing activities.

E. The Participants may also desire to participate in NCPA gas-fired projects, including, for example, the Lodi Energy Center, for which the purchasing of Natural Gas will be necessary, and the Participants desire that such purchases be made through this Agreement.

NOW THEREFORE, in consideration of the foregoing, and the mutual promises and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree and intend to be legally bound as follows:

Section 1. Definitions.

1.1 Definitions. Whenever used in this Agreement (including the Recitals hereto), the following terms shall have the following respective meanings:

1.1.1 "Adjusting Participant" has the meaning set forth in Section 7.3.1.

1.1.2 “Agreement” means this NCPA Natural Gas Program Agreement, including all Exhibits, attached hereto, as the same may be amended from time to time in accordance with the terms and conditions hereof.

1.1.3 “All Resources Bill” means the single, combined monthly bill from NCPA to a Participant with respect to all NCPA programs and projects.

1.1.4 “Allocating Participant” has the meaning set forth in Section 7.2.

1.1.5 “Annual Budget” means the budget for the ensuing Fiscal Year adopted by the Commission, as it may be amended from time to time.

1.1.6 “Associate Member” means an associate member of NCPA.

1.1.7 “Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time.

1.1.8 “Claims” has the meaning set forth in Section 10.2.

1.1.9 “Commission” means the NCPA Commission.

1.1.10 “Commodity Costs” means the cost billed to NCPA by a third party seller of Natural Gas for an Eligible Gas Purchase under this Agreement.

1.1.11 “Constitutive Documents” means, with respect to NCPA, the Joint Powers Agreement and any resolutions or bylaws adopted thereunder, and with respect to each Participant, the California Government Code and other statutory provisions applicable to such Participant, any applicable agreements, charters, contracts or other documents concerning the formation, operation or decision making of such Participant, including, if applicable, its City Charter, and any codes, ordinances, bylaws, and resolutions adopted by such Participant’s governing body.

1.1.12 “Contract Price” means, with respect to any Eligible Gas Purchase under this Agreement, the price per MMBtu listed in the applicable Transaction Confirmation.

1.1.13 “Deal Capture System” means NCPA’s internal database that includes all of the GPP transactions and related details, such as scheduling, payments, price, delivery dates, participant subscriptions, and the counterparties.

1.1.14 “Defaulting Party” has the meaning set forth in Section 9.1.

1.1.15 “Designated Representatives” means with respect to NCPA, its General Manager and its General Counsel; and with respect to each Participant, its Utility Director (an employee other than the Utility Director may be designated by resolution of the Participant’s governing body) and its City Attorney or General Counsel.

1.1.16 “DGS Program” means the State of California Department of General Services Natural Gas Services Program or equivalent, including a successor program undertaken by a joint powers agency formed by the State of California Department of General Services for this purpose.

1.1.17 “Effective Date” has the meaning set forth in the preamble hereto.

1.1.18 “Electric System” means, with respect to each Participant except the San Francisco Bay Area Rapid Transit District (“BART”), all properties and assets, real and personal, tangible and intangible, of the Participant now or hereafter existing, used or pertaining to the generation for resale, transmission, transformation, distribution or sale of electric capacity and energy, or the utilization of such, including all additions, extensions, expansions, improvements and betterments thereto and equipment thereof; provided, however, that to the extent the Participant is not the sole owner of an asset or property or to the extent that an asset or property is used in part

for the above described purposes, only the Participant's ownership interest in such asset or property or only the part of the asset or property used for electric purposes shall be considered to be part of its Electric System.

1.1.19 "Eligible Gas Purchase" means a market purchase of Natural Gas, or a market purchase of a physical call option for Natural Gas, from a third party that has been approved by any Party through their execution of Participant Purchase Confirmation as an Eligible Gas Purchase in accordance with Section 3 of this Agreement.

1.1.20 "Environmental Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, directly attributable to an Eligible Gas Purchase. Environmental Attributes include but are not limited to: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄) and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights. Environmental Attributes do not include: (1) any energy, capacity, reliability or other power

attributes; (2) production tax credits associated with the construction or operation of the energy projects and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation; (3) fuel-related subsidies or "tipping fees" that may be paid to seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits; or (4) emission reduction credits encumbered or used by a generating unit(s) for compliance with local, state, or federal operating and/or air quality permits.

1.1.21 "Event of Default" has the meaning set forth in Section 5.5.3 and Section 9.1.

1.1.22 "Fiscal Year" means the NCPA fiscal year; currently the twelve month period beginning July 1 and ending on the next following June 30.

1.1.23 "GPA" or "Gas Purchase Agreement" means an agreement for the purchase and/or delivery of Natural Gas entered into by NCPA with Third Parties. The GPA shall be in the form of a standardized industry agreement, a separately negotiated agreement reflecting NCPA's preferred terms, or a combined purchasing agreement such as the DGS Program, with such modifications as have been approved by the

Commission, provided that, in any particular instance, a GPA may be modified in the discretion of the NCPA General Manager and NCPA General Counsel, after consultation with the Participants, where such modifications are reasonably required in order to consummate or transact under the GPA. A list of currently approved GPAs is attached hereto as Exhibit B.

1.1.24 "GPP" or "Gas Purchase Program" means the NCPA Gas Purchase Program established by this Agreement, consisting of all Eligible Gas Purchases hereunder and all Participants hereto as program Participants.

1.1.25 "GPP Costs" includes Fixed GPP Costs and Variable GPP Costs (each including administrative and general overhead costs), other than Transaction Specific Costs and Commodity Costs associated with this GPP.

"Fixed GPP Costs" are those costs deemed to be incurred by NCPA regardless of whether NCPA transacts with Third Parties under this Agreement, including start-up costs and attorneys' fees. "Variable GPP Costs" are those costs that are common to all Participants under this Agreement but are expected to vary with the size and scope of the GPP established under this Agreement, including NCPA staff time.

1.1.26 "Joint Powers Agreement" means that certain Amended and Restated Northern California Power Agency Joint Power Agreement dated as of January 1, 2008, as the same may be amended from time to time.

1.1.27 "Maximum Contract Price" means the applicable lawful ceiling price for Natural Gas at the time an Eligible Gas Purchase is consummated as determined by a jurisdictional regulatory authority.

1.1.28 "Member" means any Member of NCPA or Associate Member of NCPA.

1.1.29 "MMBtu" means 1,000,000 British Thermal Units.

1.1.30 "MMBtu/day" means MMBtu per day.

1.1.31 "Natural Gas" means methane, biomethane or any other gaseous fuel capable of being used to generate electricity at an NCPA Project to meet a Participant's load.

1.1.32 "NCPA" has the meaning set forth in the preamble hereto.

1.1.33 "NCPA Project" means any project which has progressed beyond the First Phase, and has been declared to be an NCPA Project by the Commission.

1.1.34 "Participant" has the meaning set forth in the preamble hereto.

1.1.35 "Participant Purchase Confirmation" means a Participant's written and properly executed confirmation of a transaction to acquire an Eligible Gas Purchase, substantially in the form of Exhibit A.

1.1.36 "Party" or "Parties" has the meaning set forth in the preamble hereto; provided that "Third Parties" are entities that are not party to this Agreement.

1.1.37 "Procure" and other forms of such verb, including Procurement, Procuring, and Procured, means acquiring Natural Gas through Eligible Gas Purchases with Third Parties.

1.1.38 "Procurement Conditions" has the meaning set forth in Section 3.1.

1.1.39 "Revenues" means, with respect to each Participant with the exception of BART, all income, rents, rates, fees, charges, and other moneys derived by the Participant from the ownership or operation of its Electric System, including, without limiting the generality of the foregoing:

- (a) all income, rents, rates, fees, charges or other moneys derived from the sale, furnishing and supplying of electric capacity and energy and other services, facilities, and commodities sold, furnished, or supplied through the facilities of its Electric System;
- (b) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or pursuant to law to its Electric System; and
- (c) the proceeds derived by the Participant directly or indirectly from the sale, lease or other disposition of all or a part of

the Electric System, but the term Revenues shall not include (i) customers' deposits or any other deposits subject to refund until such deposits have become the property of the Participant or (ii) contributions from customers for the payment of costs of construction of facilities to serve them. In regards to BART, Revenues means, all income, rents, rates, fees, charges, grants, fares or tariffs, subventions and other moneys derived by the Participant from its operation including, without limiting the generality of the foregoing, (i) the earnings on and income derived from the investment of such income, rents, rates, fees, charges grants, fares or tariffs, subventions or other moneys and (ii) the proceeds derived by the Participant directly or indirectly from the sale, lease or other disposition of all or a part of its assets, but the term Revenues shall not include any moneys derived from sources the use of which is limited by law to expenditures other than operating expenses.

1.1.40 "Security Account" means the account established by NCPA and funded by the Participants in accordance with Section 5.3, the funds of which are available for use by NCPA in accordance with the terms and conditions hereof.

1.1.41 "Subscription Percentage" means that proportion of an Eligible Gas Purchase that a Participant subscribes to in writing through a

Participant Purchase Confirmation in accordance with the terms of this Agreement.

1.1.42 "Term" has the meaning set forth in Section 8.

1.1.43 "Transaction Confirmation" means a document which is the confirmation of the terms of an Eligible Gas Purchase as defined in the GPA used by NCPA to Procure Natural Gas for an Eligible Gas Purchase.

1.1.44 "Transaction Specific Costs" means any and all costs, except for Commodity Costs, arising after execution of an Eligible Gas Purchase and directly or indirectly incurred by NCPA as a result of entering into a specific transaction to acquire an Eligible Gas Purchase. Transaction Specific Costs include, but are not limited to termination payments, or counterparty requests for assurances, related legal fees and associated staff time.

1.1.45 "Withdrawing Participant" has the meaning set forth in Section 7.3.1.

1.2 Rules of Interpretation. As used in this Agreement (including the Recitals hereto), unless in any such case the context requires otherwise: the terms "herein," "hereto," "herewith" and "hereof" are references to this Agreement taken as a whole and not to any particular provision; the term "include," "includes" or "including" shall mean "including, for example and without

limitation;" and references to a "Section," "subsection," "clause," or "Exhibit" shall mean a Section, subsection, clause or Exhibit of this Agreement, as the case may be. All references to a given agreement, instrument or other document shall be a reference to that agreement, instrument or other document as modified, amended, supplemented and restated through the date as of which such reference is made, and reference to a law, regulation or ordinance includes any amendment or modification thereof. A reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having a separate legal personality and includes its successors and permitted assigns. The singular shall include the plural and the masculine shall include the feminine, and *vice versa*.

Section 2. Effectiveness of Agreement. This Agreement shall be effective as to each Participant on the Effective Date subject to the provisions for new Participants in Section 7.2 below.

Section 3. Procurement Processes. NCPA may Procure Natural Gas either: (i) from third parties under competitive bids submitted in response to a NCPA Request For Proposals ("RFP Process"), or (ii) through direct purchases from the DGS Program, or if the DGS Program terminates, then through an equivalent program that replaces the DGS Program ("Direct Purchase Process").

3.1 Procurement Conditions. All Procurements of Natural Gas shall meet the following conditions:

(i) Each market purchase shall be an Eligible Gas Purchase, consummated in accordance with all NCPA Energy Risk Management Policy requirements including those limiting the term and volumes of Natural Gas transactions;

(ii) Each market purchase of Natural Gas, including the purchase of physical call options for Natural Gas, shall be capable of physical delivery. However, financially equivalent transactions may be executed if the Participant in such financially equivalent transaction executes a financial addendum to this Agreement, in the form attached hereto as Exhibit C;

(iii) The Contract Price for purchasing Natural Gas in an Eligible Gas Purchase shall not exceed the Maximum Contract Price;

(iv) The GPA(s) utilized to Procure Eligible Gas Purchases shall be in the form of industry-standard forms of agreement for Natural Gas purchases as provided in Exhibit B; provided, however, that the GPA may, in any given instance, be modified in the discretion of the NCPA General Manager and NCPA's General Counsel, after consultation with the Participants, to include additional terms and conditions approved by the Parties' Designated Representatives;

(v) Any Environmental Attributes associated with a given Eligible Gas Purchase will be Procured by NCPA for the proportionate benefit of the Participants according to their Subscription Percentage.

3.2 Participant Approval of Procurement Process and an Eligible Gas Purchase. Each Participant acknowledges and agrees to be bound by their Designated Representatives' execution of a Participant Purchase Confirmation substantially in the form of Exhibit A hereto for each corresponding GPA. Each Participant acknowledges and approves of the terms of the corresponding GPA for subscription to an Eligible Gas Purchase, and agrees to pay for its share of the Natural Gas purchased thereunder.

3.3 NCPA Approval of Procurement Process and an Eligible Gas Purchase. NCPA acknowledges and agrees, upon receipt of a Participant Purchase Confirmation substantially in the form of Exhibit A hereto to enter into the corresponding GPA for the Procurement of an Eligible Gas Purchase for the benefit of the Participant. Provided, however, that NCPA shall not enter into a GPA for any Participant which has (i) failed to maintain a fully funded Security Account as required by Section 5.3, or (ii) is otherwise in default under the terms of this Agreement. NCPA may, but is not obligated to, decline to enter into a GPA for any Participant which has failed to timely report the status of its Electric System operating reserve as required by Section 5.5.3. NCPA shall

transmit a copy of each such status report to each Participant other than the Participant which submitted it within ten (10) business days after its receipt, but otherwise shall be under no duty or obligation to review such reports or to take any action or refrain from taking any action based upon the contents of such report.

3.4 Delivery of Natural Gas and Environmental Attributes. Any Natural Gas delivered to NCPA from an Eligible Gas Purchase shall be credited to each Participant in proportion to such Participant's Subscription Percentage for such Eligible Gas Purchase and each Participant shall accept and pay for its relevant percentage of such Natural Gas. To the extent NCPA is physically unable to accept such deliveries in full on behalf of a Participant, NCPA shall dispose of such surplus in its discretion, in a manner intended to maximize value to the Participant and consistent with any applicable project or operating agreements between NCPA and the Participant, without recourse by the Participant against NCPA. Environmental Attributes obtained by NCPA as a result of performance under this Agreement shall likewise be allocated to the Participants in proportion to their Subscription Percentage.

3.5 Payments to Counterparties. NCPA shall pay all costs incurred hereunder using funds received from Participants during the normal course of billing under the NCPA All Resources Bill, or as necessary from operating funds

or Security Account funds, paid to NCPA in accordance with Section 5, or such other sources as may be agreed upon in writing by the Parties from time to time, or as specified in a Participant Purchase Confirmation.

3.6 Removal of Eligible Gas Purchases from GPP. Any Eligible Gas Purchase that delivers Natural Gas to NCPA under a GPA shall be automatically removed from the GPP on the date its Transaction Confirmation terminates or expires and all financial obligations thereunder are extinguished. Participants agree that any Eligible Gas Purchase which has not already been removed from the GPP as a result of an expiration or termination of its Transaction Confirmation shall continue to be included in the GPP until such time as NCPA in its discretion approves removing it from the GPP and approves the subsequent use of such Eligible Gas Purchase, including whether such Eligible Gas Purchase should be sold or otherwise disposed of by any means including assignment, book-out or offsetting transaction, or termination. Any proceeds or costs associated with removing an Eligible Gas Purchase from the GPP shall be allocated among the Participants in accordance with the Subscription Percentages unless otherwise agreed upon in writing by the Participants.

Section 4. Cooperation and Further Assurances. Each of the Parties agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by

any other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumption of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry out the intent of this Agreement. Further, the Parties agree to cooperate and act in good faith in connection with obtaining any credit support required in order to Procure Natural Gas from an Eligible Gas Purchase, including with respect to negotiating and executing any agreements to implement any credit support arrangements.

Section 5. Payment Obligations, Security Account, Invoicing.

5.1 Participant Payment Obligations. Each Participant agrees to pay NCPA each month the sum of (a), (b), and (c) as follows: (a) Fixed GPP Costs of \$600, (which sum may be adjusted by the Commission each year in its discretion during the adoption of the Annual Budget to reflect increased costs with thirty (30) days' prior written notice to Participants), for each month a Participant is a party to this Agreement, and one-twelfth of the Variable GPP Costs as determined below in Section 5.2; plus (b) Transaction Specific Costs for each Eligible Gas Purchase that Participant subscribes to; plus (c) Commodity Costs. In addition, each Participant shall maintain working capital in accordance with NCPA's Annual Budget and maintain its Security Account as provided in this Agreement.

5.2 Calculation of and True-Up for GPP Costs. Participants' payment obligations for Variable GPP Costs under section 5.1 shall be calculated as follows. For each Fiscal Year, NCPA shall estimate the total Variable GPP Costs to be incurred under this Agreement and this total will be divided by the Participants' total MMBtu forecast during the Fiscal Year to determine the estimated Variable GPP Cost on a per MMBtu basis ("Variable GPP Unit Cost"). The Variable GPP Unit Cost will then be multiplied by the total monthly MMBtu subscribed to by each Participant to determine the amount owed by each Participant for Variable GPP Costs under section 5.1(a) above. Upon the conclusion of a Fiscal Year, NCPA shall compare each Participant's payment of all Fixed and Variable GPP Costs with the actual total GPP Costs incurred on behalf of Participant such that overpayments will be credited to, and underpayments will debited to each Participant's account in accordance with NCPA's Annual Budget settlements.

5.3 Security Account. Any deposits into a Security Account pursuant to this Agreement shall be separate from and in addition to any security accounts maintained pursuant to the Market Purchase Program Agreement between NCPA and certain Participants, or any other such security account required of NCPA Members.

5.3.1 Initial Amounts. Prior to subscribing to an Eligible Gas Purchase, a Participant shall deposit into the Security Account held by NCPA on account equal to the highest three (3) months of estimated Commodity Costs for all Eligible Gas Purchases Participant has or will subscribe to as estimated by NCPA; provided, however, that such deposit may be satisfied in whole or in part either in cash or through a clean, irrevocable letter of credit satisfactory to NCPA's General Manager.

5.3.2 Subsequent Deposits. Periodically, and at least quarterly, NCPA shall review and revise its estimate of all costs which Participant shall be obligated to pay under this Agreement. Following such review, NCPA shall determine whether each Participant has a sufficient balance in the Security Account. To the extent that any Participant's balance in the Security Account is greater than one hundred and ten percent (110%) of the amount required herein, NCPA shall credit such amount as soon as practicable to the Participant's next following All Resource Bill. To the extent that any Participant's balance in the Security Account is less than ninety percent (90%) of the amount required herein, NCPA shall add such amount as soon as practicable to such Participant's next All Resource Bill, or as necessary, to a special invoice to Participant. Credits or additions shall not be made to Participants who satisfy these Security Account requirements in whole

through the use of a letter of credit, provided that the amount of the letter of credit shall be adjusted by the Participant as necessary in a like manner to assure an amount equal to the highest three (3) months of estimated Commodity Costs is available to NCPA.

5.3.3 Use of Security Account Funds. NCPA may use any and all funds deposited into the Security Account (or utilize a letter of credit provided in lieu thereof) to pay any costs it incurs hereunder, including making payments to counterparties under any GPA or for termination payments, requests for assurances by Third Parties, credit support, and related expenses under a GPA, without regard to any individual Participant's balance in the Security Account or proportionate share of GPP Costs and irrespective of whether NCPA has issued an All Resources Bill or invoice for such costs to the Participants or whether a Participant has made timely payments of All Resources Bills or invoices. Should Participant have satisfied its Security Account requirements in whole or part through a letter of credit, NCPA may draw on such letter of credit to satisfy Participant's obligations hereunder.

If funds deposited into the Security Account, or provided through a letter of credit, are used by NCPA to pay any costs it incurs hereunder as described in Section 5.3.3, NCPA, pursuant to Section 5.3.5, will

maintain a detailed accounting of each Participant's shares of funds withdrawn from the Security Account or letter of credit, and upon the collection of all or a part of such withdrawn funds, NCPA will credit back to each Participant the funds collected in proportion to such non-defaulting Participant's share of funds withdrawn from the Security Account or letter of credit.

5.3.4 Emergency Additions. In the event that the funds are withdrawn pursuant to Section 5.3.3 of this Agreement, or if the Security Account is insufficient to allow payment of an invoice, demand, request for further assurances by Third Parties, or Claims, NCPA shall notify all Participants and then prepare and send a special or emergency assessment to the Participants. Each Participant shall pay to NCPA such assessment when and if assessed by NCPA within two (2) Business Days of the invoice date of the assessment or consent to and direct NCPA to draw on any existing letter of credit Participant has established for such purposes.

5.3.5 Accounting and Interest. NCPA shall maintain a detailed accounting of each Participant's deposits into and shares of withdrawals from the Security Account. Monies on deposit in the Security Account shall be invested by NCPA in accordance with the Investment Policy adopted by the NCPA Commission. Interest earned on the Security Account shall be

proportionately credited to the Participants in accordance with the balances in each Participant's Security Account. Any losses in the Security Account caused by early termination of investments or otherwise shall be allocated among the Participants in accordance with their proportionate Subscription Percentages.

5.3.6 Return of Funds. On the termination of this Agreement with respect to a Participant or a permitted withdrawal of a Participant in accordance with this Agreement, the affected Participant or Participants may apply to NCPA for the return of their share of Security Account funds ninety (90) days after the effective date of such termination or withdrawal. NCPA shall, in its sole discretion, as determined by the General Manager, estimate the then outstanding liabilities of the Participant(s), including any estimated contingent liabilities and shall retain all such funds until all such liabilities have been fully paid or otherwise satisfied in full. After such determination by NCPA's General Manager, the balance of the Participant's share of the Security Account will be refunded to the Participant within sixty (60) days.

5.4 Invoicing.

5.4.1 Invoices. As part of NCPA's regular, monthly, advance billing (the "All Resources Bill") or by separate special invoice, as required in the circumstances, NCPA will issue an invoice to each Participant for its

proportionate share of the Commodity Costs, GPP Costs and Transactions Specific Costs due (or any adjustments thereto) based on Sections 5.1 and 5.2 above. Such invoices may include estimated costs. Each invoice shall include: (i) the total Transaction Specific Costs and Commodity Costs attributable to Procurement activities under this Agreement for such month and the relevant Participant's share thereof; (ii) the total GPP Costs attributable to program services for such month and the relevant Participant's share thereof; (iii) the quantity of Natural Gas and Environmental Attributes, by Eligible Gas Purchase, received by NCPA on behalf of each such Participant (or an estimate thereof) and the unit price for such Natural Gas; (iv) appropriate settlement, or an estimate thereof; (v) any adjustments to prior invoices required based on actual data received that was estimated in a previous invoice; (vi) notice of the amount, if any, that NCPA has paid or expects to pay using funds available in the Security Account; and (vii) amounts due from (or credited to) such Participant under Section 5.3.2.

5.4.2 Payment of Invoices. All non-emergency invoices delivered by NCPA in the normal course of billing hereunder (including the All Resources Bill) are due and payable on the date indicated on such invoice, but in any event no later than thirty (30) days following receipt thereof; provided, however, that any amount due on a day other than a Business Day

may be paid on the following Business Day. NCPA may apply a Participant's share of the Security Account to the payment of all or any portion of an invoice issued to such Participant (including that portion of an invoice relating to the GPP), provided that application of such funds from the Security Account shall not relieve the Participant from any late payment charges pursuant to Section 5.4.3. To the extent that NCPA applies funds from the Security Account to pay an amount due under an invoice, following receipt of payment of such invoice by the relevant Participant, NCPA shall deposit the relevant portion of the payment into the Security Account and credit such deposit to such Participant. Emergency invoices shall be due as indicated in section 5.3.4 above.

5.4.3 Late Payments. Any amount due and not paid by a Participant in accordance with Sections 5.3.4 and 5.4.2 shall bear interest computed on a daily basis until paid at the lesser of (i) the per annum prime rate (or reference rate) of the Bank of America NT&SA then in effect, plus two percent (2%) or (ii) the maximum rate permitted by law.

5.5 Settlement Data and Examination of Books and Records.

5.5.1 Settlement Data. NCPA will make settlement data available to the Participants. Procedures and formats for the provision of such data will be as established by the NCPA Commission from time to time.

5.5.2 Examination of Books and Records. Any Participant to this Agreement shall have the right to examine the books and records created and maintained by NCPA pursuant to this Agreement at any reasonable, mutually agreed upon time.

5.5.3 Participant Covenants and Defaults. Any failure of a Participant to meet its obligations hereunder or to cure such failure in a timely manner shall constitute an Event of Default and the Defaulting Party shall be subject to such remedies of NCPA as provided for herein. Each Participant covenants and agrees: (i) to continue to pay or advance to NCPA, from its electric department Revenues only or, in the case of BART, its tariffs, fees or other sources of Revenues provided that such sources shall not include any sums derived from sources the use of which is limited by law to expenditures other than operating expenses, its obligations under this Agreement. Each Participant further agrees that it will fix the rates and charges for services provided by its electric department, or in the case of BART, its general Revenues, so that it will at all times have sufficient money in its department Revenues funds to meet this obligation; (ii) to make payments under this Agreement from the Revenues of, and as an operating expense of, its Electric System, or in the case of BART, of its general Revenues; (iii) to make payments under this Agreement whether or not there

is an interruption in, interference with, or reduction or suspension of services provided under this Agreement, such payments not being subject to any reduction, whether by offset or otherwise, and regardless of whether any dispute exists provided such interruption, interference or reduction in services is caused by forces constituting an Act of God and not reasonably contemplated by the Parties; (iv) to establish and maintain a general operating reserve, in addition to the Security Account established pursuant to this Agreement, containing sufficient funds to pay all costs to operate its Electric System and the business in connection therewith for a period of three (3) months, such operating reserve to be maintained either in Participant's own accounts or in its NCPA general operating reserve account; (v) to submit a report to NCPA once each quarter of the Fiscal Year as to the sufficiency of its general operating reserve established pursuant to Section 5.5.3(iv) on dates as established by NCPA; and (vi) to operate its Electric System and the business in connection therewith in an efficient manner and at reasonable cost and to maintain its Electric System in good repair, working order, and condition.

Section 6. Administration of Agreement

6.1 General. Except for the approval by Participants of Eligible Gas Purchases pursuant to Section 3.2, the NCPA Commission has sole overall

responsibility and authority for the administration of this Agreement. Any acts, decisions or approvals taken, made or sought by NCPA under this Agreement shall be taken, made or sought, as applicable, in accordance with NCPA's Constitutive Documents and Section 6.2 of this Agreement.

6.2 Action by Participating Members.

6.2.1 Forum: Whenever any action anticipated by or related to this Agreement is to be taken by the Participants, such actions shall be taken at a regular or special meeting of the NCPA Commission, but shall be participated in only by those Commissioners, or their designated alternates, who represent Participants.

6.2.2 Quorum: A quorum at NCPA Commission meetings for purposes of acting upon matters relating to this Agreement shall consist of Commissioners, or their designated alternates, representing the majority of Participants to the extent not inconsistent with Section 6.2.3(i), provided that as to matters related to a specific Eligible Gas Purchase case a quorum shall consist of Commissioners, or their designated alternates, representing a majority interest in the Eligible Gas Purchase based upon their Subscription Percentages.

6.2.3 Voting: Each Participant shall have the right to cast one vote with respect to matters pertaining to this Agreement, with a majority

vote of the Participants required for action subject to the following

exceptions:

i. Upon request of any Participant representative, the voting on an issue related to a specific Eligible Gas Purchase shall be by Subscription Percentage with a 65% or more favorable vote necessary to carry the action.

ii. After any decision related to this Agreement, other than for a specific Eligible Gas Purchase, is taken by the affirmative vote of less than 65% of the Program Participants, the action can be reviewed and revised if a Participant gives notice of intention to seek such review and revision to NCPA and each of the other Participants within ten (10) days following the date on which such action was taken. Upon receipt of such a request for reconsideration, the Chairman of the Commission shall agendaize the matter for reconsideration at the next regular meeting of the Commission or at a special meeting if the circumstances so warrant. The action shall be upheld upon the affirmative vote of authorized representatives of the Participants. Any action taken upon reconsideration shall be final.

Section 7. Subscription Percentages; Admission and Withdrawal of Participants.

7.1 Subscription Percentages. The Subscription Percentages of each Participant shall be maintained in NCPA's Deal Capture System and summary reports therefrom will be provided to Participants upon request.

7.2 Admission of New Participants. Following the Effective Date of this Agreement, a Member may execute this Agreement and become a Participant provided that: 1) such joinder is approved by the NCPA Commission; and 2) the new Participant a) reimburses existing Participants for a proportionate share of the applicable costs identified during NCPA's Annual Budget process and any GPP Costs incurred to establish and administer this GPP Program, and b) satisfies all Security Account requirements under this Agreement. A new Participant shall not be entitled to any Environmental Attributes or Natural Gas from Eligible Gas Purchases consummated prior to the date it becomes a Participant unless one or more of the existing Participants ("**Allocating Participants**") elect to allocate a portion of its Subscription Percentage to such new Participant. Upon an agreement thereof and affirmative vote thereon by all Allocating Participants, NCPA shall prepare and distribute to each Participant the written agreement between the new Participant and the Allocating Participant(s) indicating the agreed upon change in the Subscription Percentage(s) for the designated Eligible Gas Purchase(s), a counterpart of this Agreement executed by the new Participant, and a report from NCPA's Deal

Capture System reflecting the revised Subscription Percentages. Any reduction in any Allocating Participant's share of the Security Account shall be credited to the Allocating Participants in accordance with Section 5.3.2.

7.3 Withdrawal of Participants.

7.3.1 Requirements and Process. A Participant may voluntarily withdraw from this Agreement ("**Withdrawing Participant**") by providing two (2) years' advance written notice to NCPA and the other Participants. Upon the mutual agreement of two or more Participants, the Withdrawing Participant may assign some or all of its Subscription Percentage share of its Eligible Gas Purchases to another Participant ("**Adjusting Participant**") willing to assume the Withdrawing Participant's Subscription Percentage, if such withdrawal and assignment does not violate any applicable credit support conditions contained in any of the relevant agreements to which the Withdrawing Participant and/or the Adjusting Participant is a party to. The Withdrawing Participant shall provide to NCPA the applicable assignment agreement between the Withdrawing Participant and the Adjusting Participant(s) regarding any such assignments and NCPA shall reflect the change in its Deal Capture System recording the new allocation of Subscription Percentages.

7.3.2 Associated Costs. A Withdrawing Participant shall reimburse NCPA for any and all costs resulting from the withdrawal, including but not limited to the legal, accounting, and administrative costs of winding up and assuring the complete satisfaction and discharge of the Withdrawing Participant's obligations. A Withdrawing Participant will continue to be liable for all Eligible Gas Purchases entered into on its behalf which is not assumed by an Adjusting Participant.

7.3.3 No Effect on Prior Liabilities. Withdrawal by any Participant will not terminate any ongoing or un-discharged contingent liabilities or obligations resulting from this Agreement until they are assigned to an Adjusting Participant, or are otherwise satisfied in full, or such Withdrawing Participant has provided a mechanism reasonably acceptable to NCPA and the remaining Participants, for the satisfaction in full thereof.

Section 8. Term and Termination. The Term of this Agreement shall commence on the Effective Date, continue for five (5) years, and shall be automatically extended for two (2) years on every other anniversary of this Agreement as to each Participant that has not withdrawn in accordance with Section 7.3 or otherwise voluntarily or involuntarily had their participation in this Agreement terminated. After the initial five (5) year term has expired,

NCPA may terminate this Agreement upon two (2) years' advance written notice to all Participants.

Section 9. Default and Remedies

9.1 Events of Default. An Event of Default under this Agreement shall exist upon the occurrence of any one or more of the following by a Party in default of its obligations hereunder ("Defaulting Party"):

(i) if any Party fails to make any payment or to provide assurances as required of NCPA under a GPA when due hereunder within two (2) Business Days after receipt of notice given by NCPA of such non-payment; or

(ii) the failure of the Defaulting Party to perform any other covenant or obligation under this Agreement where such failure is not cured within ten (10) calendar days following receipt of a notice from NCPA demanding cure (provided that this shall not apply to any failure to make payments (which is covered by Section 9.1 (i))); or

(iii) if any representation or warranty of the Defaulting Party material to the transactions contemplated hereby shall prove to have been incorrect in any material respect when made and the Defaulting Party does not cure the facts underlying such incorrect representation or warranty so that the representation or warranty becomes true and correct within ten (10) calendar days of the date of receipt of notice from any other Party demanding cure; or

(iv) if a Participant is in default or in breach of any of its covenants under any other agreement with NCPA and such default or breach is not cured within the time periods specified in such agreement; or

(v) the failure of NCPA to perform any covenant or obligation under this Agreement following a ten (10) calendar day notice to cure by any non-defaulting Member.

9.2 Cure of an Event of Default. An Event of Default shall be deemed cured only if such default shall be remedied within the time period specified in Section 9.1 above, as may be applicable, after written notice has been sent to the Defaulting Party from NCPA specifying the default and demanding that the same be remedied; provided, however, that the failure of a Party to provide such notice shall not be deemed a waiver of such default.

9.3 Participation Rights Of Defaulting Party. Notwithstanding anything herein to the contrary, upon the occurrence of an Event of Default and until such Event of Default is cured, the Participant that is the Defaulting Party shall not have the right to participate under Section 6.2 on any matters with respect to this Agreement.

9.4 Remedies in the Event of Default.

9.4.1 Remedies of NCPA. Upon the occurrence of an Event of Default where a Participant is the Defaulting Party, without limiting its other

rights or remedies available under this Agreement, at law or in equity, and without constituting or resulting in a waiver, release or estoppel of any right, action or cause of action NCPA may have against the Defaulting Party

Participant, NCPA may:

(i) suspend the provision of services under this Agreement to such Defaulting Party, including the delivery of Natural Gas and other attributes of any Eligible Gas Purchases until the Event of Default is cured; and

(ii) demand that the Defaulting Party provide further assurances to compel the correction of the default, including the collection of a surcharge, or such other actions as may be necessary to produce Revenues to secure the cure of the Event of Default; and

(iii) terminate this Agreement as to the Defaulting Party, on ten (10) calendar days' prior written notice to the Defaulting Party and following approval of the non-defaulting Participants.

9.4.2 Sale/Transfer of Participant's Account Upon Default.

Upon any Event of Default caused by a Participant due to the failure of such Participant to pay any sums due, and provided that such default is not cured in a timely manner, then NCPA shall use its best efforts to sell and transfer for the Defaulting Party's account all or a portion of the Defaulting Party's Natural Gas and/or Environmental Attributes for the remainder of the term of

this Agreement. Notwithstanding that all or any portion of the Defaulting Party's capacity is so sold or transferred, the Defaulting Party shall remain liable for all of its obligations not otherwise satisfied by the sale or transfer of Defaulting Party's capacity hereunder unless released therefrom by NCPA upon assumption by a transferee or assignee.

9.4.3 Remedies of Participants. Upon the occurrence of an Event of Default where NCPA is the Defaulting Party, and following the applicable cure periods, the Participants may, without limiting their other rights or remedies available under this Agreement, at law or in equity, and without constituting or resulting in a waiver, release or estoppel of any right, action or cause of action the Participants may have against NCPA, terminate this Agreement in whole, subject to the provisions of Section 9.5.4.

9.4.4 Special Covenants Regarding Security Account. In the event that a Participant's balance of the Security Account is insufficient to cover all invoices for costs incurred under this Agreement sent to such Participant, then, without limiting NCPA's other rights or remedies available under this Agreement, at law or in equity, such Participant shall cooperate in good faith with NCPA and shall cure the default as rapidly as possible, on an emergency basis, taking all such action as is necessary, including, but not limited to, raising rates and charges to its customers to increase its Revenues

to replenish its share of the Security Account as provided herein, drawing on its cash-on-hand and lines of credit, obtaining further assurances by way of credit support and letters of credit, and taking all such other action as will cure the default with all due haste.

9.5 Effect of Termination or Suspension.

9.5.1 Generally. The suspension or termination of this Agreement will not terminate, waive, or otherwise discharge any ongoing or undischarged contingent liabilities or obligations arising from this Agreement until such obligations are satisfied in full, and all of the costs incurred by NCPA in connection with such suspension or termination, including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, other costs and expenses that NCPA is entitled to recover under this Agreement, and other reasonable and necessary costs associated with any and all of the remedies, are paid in full.

9.5.2 Suspension by NCPA. If performance of all or any portion of this Agreement is suspended by NCPA with respect to a Participant in accordance with Section 9.4.1(i), such Participant shall pay any and all costs incurred by NCPA as a result of such suspension including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, other reasonable and necessary costs associated

with such suspension and any portion of the GPP Costs that were not recovered from such Participant as a result of such suspension.

9.5.3 Termination by NCPA. If this Agreement is terminated by NCPA with respect to a Participant in accordance with Section 9.4.1 (iii), such Participant shall pay any and all costs incurred by NCPA as a result of such termination, including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, other reasonable and necessary costs associated with such termination and any portion of the GPP Costs that were not, or will not be, recovered from such Participant as a result of such termination; provided, however, if NCPA terminates this Agreement with respect to the last remaining Participant, then this Agreement shall terminate.

9.5.4 Termination by Participants. If this Agreement is terminated by all Participants in accordance with Section 9.4.3, or by unanimous consent of all of the Parties hereto, then the Participants shall pay to NCPA all previously unpaid GPP Costs incurred as of the date of such termination, and following such termination, the Participants shall cooperate and act in good faith to negotiate and agree upon the method of allocating among the Participants in proportion to their respective Subscription Percentages the costs and benefits of the Eligible Gas Purchases, all GPAs

then in effect, and any financing agreements or commitments and any matters pertaining to the administration, management, control, operation and maintenance of the Eligible Gas Purchases. NCPA shall reasonably cooperate with the Participants in connection with implementing the foregoing and the Participants shall indemnify NCPA for any costs incurred in connection therewith, including reasonable attorney fees, fees and expenses of other experts, including auditors and accountants and other reasonable and necessary costs. If the Parties are unable to reach agreement as to the foregoing, then the Parties agree to submit the matter to mediation with a mutually agreed upon mediator. If the Parties are still unable to reach agreement following mediation, then the matter shall be submitted to binding arbitration subject to the rules of the American Arbitration Association, the costs of such arbitration being borne proportionally among the Participants.

Section 10. Miscellaneous

10.1 Confidentiality. The Parties will keep confidential all confidential or trade secret information made available to them in connection with this Agreement, to the extent possible, consistent with applicable laws, including the California Public Records Act. It shall be the responsibility of the holder of the claim of confidentiality or trade secret to defend at its expense against any

request that such information be disclosed. Confidential or trade secret information shall be marked or expressly identified as such.

10.2 Indemnification and Hold Harmless. Subject to the provisions of Section 10.4, each Participant agrees to indemnify, defend and hold harmless NCPA and its Members, including their respective governing officials, officers, agents, and employees, from and against any and all claims, suits, losses, costs, damages, expenses and liability of any kind or nature, including reasonable attorneys' fees and the costs of litigation, including experts ("**Claims**"), to the extent caused by any acts, omissions, breach of contract, negligence (active or passive), gross negligence, recklessness, or willful misconduct of that Participant, its governing officials, officers, employees, subcontractors or agents, to the maximum extent permitted by law.

10.3 Joint Liabilities. No Participant shall, in the first instance, be liable under this Agreement for the obligations of any other Participant or for the obligations of NCPA incurred on behalf of other Participants. Each Participant shall be solely responsible and liable for performance of its obligations under this Agreement, except as otherwise provided for herein. The obligation of each Participant under this Agreement is a several obligation and not a joint obligation with those of the other Participants.

Notwithstanding the foregoing, the Participants acknowledge that any debts or obligations incurred by NCPA under this Agreement on behalf of any of them shall be borne solely by such Participants, and not by non-Participant Members of NCPA, pursuant to Article IV, Section 3(b) of the Joint Powers Agreement.

Notwithstanding the provisions of the Joint Powers Agreement and the general nature of the severability of liabilities in this Agreement, the Participants agree that, if a Participant defaults under this Agreement, the non-defaulting Participants will be jointly liable for the obligations of such defaulting Participant in proportion to each non-defaulting Participant's share of the total cost of all outstanding Eligible Gas Purchases entered into by all non-defaulting Participants during the five (5) years prior to the date of the default, unless and until NCPA is able to fully recover from the defaulting Participant. Provided, however, that any non-defaulting Participant with no outstanding Eligible Gas Purchases for the five (5) years prior the date of the default shall nonetheless have an obligation equal to one-half (1/2) that of the non-defaulting Participant with the lowest outstanding Eligible Gas Purchases during such five (5) year period, and that if no non-defaulting Participant has outstanding Eligible Gas Purchases during such five (5) year period, then each non-defaulting Participant shall share the obligation equally. In the event that the date of default occurs within the first five (5) years of the term of this Agreement, then such five (5)

year period shall be shortened to include the time from the effective date of this Agreement until the date of the default.

10.4 No Consequential Damages. FOR ANY BREACH OF ANY PROVISION OF THIS AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER DAMAGES OR REMEDIES ARE HEREBY WAIVED. IF NO REMEDY OR MEASURE OF DAMAGE IS EXPRESSLY PROVIDED, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED TO ACTUAL DAMAGES ONLY AND ALL OTHER DAMAGES AND REMEDIES ARE HEREBY WAIVED. IN NO EVENT SHALL NCPA OR ANY PARTICIPANT OR THEIR RESPECTIVE SUCCESSORS, ASSIGNS, REPRESENTATIVES, DIRECTORS, OFFICERS, AGENTS, OR EMPLOYEES BE LIABLE FOR ANY LOST PROFITS, CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, PUNITIVE OR INCIDENTAL LOSSES OR DAMAGES, INCLUDING LOSS OF USE, LOSS OF GOODWILL, LOST REVENUES, LOSS OF PROFIT OR LOSS OF CONTRACTS EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NCPA AND EACH PARTICIPANT EACH HEREBY WAIVES SUCH

CLAIMS AND RELEASES EACH OTHER AND EACH OF SUCH PERSONS
FROM ANY SUCH LIABILITY.

The Parties acknowledge that California Civil Code section 1542 provides that: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." The Parties waive the provisions of section 1542, or other similar provisions of law, and intend that the waiver and release provided by this section of this Agreement shall be fully enforceable despite its reference to future or unknown claims.

10.5 Amendments. Except where this Agreement specifically provides otherwise, this Agreement may be amended only by written instrument executed by the Parties with the same formality as this Agreement.

10.6 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 any person 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 the court holds that such provisions are not severable from all other provisions of this Agreement.

10.7 Governing Law. This Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

10.8 Headings. All indices, titles, subject headings, section titles and similar items are provided for the purpose of convenience and are not intended to be inclusive, definitive, or affect the meaning of the contents of this Agreement or the scope thereof.

10.9 Notices. Any notice, demand or request required or authorized by this Agreement to be given to any party shall be in writing, and shall either be personally delivered to a Participant's Designated Representative and the Secretary of the Commission or transmitted to the Participant and the Secretary of the Commission at the address shown on the signature pages hereof. The designation of such address may be changed at any time by written notice given to the Secretary of the Commission who shall thereupon give written notice of such change to each Participant.

10.10 Warranty of Authority. Each Participant, and NCPA, represents and warrants that it has been duly authorized by all requisite approval and action to execute and deliver this Agreement and that this Agreement is a binding, legal, and valid agreement enforceable in accordance with its terms as to the Participant and as to NCPA. Upon execution of this Agreement, each Participant shall deliver to NCPA a resolution of the governing body of such

Participant evidencing approval of and authority to enter into this Agreement and an opinion of legal counsel that such authority was duly exercised in accordance with such Participant's Constitutive Documents.

10.11 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all the signatories to all of the counterparts had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

10.12 Assignment. Except as provided by Section 7 of this Agreement, no Participant may assign or otherwise transfer their interest in the Subscription Percentage or any other rights and obligations under this Agreement without the express written consent of NCPA.

10.13 Venue. In the event that a Party brings any action under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

10.14 Attorneys' Fees. If a Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that Party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.

10.15 Interpretation. Each Party to this Agreement is sophisticated in the operation of electric utilities, and in the purchasing and financing of Natural Gas. Each Party to this Agreement was represented by counsel during the negotiation of this Agreement. Hence, this Agreement shall be interpreted as being equally drafted by all Parties and without reference to Civil Code Section 1654 requiring interpretation against Parties causing an ambiguity.

10.16 No Third Party Beneficiaries. Nothing contained in this Agreement is intended by the Parties, nor shall any provision of this Agreement be deemed or construed by the Parties or by any third person, to be for the benefit of any third party, nor shall any third party have any right to enforce any provision of this Agreement or be entitled to damages for any breach by the Parties of any of the provisions of this Agreement.

10.17 List of Exhibits. The Exhibits referenced herein shall be denoted as follows:

Exhibit A – Participant Purchase Confirmation

Exhibit A-1 – Additional Transaction Terms and Conditions

Exhibit B – List of approved Gas Purchase Agreements

Exhibit C – NCPA Financial Addendum

Exhibit C-1 – Participant Confirmation – Financial Transaction

Exhibit C-2 – Additional Transaction Terms and Conditions

Exhibit C-3 – Commission-Approved Brokers, Exchanges and
Contracts

IN WITNESS WHEREOF, each Participant has executed this Agreement with the approval of its governing body, and NCPA has authorized this Agreement in accordance with the authorization of its Commission.

NORTHERN CALIFORNIA
POWER AGENCY
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

CITY OF ALAMEDA
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its: **Attorney** _____
Date: _____

By: _____
Its: **Attorney** _____
Date: _____

CITY OF BIGGS
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

CITY OF GRIDLEY
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its: **Attorney**
Date: _____

By: _____
Its: **Attorney**
Date: _____

CITY OF HEALDSBURG
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

CITY OF LODI
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its: **Attorney**
Date: _____

By: _____
Its: **Attorney**
Date: _____

CITY OF LOMPOC
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

CITY OF PALO ALTO
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its: **Attorney** _____
Date: _____

By: _____
Its: **Attorney** _____
Date: _____

PLUMAS-SIERRA RURAL
ELECTRIC COOPERATIVE
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

BART
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its: **Attorney** _____
Date: _____

By: _____
Its: **Attorney** _____
Date: _____

PORT OF OAKLAND

CITY OF UKIAH

[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____

Its: **Attorney** _____

Date: _____

By: _____

Its: **Attorney** _____

Date: _____

Exhibit A

PARTICIPANT PURCHASE CONFIRMATION

This document constitutes a "Participant Purchase Confirmation", as described in the Natural Gas Program Agreement ("Agreement"), dated as of _____. This Participant Purchase Confirmation shall supplement and form a part of the Agreement and shall be subject to the terms and conditions specified therein. Capitalized terms used but not defined in this Participant Purchase Confirmation shall have the meanings ascribed thereto in the Agreement.

The undersigned NCPA Member and Participant in the Natural Gas Purchase Program hereby subscribes to the following Eligible Gas Purchase pursuant to Section 3 of the Natural Gas Program Agreement and the Gas Purchase Agreement (GPA) designated below, supplemented and modified as follows:

- (a) Procurement Process: Direct Purchase Process _____ RFP Process _____
- (b) Seller: _____ Purchaser: NCPA
- (c) Period of Delivery: From _____ to _____
- (d) Maximum Delivery Rate (MMBtu/day): _____
- (e) Generator(s) _____
- (f) Delivery Point(s): _____
- (g) Commodity Type: _____
- (h) Contract Quantity: _____ MMBtu.
- (i) Contract Price: See Attachment A-1
- (j) Transportation Path for the Transaction: _____
- (k) Form of Gas Purchase Agreement: _____
- (l) Special Terms and Exceptions: See Exhibit A-1
- (m) Security Account Amount Required _____
- (n) Transfer from GOR _____
- (o) Pay by Other (specify) _____

Except to the extent herein provided for, no amendment or modification to the Agreement shall be enforceable unless reduced to writing and executed by both Parties. Those persons executing this Participant Purchase Confirmation and the Parties hereby warrant that they are authorized to do so.

Member

NCPA

Utility Director or Designee

General Manager

Date

Date

Approved as to Legal Form

Approved as to Legal Form

Exhibit A

Its Counsel

Its General Counsel

Exhibit A-1

Exhibit A-1

ADDITIONAL TRANSACTION TERMS AND CONDITIONS

(Attach Seller's completed Exhibit A-1 to the RFP and applicable GPA)

Exhibit B

NCPA Commission-Approved Forms of Agreements for Natural Gas Purchases

A. Contracts Eligible for Direct Purchases

DGS Procurement Agreement

B. Commission-Approved Standard Industry Agreements to be used with the RFP Process*

NAESB

– Shell

- JP Morgan #2 (to be developed)

ISDA with Physical Gas Annex

– Currently None

EEI GAS Annex

– Currently None

Constellation Fuel Management and Supply Agreement

**Including modifications indicated in Section 3.1(iv) of the Natural Gas Program Agreement*

EXHIBIT C

**NATURAL GAS PROGRAM AGREEMENT
FINANCIAL ADDENDUM**

This Natural Gas Program Agreement Financial Addendum (“Financial Addendum”) is entered into by and between Northern California Power Agency, a joint powers agency of the State of California (“NCPA”), and those of its Members who are Participants to the Natural Gas Program Agreement (the “Agreement”) who also execute this Financial Addendum (“Financial Participants” and each a “Financial Participant”). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Agreement, to which this Financial Addendum is attached.

RECITALS

This Financial Addendum is made with reference to the following facts:

- A. As signatories to the Agreement, the Financial Participants seek to avail themselves of the opportunity to stabilize part or all of their long-term Natural Gas fuel costs with forward transactions in the *physical* gas market.
- B. The Financial Participants also have the opportunity to stabilize their long-term Natural Gas fuel costs and budgets through *financial* market transactions.

Exhibit C

C. The Financial Participants recognize that several factors, including but not limited to the evaluation of counterparty risk, operational risk, and liquidity requirements, may be relevant to the decision of whether to use physical or financial transactions to stabilize fuel costs.

D. By executing this Financial Addendum to the Agreement, each signatory seeks the flexibility to stabilize its Natural Gas fuel costs with financial transactions in those cases where the Financial Participant believes the use of such transactions are appropriate and preferable to physical transactions.

E. Each subscribing Financial Participant will have a participation interest in a corresponding financial transaction entered into by NCPA in accordance with the terms hereof.

F. In consideration for the increased flexibility afforded to Financial Participants by this Financial Addendum, each Financial Participant acknowledges the need for the following terms and conditions to supplement the Agreement.

Section 1. Supplemental Definitions

1.1 Supplemental Definitions. Whenever used in this Financial Addendum (including the Recitals hereto), the following terms shall have the following respective meanings:

Exhibit C

1.1.1 “Exchange” means an organized market on which financial transactions relating to Natural Gas, in the form of standardized contracts, are entered into. Examples of Exchanges include the New York Mercantile Exchange (NYMEX) and the Intercontinental Exchange (ICE).

1.1.2 “Financial Transaction” means a transaction between NCPA and either a third party or Exchange that is entered into to stabilize the fuel costs of one or more Financial Participants through monetary transfers to and/or from a third party or Exchange, without the physical delivery of Natural Gas and, therefore, without the operational risk associated with physical delivery.

1.1.3 “Financial Transaction Confirmation” means a Participant Confirmation – Financial Transaction, substantially in the form of Exhibit C-1 hereto.

1.1.4 “Financial Transaction Subscription Percentage” means that proportion of a Financial Transaction that a Financial Participant subscribes to in writing through a Financial Transaction Confirmation in accordance with the terms of this Financial Addendum.

1.1.5 “Governing Agreement” means an agreement governing Financial Transactions, including any bilateral agreement (e.g., an

Section 2. Effectiveness and Precedence of Financial Addendum. This Financial Addendum shall be effective as to each Financial Participant as of the date it is last executed by NCPA or by a Financial Participant. The provisions of this Financial Addendum are in addition to, and supplement those provided for in the Agreement for the purpose of carrying out the terms and conditions of this Financial Addendum. The remaining provisions of the Agreement are incorporated by reference to the extent they are not inconsistent with the provisions of this Financial Addendum. In the event of a conflict between the Agreement and this Financial Addendum, the Agreement will control, except with regard to Financial Transactions, in which case this Financial Addendum will control.

Section 3. Financial Transactions. NCPA may execute Financial Transactions either: (1) on a Commission-approved Exchange or (2) under a Commission-approved bilateral contract or arrangement. A Financial Transaction may, at NCPA's discretion, be centrally cleared or entered into through the use of a broker.

Exhibit C

3.1 Financial Transaction Conditions. NCPA shall only enter into Financial Transactions pursuant to this Financial Addendum that meet the following terms and conditions:

(i) Each Financial Transaction shall be consummated in accordance with all NCPA Energy Risk Management Policy requirements including those limiting the term and notional quantities of transactions;

(ii) NCPA shall negotiate and enter into Governing Agreements and any related or incidental documents, including brokerage agreements, at the discretion of the NCPA General Manager and NCPA General Counsel and as approved by the Commission. Each Financial Transaction Confirmation shall specify the relevant Governing Agreement for a contemplated Financial Transaction and, by subscribing to a Financial Transaction, a Financial Participant shall be deemed to have agreed to the use of such Governing Agreement; and

(iii) Financial Transactions shall be limited to only those eligible products listed in NCPA's Energy Risk Management Policy.

3.2 Financial Transaction Subscription Process. From time-to-time, NCPA will propose that one or more Financial Participants subscribe to a contemplated Financial Transaction by delivering a Financial Transaction Confirmation to each Financial Participant. Each such Financial Participant

Exhibit C

Confirmation shall specify, among other things, the notional quantity and maximum rate or price (or “not to exceed rate/price”) of the contemplated Financial Transaction. Each Financial Participant shall promptly review such Financial Transaction Confirmation and determine whether to subscribe to the contemplated Financial Transaction by executing and returning the Financial Transaction Confirmation to NCPA. NCPA may, but is not required to, enter into a Financial Transaction in accordance with this Financial Addendum based on the terms (including the notional quantities and maximum rate or price) subscribed to by the Financial Participants. NCPA shall promptly notify a Financial Participant of its election to enter into a requested Financial Transaction.

3.3 Financial Participant Agreements. By executing this Financial Addendum, each Financial Participant agrees to (i) be bound by the terms of any Governing Agreement specified in a Financial Transaction Confirmation executed by such a Financial Participant in connection with subscribing to a Financial Transaction, (ii) take such actions necessary for NCPA to comply in a timely manner with terms and conditions of any Governing Agreements, including any credit support arrangements thereunder, whether through a broker or otherwise and (iii) pay for its proportional share of (x) any amounts that may from time-to-time become due and payable under any Financial

Exhibit C

Transaction to which it subscribes, including in connection with the termination and liquidation thereof, and (y) any fees, costs or other amounts payable in connection with the execution, arrangement or maintenance thereof.

3.4 NCPA Agreements. By executing this Financial Addendum, NCPA agrees to (i) be bound by the terms contained in this Financial Addendum, (ii) enter into, at its discretion, Financial Transactions from time-to-time based on subscriptions received from Financial Participants and (iii) be bound by the terms and conditions of each Financial Transaction it enters into, as such may be confirmed between NCPA and either a third party or Exchange, whether directly, through a broker or otherwise.

Section 4. Cooperation and Further Assurances. In addition to the provisions of Section 4 of the Agreement, each Financial Participant agrees to cooperate and act in good faith in connection with obtaining and delivering in a timely manner any credit support required to execute or maintain a Financial Transaction to which it has subscribed.

Section 5. Additional Provisions for the Security Account. Additional Security Account funds may be required from a subscribing Financial Participant to commence a transaction, satisfy a margin call or terminate and liquidate a Financial Transaction. Prior to executing a Financial Transaction, NCPA's Chief Financial Officer, or designee, will notify each subscribing Financial Participant

Exhibit C

of the necessary amount to be funded in such Financial Participant's Security Account by inserting such amount in the relevant portion of the Financial Transaction Confirmation. At any time after executing a Financial Transaction, NCPA's Chief Financial Officer, or designee, may request increased contributions to each subscribing Financial Party's Security Account, as required by an Exchange or broker or third party in accordance with the terms and conditions of any Governing Agreement or brokerage agreement. If the Financial Participant does not comply with the request of the Chief Financial Officer within the time period requested, NCPA may terminate and liquidate the Financial Transaction to the extent of such Financial Participant's proportional share and the Financial Participant will become immediately liable to NCPA for any corresponding breakage, termination or similar amounts owed by NCPA in connection with such a termination, in addition to any amounts then held in such Financial Participant's Security Account.

Section 6. Admission and Withdrawal of Financial Participants.

6.1 Admission of Financial Participants. After the initial execution of this Financial Addendum, any Participant of the Agreement may execute this Financial Addendum and become a Financial Participant, provided that such Participant: (i) reimburses existing Financial Participants for a proportionate share of the applicable costs identified during NCPA's Annual Budget process

Exhibit C

and any GPP Costs incurred to establish and administer this Financial Addendum, as determined by the existing Financial Participants, and (ii) satisfies all Security Account requirements under the Agreement and this Financial Addendum. A new Financial Participant shall not be entitled to participate in any Financial Transactions consummated prior to the date it becomes a Financial Participant unless one or more of the existing Financial Participants (each, an **“Allocating Financial Participant”**) elect to assign all or a portion of their Financial Transaction Subscription Percentage in one or more such Financial Transactions to such new Financial Participant. Upon an agreement thereof and affirmative vote thereon by all other Financial Participants, NCPA shall prepare and distribute to each Financial Participant (i) the applicable agreements between the new Financial Participant and the Allocating Financial Participant(s) regarding such assignment, (ii) a counterpart of this Financial Addendum executed by the new Financial Participant and (iii) a report from NCPA’s Deal Capture System reflecting the new allocation of Financial Transaction Subscription Percentages. Any fees relating to such assignment shall be settled exclusively between each Allocating Financial Participant and the new Financial Participant. In connection with each such assignment, any reduction in an Allocating Financial Participant’s Security Account requirements shall be credited back to the Allocating Participant in accordance with Section 5.3.2 of the

Exhibit C

Agreement and Section 5 of this Financial Addendum and the new Financial Participant shall immediately be required to satisfy such requirements by funding its own Security Account.

6.2 Withdrawal of Participants.

6.2.1 Requirements and Process. A Financial Participant may voluntarily withdraw from this Financial Addendum (“**Withdrawing Financial Participant**”) and still remain a Participant in the Agreement by providing two (2) years’ advance written notice to NCPA and the other Financial Participants. Upon the mutual agreement of two or more Financial Participants, the Withdrawing Financial Participant may assign some or all of its Financial Transaction Subscription Percentage in one or more of its Financial Transactions to one or more Financial Participants (each, an “**Adjusting Financial Participant**”) willing to assume the Withdrawing Financial Participant’s Financial Transaction Subscription Percentage, provided that such withdrawal and assignment does not violate of any applicable credit support conditions contained in any of the relevant agreements to which the Withdrawing Financial Participant and/or the Adjusting Financial Participant is party. The Withdrawing Financial Participant shall provide to NCPA the applicable agreements between the Withdrawing Financial Participant and the Adjusting Financial Participant(s)

Exhibit C

regarding any such assignments and NCPA shall reflect the change in its Deal Capture System, recording the new allocation of Financial Transaction Subscription Percentages.

6.2.2 Associated Costs. A Withdrawing Financial Participant shall reimburse NCPA for any and all costs resulting from the withdrawal, including but not limited to the legal, accounting, and administrative costs of winding up and assuring the complete satisfaction and discharge of the Withdrawing Financial Participant's obligations. A Withdrawing Financial Participant will continue to be liable for all Financial Transactions entered into on its behalf which is not assumed by an Adjusting Financial Participant.

6.2.3 No Effect on Prior Liabilities. Withdrawal by any Financial Participant will not terminate any outstanding or contingent liabilities or obligations resulting from this Financial Addendum until they are assigned to an Adjusting Financial Participant, or are otherwise satisfied in full, or such Withdrawing Financial Participant has provided a mechanism reasonably acceptable to NCPA and the remaining Financial Participants, for the satisfaction in full thereof.

IN WITNESS WHEREOF, each Financial Participant has executed Financial Addendum with the approval of its governing body, and NCPA has

Exhibit C

authorized this Financial Addendum in accordance with the authorization of its Commission.

NORTHERN CALIFORNIA
POWER AGENCY
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

CITY OF ALAMEDA
[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its Attorney _____
Date: _____

By: _____
Its Attorney _____
Date: _____

Exhibit C

CITY OF BIGGS

[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

Approved as to form:

By: _____
Its: **Attorney**
Date: _____

CITY OF HEALDSBURG

[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

Approved as to form:

By: _____
Its: **Attorney**
Date: _____

CITY OF GRIDLEY

[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

Approved as to form:

By: _____
Its: **Attorney**
Date: _____

CITY OF LODI

[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

Approved as to form:

By: _____
Its: **Attorney**
Date: _____

Exhibit C

CITY OF LOMPOC

[Address]

[City, State, Zip]

[Telephone]

[Facsimile]

By: _____

Title: _____

Date: _____

Approved as to form:

By: _____

Its: **Attorney**

Date: _____

PLUMAS-SIERRA RURAL
ELECTRIC COOPERATIVE

[Address]

[City, State, Zip]

[Telephone]

[Facsimile]

By: _____

Title: _____

Date: _____

Approved as to form:

By: _____

Its: **Attorney**

Date: _____

CITY OF PALO ALTO

[Address]

[City, State, Zip]

[Telephone]

[Facsimile]

By: _____

Title: _____

Date: _____

Approved as to form:

By: _____

Its: **Attorney**

Date: _____

BART

[Address]

[City, State, Zip]

[Telephone]

[Facsimile]

By: _____

Title: _____

Date: _____

Approved as to form:

By: _____

Its: **Attorney**

Date: _____

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PORT OF OAKLAND

CITY OF UKIAH

[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

[Address]
[City, State, Zip]
[Telephone]
[Facsimile]

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

Approved as to form:

Approved as to form:

By: _____
Its: **Attorney** _____
Date: _____

By: _____
Its: **Attorney** _____
Date: _____

EXHIBIT C-1

PARTICIPANT CONFIRMATION – FINANCIAL TRANSACTION

This document constitutes a “Financial Transaction Confirmation”, as described in the Financial Addendum (“Financial Addendum”) to the Natural Gas Program Agreement (“Agreement”), dated as of _____, under which [FINANCIAL PARTICIPANT] is a “Financial Participant.” This Financial Transaction Confirmation shall supplement and form a part of the Financial Addendum and Agreement and shall be subject to the terms and conditions specified therein, including in connection with the execution by NCPA of the Financial Transaction subscribed to hereunder. Capitalized terms used but not defined in this Financial Transaction Confirmation shall have the meanings ascribed thereto in the Agreement.

The undersigned Financial Participant hereby subscribes to a Financial Transaction having the following characteristics to be entered into by Northern California Power Agency (“NCPA”) :

- (a) Party: NCPA
- (b) Broker (if any): _____
- (c) Exchange (if any): _____
- (d) Third Party (if any): _____
- (e) Commodity Type: _____
- (f) Term: _____
- (g) Governing Agreement: _____
- (h) Security Account Amount Required (additional): _____
Method of Satisfaction:
 - (i) Transfer from GOR: _____
 - (ii) Pay by Other (specify): _____
- (i) Special Terms and Exceptions: See Exhibit C-2, the terms of which are hereby incorporated herein

The undersigned Financial Participant hereby agrees that NCPA shall be entitled to negotiate any additional terms and conditions to the Financial Transaction subscribed to hereunder and shall be entitled to negotiate and execute any incidental agreements, certificates or other documents related thereto.

Exhibit C-1
Transaction Confirmation (Financial)

Those persons executing this Financial Transaction Confirmation and the Parties hereby warrant that they are authorized to do so.

Member

NCPA

Utility Director or
Electric Utility Manager

General Manager

Date

Date

Approved as to Legal Form
Its Counsel

Approved as to Legal Form
Its General Counsel

EXHIBIT C-2
ADDITIONAL TRANSACTION TERMS AND CONDITIONS

[Actual additional transaction terms will depend on the transaction type.]

EXHIBIT C-3
COMMISSION-APPROVED BROKERS, EXCHANGES AND CONTRACTS

BROKERS:

MAN FINANCIAL INC.

EXCHANGES

NEW YORK MERCANTILE EXCHANGE (“NYMEX”)

INTERCONTINENTAL EXCHANGE (“ICE”)

STANDARD INDUSTRY AGREEMENTS*

INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.
 (“ISDA”) AGREEMENT