

DOCKETED

Docket Number:	17-EPS-01
Project Title:	Emissions Performance Standard
TN #:	221325
Document Title:	SCPPA Letter to EPS Compliance
Description:	Re: First Amendment to the Heber-1 Geothermal Energy Project Power Purchase Agreement
Filer:	Cody Goldthrite
Organization:	SCPPA
Submitter Role:	Public Agency
Submission Date:	9/28/2017 11:00:03 AM
Docketed Date:	9/28/2017



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
1160 NICOLE COURT
GLENORA, CA 91740
(626) 793-9364 – Fax: (626) 793-9461
www.scppa.org

ANAHEIM • AZUSA • BANNING •
BURBANK • CERRITOS
COLTON • GLENDALE • LOS ANGELES
PASADENA • RIVERSIDE • VERNON
IMPERIAL IRRIGATION DISTRICT

September 25, 2017

California Energy Commission
EPS Compliance
1516 Ninth Street
Sacramento, CA 95814-512
Attention: Compliance Filing

Re: First Amendment to the Heber-1 Geothermal Energy Project Power Purchase Agreement

Dear Sir or Madam:

On January 15, 2015, the Southern California Public Power Authority (“SCPPA”) submitted a compliance filing for the procurement of geothermal renewable energy, associated environmental attributes and capacity rights from the Heber-1 Geothermal Energy Project (the “Project”) pursuant to the power purchase agreement between SCPPA and Heber Geothermal Company LLC (“Heber Geothermal Company”) dated May 31, 2013, (the “PPA”) in compliance with 20 CCR § 2900 *et seq.*, of the California Code of Regulations, adopted by the California Energy Commission (“CEC”) to implement Senate Bill 1368, which was reviewed and approved by the Commission during its regular business meeting on March 11, 2015.

The expected energy production from the Project turned out to be lower than expected and the Project failed to produce sufficient energy to satisfy the annual minimum generation requirements under the PPA. To overcome this shortfall, SCPPA and Heber Geothermal Company negotiated the terms of an amendment to the PPA and on September 22, 2017, executed a First Amendment to the PPA (the “Amendment”). The Amendment includes the addition of a new geothermal renewable energy generating unit (“OEC14”) which is intended to add approximately 5 MW of net capacity on a stand-alone basis to the Project. However, because the existing units produced less than the original expected capacity, the total Project net capacity after the addition of OEC14 is expected to remain approximately 46 MW, which was the expected output under the original PPA.

The Amendment includes provisions to facilitate the addition of OEC14 and other conforming changes to the PPA, however the Amendment does not increase the overall net expected output capacity of the Project and does not extend the term of the original PPA.

Commencing in March of 2017, concurrent with the negotiations of the Amendment, SCPPA engaged the CEC staff and counsel in various conversations and correspondences to determine the need to submit a separate compliance filing for the Amendment. Based on the discussions with CEC staff and counsel it was recommended that SCPPA submit a letter, together with the documents evidencing the approval of the Amendment by the SCPPA governing Board, to the Commission for its review and recommendation. SCPPA on behalf of itself and the Participating Members (defined below) submits this letter and the supporting documents to respectfully request that the Commission determine that the Amendment to procure geothermal renewable energy, associated environmental attributes and capacity rights does not require a separate additional compliance filing pursuant to the energy performance standard ("EPS") regulations promulgated by the CEC.

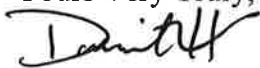
SCPPA is a joint powers agency formed in 1980 pursuant to the Joint Exercise of Powers Act (Cal. Govt. Code § 6500 *et seq.*). SCPPA is comprised of eleven cities and one irrigation district ("Member"), each of which owns and operates an electric utility within its jurisdictional boundaries.

On September 21, 2017, the SCPPA Board of Directors, at a noticed public meeting consistent with the requirements of the Ralph M. Brown Act ("Brown Act," Cal. Govt. Code § 54950 *et seq.*), approved and authorized execution and delivery of the Amendment on behalf of the City of Los Angeles acting by and through its Department of Water and the Imperial Irrigation District (the "Participating Members").

Attachment A is a copy of the agenda for the September 21, 2017, SCPPA Board of Directors meeting. Attachment B is a copy of the Staff Report presented to the SCPPA Board of Directors during the meeting and Attachment C is a copy of the SCPPA Board Resolution No. 2017-087, adopted the same day for approval and execution of the Amendment. Finally, Attachment D is a copy of the Amendment.

We appreciate your consideration and attention to this matter and look forward to your response. Should you have any questions with respect to anything set forth herein please feel free to call me at 626-793-9363 Ext. 216.

Yours Very Truly,



Daniel S. Hashimi
Sr. Assist. General Counsel

Attachments

ATTACHMENT A



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTICE OF MEETING Board of Directors

NOTICE IS HEREBY GIVEN by the undersigned, as the Executive Director of the Southern California Public Power Authority, that a regular meeting of the Board of Directors is to be held as follows:

Thursday, September 21, 2017

10:00 AM

SCPPA Glendora Office

1160 Nicole Court

Glendora, California 91740

(626) 793-9364

The following matters are the business to be transacted and considered by the Board of Directors /n

Pages

1. Notice/Agenda and Opportunity for the Public to Address the Board

Any member of the Board may request that items on the agenda be taken out of order, or that items be added to the agenda pursuant to the provisions of Section 54954.2(b) of the California Government Code. Members of the public may address the Board at this time on any agenda item of general interest, provided that item is within the subject matter jurisdiction of the Board. Comments from members of the public shall be limited to three (3) minutes unless additional time is approved by the board.

2. Consent Calendar

All matters listed under the Consent Calendar are considered to be routine and will all be enacted by one motion. There will be no separate discussion of these items prior to the time the Board votes on the motion, unless one or more board members, staff or the public request that specific items be discussed and/or removed for separate discussions or action.

a. Minutes of the Board of Directors

5

For August 17, 2017

b. Monthly Investment Report

9

For July 2017

ATTACHMENT A

c. Resolution 2017-080	12
Approval of an Amendment to existing Letter Agreement with Apogee Interactive, Inc.	
d. Resolution 2017-081	20
Approval of a Master Professional Services Agreement with Arup North America LTD.	
e. Resolution 2017-082	36
Approval of an Amendment to the existing Professional Services Agreement with Clean Power Research.	
f. Resolution 2017-083	40
Approval of a Master Professional Services Agreement with ESource Companies, LLC.	
g. Resolution 2017-084	58
Approval of a Master Professional Services Agreement with Verdical Group, LLC.	
h. Resolution 2017-085	74
Legal Services Agreement with Baker & Hostetler, LLP.	
i. Resolution 2017-086	92
Legal Services Agreement with Mercer Thompson, LLP - Transactional Services for Apex Power Project	
j. Resolution 2017-087	108
Request for approval of Amendment No. 1 to the Heber 1 Power Purchase Agreement.	
k. Resolution 2017-089	140
Energy Efficiency Program Development and Evaluation Services Agreement.	

STAFF REPORTS

3. <u>Executive Director's Report</u>	154
The Executive Director will report on activities since the last Board meeting.	
<ul style="list-style-type: none"> • SCPPA Six-Month Strategic Objectives Update 	
4. <u>Government Affairs Reports</u>	164
The Director of Government Affairs will report on the regulatory activities at the state and federal level. Topics include:	
<ul style="list-style-type: none"> • 2017 SCPPA State Staff Tour • End of Session State Legislative Report 	

ATTACHMENT A

a.	SCPPA Monthly Federal Legislative Report	165
5.	<u>Project Administration Director's Report</u>	182
	The Director of Project Administration will report on project-related staff and agent activities. Topics include:	
	<ul style="list-style-type: none"> • Update of on-going issues at projects, specifically Pinedale and San Juan • Initial budget for the Ormat Nevada Portfolio Project (Project Vote) 	
a.	Project Reports	186
	<ul style="list-style-type: none"> • Hoover Status Report 09-2017 • MPP Operations Status Report 08-2017 • Palo Verde Status Report 09-2017 • San Juan Status Report 07-2017 	
b.	Resolution 2017-088	201
	Approving the annual budget for the Ormat Nevada Portfolio Project.	
6.	<u>Report on Workforce Development Plan</u>	
	The Sr. Assistant General Counsel will report on the Workforce Development Plan.	
7.	<u>Chief Financial Officer's Report</u>	
	The Chief Financial Officer will report on the status of current financing activities. Topics Include:	
	<ul style="list-style-type: none"> • Update on Magnolia Power Project A, Series 2009-2 Bonds 	
a.	Finance Committee Minutes	202
	For September 11, 2017	
8.	<u>Director of Resource and Program Development</u>	
	The Director of Resource and Program Development will report on current activities, including renewable energy project development, resource planning issues, Public Benefits and smart grid. Topics include:	
	<ul style="list-style-type: none"> • A joint presentation with Black & Veatch on the Integrated Resource Plan (IRP) 	
a.	Project Development Report	204
	For September 2017	
b.	Program Development Report	206
	For September 2017	
9.	<u>Roundtable Discussion</u>	

ATTACHMENT A

Opportunity for Board Members to bring up informational items or request that an item be added to a future Board Agenda.

10. **Closed Session**

- Security: Consultation with Michael S. Webster, Executive Director, and Richard J. Morillo, General Counsel regarding security issues pertaining to an essential public service (electric service), pursuant to Section 54957 (a) of the California Government Code.
- Public Employment: Work review and performance evaluation of the Executive Director of the Authority pursuant to Section 54957 of the California Government Code.
- Potential Litigation: Conference with legal counsel regarding the potential initiation of litigation pursuant to subdivision (c) of Section 54956.9 of the California Government Code (one potential case).
- Potential Litigation: Conference with legal counsel regarding significant exposure to litigation pursuant to subdivision (b) of Section 54956.9 of the California Government Code (one potential case).

The Authority upon request will provide reasonable accommodation to the disabled to ensure equal access to its meetings. To ensure availability, such request should be made 48 hours in advance by contacting the authority at (626) 793-9364 during business hours.



MICHAEL S. WEBSTER

Executive Director

Southern California Public Power Authority



ATTACHMENT B

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

AGENDA ITEM STAFF REPORT

MEETING DATE: September 21, 2017

RESOLUTION NUMBER: 2017-087

CONSENT ☒

DISCUSSION ☐

RENEWAL ☐

NEW ☒

Place an X in box next to the appropriate consideration(s) above.

FROM:

Finance ☐
Project Development ☐
Program Development ☐
Regulatory/Legislative ☐
Project Administration ☒
Legal ☐

Place an X in box next to the appropriate consideration(s) above.

METHOD OF SELECTION:

Competitive ☐
Cooperative Purchase ☐
Sole Source ☐
Single Source ☐
Other ☒

If other, please describe:

Amendment of an existing PPA

Approved By Executive Director:

Michael A. Webster

INITIAL MEMBER PARTICIPANTS:

Anaheim ☐
Azusa ☐
Banning ☐
Burbank ☐

Colton ☐
Cerritos ☐
Glendale ☐
IID ☒

LADWP ☒
Pasadena ☐
Riverside ☐
Vernon ☐

Place an X in box next to the applicable Member(s) shown above.

SUBJECT: Request for approval of Amendment NO. 1 to the Heber 1 Power Purchase Agreement.

BACKGROUND: On May 31, 2013, Southern California Public Power Authority (SCPPA) executed a Power Purchase Agreement ("PPA") with Heber Geothermal Company, a subsidiary of Ormat, for 62.5 MW of geothermal energy and gross capacity associated with the Project in Imperial County.

The original capacity was to be provided by Heber-1 (52 MWs) and Gould-1 (10.5 MWs) (Project) were previously contracted to another party and fully operational. Delivery to SCPPA commenced on February 2, 2016. During the first Contract Year the Project fell short of its Guaranteed Generation obligation under the PPA, and anticipates it will not be able to meet the guarantees in future years.

As a solution, Ormat proposed the addition of a new generating unit, designated OEC 14. The new generator will produce an additional 5 MWs net. The additional capacity will result in

ATTACHMENT B



higher energy production, though still within the Guaranteed and Maximum bandwidth established in the original PPA. Amendment NO. 1 has been negotiated by Ormat, SCPPA, and the project participants to reflect necessary changes. No changes to the PSAs are necessary.

FISCAL IMPACT: N/A

RECOMMENDATION: Adopt Resolution 2017-087

ATTACHMENT C

[Project Vote]

RESOLUTION NO. 2017-087

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AND DELIVER THE FIRST AMENDMENT TO THE HEBER-1 GEOTHERMAL ENERGY PROJECT POWER PURCHASE AGREEMENT AND RELATED DOCUMENTS, AGREEMENTS AND INSTRUMENTS, AND SUCH OTHER DOCUMENTS, INSTRUMENTS AND AGREEMENTS AS MAY BE NECESSARY OR APPROPRIATE

WHEREAS, the Southern California Public Power Authority ("SCPPA" or the "Authority") pursuant to Resolution No. 2013-055 authorized the execution of the Heber-1 Geothermal Energy Project (the "Project") Power Purchase Agreement dated May 31, 2013 (the "PPA"), among other things;

WHEREAS, during the first full contract year of the Project, the Project failed to produce sufficient energy to satisfy the requirements of the guaranteed generation under the PPA. In order to mitigate this shortfall for the first full contract year and to mitigate any future potential guaranteed energy generation shortfalls for the remaining term of the agreement, the owner of the Project, Heber Geothermal Company (the "HGC"), has proposed the addition of a new generating unit (OEC14) which will add 5 MW of net capacity to the Project;

WHEREAS, the HGC had previously overestimated the generation capacity of the Project, as such the addition of OEC 14 to the Project does not increase the overall capacity of the Project. It is expected that with the additional generating unit the facility capacity will remain at 46 MW net of parasitic load which was the original generating capacity of the Project;

WHEREAS, SCPPA, HGC and the Project participants, to wit, the City of Los Angeles acting by and through the Department of Water and Power and the Imperial Irrigation District, have negotiated the terms of an amendment to the PPA that would enable the addition of the OEC 14 to the Project and incorporate those changes that are necessary and desirable to account for the additional generating unit;

WHEREAS, a final execution copy of the First Amendment to the PPA dated as of September 22, 2017, (the "Amendment") is attached to this resolution and presented to the Authority Board of Directors for review and approval; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Southern California Public Power Authority as follows:

1. The Executive Director is hereby delegated all right power and authority to execute and deliver the Amendment, and each of such other agreements, documents and instruments the substance or form of which are referenced in or otherwise attached to the Amendment or which may be contemplated by the terms of the Amendment and to which the Authority is to be a party or is to sign, each with such changes, insertions and omissions as shall be approved by the Executive Director (such approval to be conclusively evidenced by his

ATTACHMENT C

execution and delivery thereof). The Amendment (including such other agreements, documents and instruments the form of which is attached to the Amendment or is referenced therein) is hereby approved in the form as provided in this resolution.

2. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 21st day of September, 2017.



PRESIDENT
Southern California Public
Power Authority

ATTEST:



ASSISTANT SECRETARY
Southern California Public
Power Authority

ATTACHMENT D

EXECUTION COPY

FIRST AMENDMENT OF HEBER-1 GEOTHERMAL POWER PURCHASE AGREEMENT

This FIRST AMENDMENT OF HEBER-1 GEOTHERMAL POWER PURCHASE AGREEMENT (this "First Amendment") is dated as of September 22, 2017, by and between Southern California Public Power Authority ("Buyer") and Heber Geothermal Company LLC (f/k/a Heber Geothermal Company) ("Seller" and collectively with Buyer, the "Parties"). Buyer and Seller are Parties to that certain Power Purchase Agreement between the Parties dated as of May 31, 2013 (as amended by this First Amendment, the "Agreement").

RECITALS

WHEREAS, the Parties have heretofore entered into the Agreement;

WHEREAS, the Delivery Commencement Date occurred on February 2, 2016;

WHEREAS, Seller was unable to deliver the full Guaranteed Generation during the first Contract Year due to lower than expected generation from the Facility;

WHEREAS, Seller intends to install an additional geothermal generating unit ("OEC14") at the Site to become a part of the Facility and expects a resulting increase in Facility Energy, compared to current generation levels, of approximately five (5) MW (net of all losses and any Parasitic Load) per hour on average, and Seller intends to sell and deliver, and Buyer intends to purchase and receive, such increased production pursuant to the terms of the Agreement and this First Amendment; and

WHEREAS, the Parties wish to amend the Agreement as set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this First Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

I. First Amendment Effective Date. This First Amendment shall be effective on the date that both Parties have executed this First Amendment (the "First Amendment Effective Date"). Capitalized terms used, but not defined, in this First Amendment have the meaning given to them in the Agreement.

II. Initial Amendment.

A. Initial Amendment to Agreement: Effective as of the First Amendment Effective Date, the Agreement is amended as follows:

1. New Defined Terms: The following defined terms are added to Section 1.1 of the Agreement in alphabetical order:

ATTACHMENT D

- a. "Agreement" has the meaning assigned to such term in the preamble of the First Amendment.
 - b. "First Amendment" means the First Amendment of Heber-1 Geothermal Power Purchase Agreement, dated as of September 22, 2017, entered into by the Parties.
 - c. "First Amendment Effective Date" has the meaning assigned to such term in Section I of the First Amendment.
 - d. "OEC14" has the meaning assigned to such term in the recitals of the First Amendment.
 - e. "OEC14 Initial Operation Date" has the meaning assigned to such term in Section III.B of the First Amendment.
2. Amendment to Defined Terms
- a. The definition of "Facility" in Section 1.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Facility" means the geothermal powered electric generating facility, including all improvements and all related property and facility rights and interests, and the Facility Transmission Rights and Interests, described in Appendix B, and following the initial synchronization of OEC14, including the OEC14."
3. Amendment to Section 5.9(b): Section 5.9(b) of the Agreement is hereby deleted in its entirety and replaced with the following:
- "(b) Seller shall furnish to Buyer one or more letters of credit issued by Qualified Issuers, or guarantees from a Qualified Guarantor, or a combination of both, in the form attached hereto as Appendix G, as such form may be modified with the consent of Buyer (not to be unreasonably withheld or delayed) to reflect the reasonable requests of the Qualified Guarantor, as applicable, and in the aggregate amount of twenty-two million dollars (\$22,000,000) for the time period commencing on the Delivery Commencement Date and ending on the First Amendment Effective Date, and in the aggregate amount of twenty-five million three hundred thousand dollars (\$25,300,000) for the time period following the First Amendment Effective Date, which shall guarantee Seller's obligations under this Agreement for the remainder of the Agreement Term ("***Delivery Term Security***"). From and after the Delivery Commencement Date, Seller shall maintain such Delivery Term Security until the end of the Agreement Term or until Buyer is required to return the Delivery Term Security to Seller as set forth in Section 5.9(d) below,

ATTACHMENT D

provided that Seller may, from time to time, replace a guarantee with a letter of credit so long as such replacement letter of credit shall comply with the applicable provisions of this Agreement and the aggregate amount required above is maintained.”

4. Amendment to Appendix B: Appendix B to the Agreement is deleted in its entirety and replaced with the Appendix B attached as Attachment I hereto.
5. Amendment to Appendix C: Appendix C to the Agreement is deleted in its entirety and replaced with the Appendix C attached as Attachment II hereto.
6. Amendment to Appendix G: Appendix G to the Agreement is deleted in its entirety and replaced with the Appendix G attached as Attachment III hereto.

III. OEC14 Development.

- A. Defined Terms: The following terms in this First Amendment and the attachments hereto shall have the following meanings when used with initial capitalized letters:

1. “OEC14 Initial Operation” means all of the following have occurred:
 - a. The Facility (as modified by the installation of OEC14 and including the Facility Energy and associated Environmental Attributes) is RPS Compliant and EPS Compliant and possesses all the other material characteristics, and satisfies all of the material requirements, set forth for the Facility in this First Amendment and the Agreement and for delivery of Facility Energy to the respective Points of Delivery pursuant to the Agreement;
 - b. OEC14 is operating in accordance with all Requirements of Law and has demonstrated (i) the sustained operation of the generating facility for at least 5 consecutive hours at a delivery rate of at least 40.6 MW (net of providing the full requirements for Parasitic Load) as measured by the Electric Metering Devices at the Point of Interconnection, as adjusted to reflect nominal resource temperature and flow rates and other environmental conditions, and (ii) the delivery of Energy equal to at least 4,872 MWh during a period of 120 consecutive hours (net of providing the full requirements for Parasitic Load) as measured by the Electric Metering Devices at the Point of Interconnection, as adjusted to reflect resource temperature and flow rates and other environmental conditions;

ATTACHMENT D

- c. Seller has obtained all Permits required for the operation and maintenance of OEC14 in accordance with the Agreement and this First Amendment (including the Permits identified in Section 10 of Appendix B to the Agreement), and all such Permits are final and in full force and effect;
 - d. Seller has amended the interconnection agreement with IID to include OEC14 within the generating facility description therein; and
 - e. OEC14 has been synchronized to the transmission system and commenced generation of Energy.
 - 2. "OEC14 Initial Operation Date" has the meaning set forth in Section III.B below.
- B. Construction and Certification of OEC14 Initial Operation Date: At its sole cost and expense, Seller shall construct, install and commission OEC14 in accordance with the requirements of the Agreement. Seller shall provide Buyer with notice (the "OEC14 Initial Operation Notice") when Seller believes that all requirements under this First Amendment for achieving OEC14 Initial Operation, including the conditions precedent specified in the definition of "OEC14 Initial Operation" above (or all such conditions precedent except the requirements in subparts (i) and (ii) of clause (b) therein if Seller has paid Delay Damages in the amount of \$558,000), have been satisfied with respect to OEC14. Buyer shall either accept or reject such notice in its reasonable discretion by delivering a notice to Seller in writing within thirty (30) Business Days. If Buyer fails to respond within thirty (30) Business Days, it shall be deemed to have accepted the OEC14 Initial Operation Notice. If Buyer rejects the OEC14 Initial Operation Notice, Buyer shall state in detail the reasons for its rejection. The Parties shall immediately meet and confer to address Buyer's concerns. The "OEC14 Initial Operation Date" shall be deemed to have occurred on (1) the date that the requirements for OEC14 Initial Operation are satisfied, or (2) if Seller has paid Delay Damages in the amount of \$558,000, the date that all such requirements other than those set forth in subparts (i) and (ii) of clause (b) of the definition of "OEC14 Initial Operation" are satisfied, in either case, which date may be earlier than the date on which Buyer accepts Seller's OEC14 Initial Operation Notice and/or the date on which any concerns that Buyer expresses in connection with Seller's OEC14 Initial Operation Notice are resolved; provided the Parties acknowledge or are deemed to have acknowledged, or it is determined through dispute resolution, that all such requirements set forth in clause (1) or clause (2) of this Section III.B, as applicable, have been satisfied on such earlier date. Within thirty (30) days after the OEC14 Initial Operation Date, Seller shall submit an amended application for certification to the CEC that includes OEC14 within the generating facility description therein. For the period of time between the date that is ninety (90) days after the OEC14 Initial Operation Date and the date on which the Facility as modified by the installation of OEC14 is CEC Certified (the "Pre-CEC Certification Period"), Buyer shall be entitled to retain from each payment to be

ATTACHMENT D

made to Seller under Section 6.1 of the Agreement a portion therefrom equal to the product of (a) the positive difference between (i) the price of the Delivered Energy pursuant to Section 6.1 of the Agreement and (ii) the average of the on-peak and off-peak Energy prices, weighted by the number of hours in the on-peak and off-peak periods, during each month in the Pre-Certification Period, as listed in the Intercontinental Exchange Palo Verde Electricity Price Index or its successor index, or any other index mutually agreed by the Parties, and (b) eleven percent (11%) of the Delivered Energy delivered during such period; provided that in no event during such period shall Buyer be obligated to pay Seller an amount for Delivered Energy that is greater than the Contract Price. Buyer shall release such retained amount, which shall be calculated without interest of any kind, within forty-five (45) days following the receipt of evidence from Seller that the Facility as modified by the installation of OEC14 is CEC Certified and the Facility Energy is RPS Compliant and EPS Compliant.

- C. OEC14 Milestone Schedule: Attached as Attachment IV hereto is a milestone schedule with deadlines for the development, completion and certification of OEC14 (each, an "OEC14 Milestone") and footnotes that set forth documents required to be provided by Seller to Buyer with respect to each OEC14 Milestone by the OEC14 Milestone Date therefor. Until the OEC14 Initial Operation Date, Seller shall provide Buyer a quarterly report setting forth the status of each OEC14 Milestone, including any slippage in any deadline and anticipated progress and activities for the upcoming quarter. Seller shall achieve each OEC14 Milestone by the date specified therefor in such milestone schedule, provided that such date may be extended by Seller by providing to Buyer notice of such extension at least fifteen (15) days (or, in the event of a Force Majeure concerning which fifteen (15) days advance notice is not practicable, as soon as practicable) prior to such OEC14 Milestone Date. The date specified for each OEC14 Milestone shall be the OEC14 Milestone Date for achieving such OEC14 Milestone, provided that, if and to the extent such date shall be extended as provided in this Section III.C, the extended date shall be the OEC14 Milestone Date for purposes of this First Amendment. Notwithstanding anything herein to the contrary, Seller shall not be in default or otherwise have any liability under this First Amendment for failing to meet a OEC14 Milestone Date, other than for failing to meet the Guaranteed OEC14 Initial Operation Date to the extent provided in Section III.D below.
- D. OEC14 Initial Operation Date Delay Damages: If Seller fails to achieve the OEC14 Initial Operation Date by July 1, 2019 (such date, the "Guaranteed OEC14 Initial Operation Date"), Seller shall pay liquidated damages ("Delay Damages") to Buyer in an amount equal to six thousand two hundred dollars (\$6,200) per day, up to a maximum of five hundred fifty-eight thousand dollars (\$558,000) in the aggregate, for each day intervening between the Guaranteed OEC14 Initial Operation Date and the OEC14 Initial Operation Date; provided, however, that if the OEC14 Initial Operation Date has not occurred by October 31, 2019 (the "Termination Default"), then Buyer shall have the right to terminate this First Amendment effective upon notice to Seller, which must be delivered to

ATTACHMENT D

Seller by December 31, 2019. Seller shall pay or credit Buyer all accrued Delay Damages each month in accordance with the invoicing and payment provisions in Article 11 of the Agreement; provided that the decision regarding payment or credit shall be made by Buyer in its sole discretion. Buyer shall be entitled to set off such accrued Delay Damages against amounts owed by Buyer to Seller for Delivered Energy under the Agreement. Damages that Buyer would incur due to Seller's failure to timely achieve the OEC14 Initial Operation Date would be difficult or impossible to predict with certainty, and it is impractical or difficult to assess actual damages in those circumstances, but the Delay Damages set forth in this Section III.D are fair and reasonable calculations of such damages. Buyer may draw on the Delivery Term Security at any time following Seller's failure to timely pay the Delay Damages set forth in this Section III.D. Payment of Delay Damages under this Section III.D during the period following the Guaranteed OEC14 Initial Operation Date until the date on which Buyer's right to terminate may be exercised pursuant to this Section III.D is Buyer's sole and exclusive remedy for any failure of Seller to achieve the OEC14 Initial Operation Date by the Guaranteed OEC14 Initial Operation Date, and termination of this First Amendment shall be Buyer's sole and exclusive remedy for any Termination Default. Any termination of this First Amendment will have no effect on the rights and obligations of the Parties under the Agreement, which will remain in full force and effect in accordance with its terms, unmodified by this First Amendment, following any termination of this First Amendment.

- E. For the first 756 MWh of Facility Energy delivered by the Facility to the respective Points of Delivery after the initial synchronization of OEC14, Buyer shall pay Seller the "Interim Delivery Period" purchase price set forth in Appendix A to the Agreement.
- F. Prior to the OEC14 Initial Operation Date, Seller shall provide to Buyer the opportunity, at Buyer's sole expense and without interfering with Seller's activities at the Facility, to: (i) review and monitor the initial performance tests required to satisfy condition (b) in the definition of "OEC14 Initial Operation," and Seller shall, or shall cause its contractor, to provide at least ten (10) Business Days prior notice to Buyer before any such test begins; provided that Buyer shall at all times reasonably comply with Seller's or its contractor's safety and security requirements when present at the Facility; and (ii) be present to witness such initial performance tests and review the results thereof; provided that Buyer shall at all times reasonably comply with Seller's or its contractor's safety and security requirements when present at the Facility.

IV. Additional Agreements.

1. No Adverse Effect. Seller covenants that, except for outages of the Facility that are reasonably necessary to allow installation and testing of OEC14 in accordance with Prudent Utility Practices, installation of OEC14 and integration of OEC14 into the Facility will not adversely affect the operations of the Facility, either during installation or integration or after OEC14 is installed and integrated into the Facility. Seller shall notify Buyer or Buyer's

ATTACHMENT D

Agent of any such outage no later than thirty (30) days prior to the scheduled date of such outage. Seller shall use commercially reasonable efforts to schedule any such outage under this Section IV.1 during a planned Scheduled Outage reflected in its Scheduled Outage Projection and shall use commercially reasonable efforts to accommodate reasonable requests of Buyer with respect to the timing of such outage. Seller shall use commercially reasonable efforts to limit the duration and extent of any such outage.

2. Greenhouse Gas Emissions Reporting Regulations. Seller shall take such action as is necessary to ensure that the Facility remains registered with the California Air Resources Board for all Greenhouse Gas Emissions Reporting Obligations as required by Section 5.6 of the Agreement.

3. Scheduling of Energy. At least forty-five (45) days before the anticipated OEC14 Initial Operation Date, Seller or Seller's Designee shall provide, or cause to be provided, a non-binding forecast of each month's average-day deliveries of Delivered Energy and Replacement Energy, by hour, for the following eighteen (18) months given the anticipated increase in production of Facility Energy resulting from the installation of OEC14. At least ten (10) days before the anticipated OEC14 Initial Operation Date, Seller or Seller's designee shall provide, or cause to be provided, a non-binding forecast of each day's average deliveries of Delivered Energy and Replacement Energy, by hour, for the following month given the anticipated increase in production of Facility Energy resulting from the installation of OEC14.

4. No Liens. During installation of OEC14, as required by Section 5.8 of the Agreement, Seller shall not create, incur, assume or permit to exist any Lien (other than Permitted Encumbrances) on any portion of the Facility without the prior written approval of Buyer.

5. Payment of Legal Fees. Within thirty (30) days after the First Amendment Effective Date, Seller shall pay to Buyer by wire transfer of immediately available funds an amount equal to the attorneys' fees incurred by Buyer in connection with the negotiation, drafting and execution of this First Amendment.

V. Miscellaneous.

1. Effect of Amendment. The Agreement, as modified by this First Amendment, remains in effect in accordance with its terms. If there is any conflict between the Agreement and this First Amendment, this First Amendment shall control.

2. Entire Agreement. This First Amendment along with the Agreement (including, in each case, any attachments, exhibits, and schedules) constitutes the entire agreement between the Parties relating to the subject matter thereof and shall supersede all other prior and contemporaneous understandings or agreements, both written and oral, between the Parties relating to the subject matter thereof.

3. Governing Law. This First Amendment shall be governed by Section 14.12 of the Agreement. The Parties agree to comply with Section 14.3 of the Agreement with respect to any dispute relating to this First Amendment.

ATTACHMENT D

4. Captions; Construction. The headings used for the sections and articles herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of the provisions of this Agreement. The Parties collectively have prepared this First Amendment, and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this First Amendment or any part hereof.

5. Counterparts. This First Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be deemed one and the same First Amendment. Delivery of an executed counterpart of this First Amendment by fax or PDF will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this First Amendment by facsimile or PDF will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this First Amendment.

6. Any Amendments or Modifications. This First Amendment may only be amended or modified in writing signed by each of the Parties.

IN WITNESS WHEREOF, the Parties have caused this First Amendment to the Agreement to be duly executed by its authorized representatives, as of the day and year written below. This First Amendment shall not become effective as to either Party unless and until executed by both Parties.

**HEBER GEOTHERMAL COMPANY
LLC**, a Delaware limited liability
company

**SOUTHERN CALIFORNIA PUBLIC
POWER AUTHORITY**
a joint powers agency organized under the
laws of the State of California

Name: _____
Title: _____
Date: _____

Michael S. Webster
Executive Director
Date: _____

Approved as to form and content:

Daniel S. Hashimi
Senior Assistant General Counsel
Southern California Public Power Authority


ATTACHMENT D

or PDF will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this First Amendment by facsimile or PDF will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this First Amendment.


6. Any Amendments or Modifications. This First Amendment may only be amended or modified in writing signed by each of the Parties.

IN WITNESS WHEREOF, the Parties have caused this First Amendment to the Agreement to be duly executed by its authorized representatives, as of the day and year written below. This First Amendment shall not become effective as to either Party unless and until executed by both Parties.


**HEBER GEOTHERMAL COMPANY
LLC**, a Delaware limited liability
company


Name: Connie Stechman
Title: Secretary
Date: September 19, 2017

**SOUTHERN CALIFORNIA PUBLIC
POWER AUTHORITY**
a joint powers agency organized under the
laws of the State of California


Michael S. Webster
Executive Director
Date:

Approved as to form and content:


Daniel S. Hashimi
Senior Assistant General Counsel
Southern California Public Power Authority

ATTACHMENT D

ATTACHMENT D

ATTACHMENT I TO FIRST AMENDMENT OF HEBER-1 GEOTHERMAL POWER PURCHASE AGREEMENT

APPENDIX B TO POWER PURCHASE AGREEMENT, DATED AS OF MAY 31, 2013 BETWEEN SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY AND HEBER GEOTHERMAL COMPANY

FACILITY, PERMITS, AND OPERATOR

1. Name of Facility: Heber-1 Geothermal Energy Project; Facility includes the Heber-1 52 MW gross nameplate dual-flash steam turbo-generator; and the 29.5 MW gross nameplate Gould-1 bottoming unit, consisting of three Ormat Energy Converters (OECs) in operation prior to the First Amendment Effective Date with an aggregate capacity of 10.5 MW and a fourth OEC with a gross nameplate capacity of 19 MW ("OEC14") to be installed after the First Amendment Effective Date.

Seller may from time to time refurbish, repower, or otherwise modify power plants and related property, equipment, facilities and improvements of the Facility using Prudent Utility Practices. Each such refurbishing, repowering, or other modification shall comply with the applicable terms and provisions of the Agreement and shall not impair Seller's ability to carry out its obligations under the Agreement. Except as permitted in Section 6.4, Seller shall not use any such refurbished, repowered, or otherwise modified power plants and related property, equipment, facilities and improvements for the purpose of making sales of electrical energy or capacity to third parties without the prior written consent of Buyer. For the avoidance of doubt, the Guaranteed Generation and Maximum Generation set forth in Appendix J will not be revised to reflect any such refurbishing, repowering, or other modification of the Facility.

Facility Transmission Rights and Interests:

Seller's amended interconnection agreement with IID, including OEC14, under IID's Open Access Transmission Tariff using IID's Transmission Services and Transmission System for delivery of Facility Energy to the Point of Delivery at Heber 92 kV Substation, and Sellers respective transmission services agreements with IID and WAPA using IID's Transmission Services and Transmission System and WAPA's Transmission Services and Transmission System, respectively, for delivery of Facility Energy to the Point of Delivery at Mead 230 kV Substation, or, if and to the extent provided by the Agreement, Seller's agreements for CAISO's Transmission Services and its alternate Transmission System for delivery of Facility Energy to the Point of Delivery at Mead 230kV Substation.

Location:	Imperial County, California
Facility Site:	895 Pitzer Road, Heber, California

ATTACHMENT D

2. Lessee: Heber Geothermal Company
3. Operator: Heber Geothermal Company or an Affiliate in accordance with the Agreement.
4. Equipment:
 - (a) Type of Facility: Geothermal Electric Generation Facility
 - (b) Capacity:
 - Total nominal gross nameplate capacity: 81.5 MW
 - Total nominal capacity net of Parasitic Load (under expected average site conditions): 46 MW¹
5. Seller's expectation of Interim Delivery Period start: December 16, 2015
6. Delivery Commencement Milestone Date: February 2, 2016
7. Leases and easements: not applicable
8. Permits applicable under Section 2.1(g):

Agency	Permit	Permittee	Date Issued
	<u>PRINCIPAL DISCRETIONARY PERMITS</u>		
<u>LOCAL/REGIONAL</u>			
Imperial County Planning Dept.	Conditional Use Permit #04-0024 Modification for expansion of Heber 1 power plant plus Gould 1	ORCAL/Heber Geothermal Co.	12-Jan-2005
Imperial County Air Pollution Control District	Permit # V-1641 Title V Operating Permit (Renewal) Replaced by 1641B-3, Title V Synthetic Minor	Heber Geothermal Co. and Heber Field Co.	9-Feb-2005
Imperial County Air Pollution Control District	Air Permit ATC/PTO No. 1641B-3 (plant - OEC, cooling towers, etc.)	Heber Geothermal Co.	23-Sep-2010
	<u>PRINCIPAL MINISTERIAL PERMITS</u>		
<u>LOCAL/REGIONAL</u>			
Air Resources Board	Air Compressor Portable Registration 116432	Heber Geothermal Co.	22-Nov-2011
California Integrated Waste Management Board	Tire Program State of California ID No. 1602378-01	Heber Geothermal Co.	20-Nov-2009
CA Regional Water Quality Control Board Colorado River Basin Region	Waste Discharge Requirements Order No. 00-044 for Evaporation and Holding Basins	Heber Geothermal Co.,	10-May-2000

¹ The addition of OEC14 is expected to yield approximately 5 MW of net capacity on a stand-alone basis; however, the existing units produced less than the original expected capacity, so the total Facility net capacity after the addition of OEC14 is expected to remain approximately 46 MW.

ATTACHMENT D

Department of Toxic Substances Control	(Hazardous Materials Permit) DTSC Program Certificate Heber-1 Year 2012	Heber Geothermal Co.	1-Jan-2012
Department of Toxic Substances Control	H-1 Business Plan & Response Plan Year 2012	Heber Geothermal Co.	22-Feb-2011
Registered Professional Engineering, State of California	SPCC Plan Approval	Heber Geothermal Co.	4-Nov-2011
State of California DOSH, Pressure Vessel Unit	PTO Air Pressure TK Plant H-1 No A007018-86 Date 3-15-12	Heber Geothermal Co.	15-Mar-2012
State of California DOSH, Pressure Vessel Unit	PTO Air Pressure TK Plant H-1 No A024040-07 Date 11-23-10	Heber Geothermal Co.	23-Nov-2010
State of California DOSH, Pressure Vessel Unit	PTO Air Pressure TK Plant H-1 No A043938-10 Date 11-23-10	Heber Geothermal Co.	23-Nov-2010
State of California DOSH, Pressure Vessel Unit	PTO Liquefied Petroleum Gas Tk Plant H-1 No L024044-07 Date 3/15/2012	Heber Geothermal Co.	15-Mar-2012
FEDERAL			
Federal Communications Commission	Radio Station Authorization File No. 0003275519	Ormat Nevada Inc.	30-Jan-2008
Federal Energy Regulatory Commission	FERC QF Self-Recertification QF83-394-004	Heber Geothermal Co.	14-Jan-2004

9. Additional permits required to achieve Delivery Commencement:

AGENCY	PERMIT
FEDERAL	
Federal Energy Regulatory Commission (FERC)	QF Self-Certification

10. Additional permits required for OEC14:

AGENCY	PERMIT
Imperial County Air Pollution Control District	Authority to Construct
Imperial County Planning Department	Building Permit
Imperial County Planning Department	Conditional Use Permit Authorizing the Construction of OEC14

ATTACHMENT D

ATTACHMENT II TO FIRST AMENDMENT OF HEBER-1 GEOTHERMAL POWER PURCHASE AGREEMENT

APPENDIX C TO POWER PURCHASE AGREEMENT, DATED AS OF MAY 31, 2013 BETWEEN SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY AND HEBER GEOTHERMAL COMPANY

BUYER AND SELLER BILLING, NOTIFICATION AND SCHEDULING CONTACT INFORMATION

1. **Authorized Representative.** Correspondence pursuant to Section 14.2 shall be transmitted to the following addresses:

- 1.1 If to Buyer:

Southern California Public Power Authority
c/o Executive Director
1160 Nicole Court
Glendora, CA 91740
Telephone: 626-793-9364
Facsimile: 626-793-9461
Email: mwebster@scppa.org; kellis@scppa.org

With a copy to:

Los Angeles Department of Water and Power (LADWP)
Attention: Manager of External Generation
RE: SCPPA Contract "Heber 1 Geothermal Project"
111 N. Hope Street, Room 1246
Los Angeles, California 90012
Email: sam.mannan@ladwp.com

With a copy to:

Imperial Irrigation District
333 East Barioni Boulevard
Imperial, California 92251-1773
Attention: General Counsel's Office
Telephone: (760) 339-9574
Facsimile: (760) 339-9062

ATTACHMENT D

1.2 If to Seller:

Heber Geothermal Company
6225 Neil Road
Reno, NV 89511
Attn: Heber-1 Geothermal Plant - Asset Manager
Telephone: 775-356-9029
Facsimile: 775-356-9039
Email: AssetManager@ormat.com

2. Billings and payments pursuant to Article XI and Appendix A shall be transmitted to the following addresses (email preferred):

2.1 If Billing to Buyer:

Southern California Public Power Authority
c/o Executive Director
1160 Nicole Court
Glendora, CA 91740
Attention: Accounts Payable
Email: ProjectInvoices@scppa.org; rduran@scppa.org; kellis@scppa.org;

With a copy to:

Los Angeles Department of Water and Power (LADWP)
SCPPA Accounting Section
RE: SCPPA Contract "Heber 1 Geothermal"
111 N. Hope St. Room 462
Los Angeles, CA 90012
Email: atif.hajidatoo@ladwp.com; yolanda.pantig@ladwp.com

AND

Los Angeles Department of Water and Power (LADWP)
Attention: Manager of External Generation
RE: SCPPA Contract "Heber 1 Geothermal Project"
111 N. Hope Street, Room 1246
Los Angeles, California 90012
Email: sam.mannan@ladwp.com

ATTACHMENT D

2.2 If Payment to Buyer:

Southern California Public Power Authority
c/o Executive Director
1160 Nicole Court
Glendora, CA 91740
Attention: Accounts Receivable
Email: ProjectInvoices@scppa.org; rduran@scppa.org; kellis@scppa.org;

With a copy to:

Los Angeles Department of Water and Power (LADWP)
SCPPA Accounting Section
RE: SCPPA Contract "Heber 1 Geothermal"
111 N. Hope St. Room 462
Los Angeles, CA 90012
Email: atif.hajidatoo@ladwp.com; yolanda.pantig@ladwp.com

AND

Los Angeles Department of Water and Power (LADWP)
Attention: Manager of External Generation
RE: SCPPA Contract "Heber 1 Geothermal Project"
111 N. Hope Street, Room 1246
Los Angeles, CA 90012
Email: sam.mannan@ladwp.com

2.3. If Billing to Seller:

Heber Geothermal Company
6225 Neil Road
Reno, NV 89511
Attn: Heber-1 Geothermal Plant – Asset Manager
Telephone: 775-356-9029
Facsimile: 775-356-9039
Email: AssetManager@ormat.com

2.4 If Payment to Seller:

Heber Geothermal Company
6225 Neil Road
Reno, NV 89511
Attn: Heber-1 Geothermal Plant - Asset Manager
Telephone: 775-356-9029
Facsimile: 775-356-9039
Email: AssetManager@ormat.com

ATTACHMENT D

3. Energy Scheduling: Unless otherwise specified by Buyer (for notices to Buyer) or Seller (for notices to Seller) all notices related to “energy scheduling/outage notification/curtailments” of the Facility shall be sent to the following address:

If to Buyer:

Southern California Public Power Authority
c/o Executive Director
1160 Nicole Court
Glendora, CA 91740
Attention: Katherine Ellis, Senior Project Manager
Telephone: (626) 793-9364
Email: kellis@scppa.org

AND

Glenn Barry / Hank Williams
Manager of Grid Operations
Energy Control Center, LADWP
Ph. (818) 771-6652; (818) 771-6549
Email: glenn.barry@ladwp.com; LDWPOS.Operations.Desk@ladwp.com;
henry.williams@ladwp.com

With a copy to:

Los Angeles Department of Water and Power (LADWP)
Attention: Manager of External Generation
RE: SCPPA Contract “Heber 1 Geothermal Project”
111 N. Hope Street, Room 1246
Los Angeles, California 90012
Email: sam.mannan@ladwp.com

If to Seller:

Heber Geothermal Company
947 Dogwood Road,
Heber, CA 92249
Attn: Heber-1 Geothermal Plant - Facility Manager
Telephone: 775-356-9029
Facsimile: 775-356-9039
Email: palverado@ormat.com

ATTACHMENT D

ATTACHMENT III TO FIRST AMENDMENT OF HEBER-1 GEOTHERMAL POWER PURCHASE AGREEMENT

APPENDIX G TO POWER PURCHASE AGREEMENT, DATED AS OF MAY 31, 2013 BETWEEN SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY AND HEBER GEOTHERMAL COMPANY

FORM OF GUARANTEE

This Guarantee dated as of [] is made by [] (the "**Guarantor**") in favor of SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY, a joint powers authority created under the laws of the State of California (the "**Beneficiary**").

ARTICLE ONE

Section 1.01 Guarantee.

(a) For valuable consideration in connection with [identify PPA and other Seller Ancillary Documents as appropriate, as each may hereafter be amended, supplemented or otherwise modified from time to time, collectively, the "**Guaranteed Contract**"] with (Counterparty/Seller name and description to the underlying Guaranteed Contract, the "**Counterparty**") subject to the terms and conditions set forth herein and effective from the date herein, the Guarantor irrevocably and unconditionally guarantees to the Beneficiary, its successors and permitted assigns, the prompt payment on demand, in lawful money of the United States, of any amount due and payable to the Beneficiary arising out of or under the Guaranteed Contract, when the same shall become due, whether at stated maturity, by acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code) subject to any applicable grace period thereunder and the prompt and proper performance by the Counterparty of all of its other obligations to the Beneficiary pursuant to the Guaranteed Contract (collectively, the "**Guaranteed Obligations**"). This is a guarantee of payment and performance and not merely a guarantee of collection, and the Guarantor is liable as a primary obligor for the amounts and other obligations due hereunder. The Beneficiary shall make demands for payment or performance hereunder, as the case may be, by providing the Guarantor with written notice as provided below, and the Guarantor shall make payments or perform, as the case may be, within ten (10) business days after receipt of any such notice. The Guarantor shall make each payment to the Beneficiary in U.S. Dollars in immediately available funds as directed by the Beneficiary.

(b) The obligations of Guarantor hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full in cash and performance of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, Guarantor agrees that: (a) Beneficiary may enforce this Guarantee upon the occurrence and during the continuance of a default or early termination event under the Guaranteed Contracts notwithstanding the existence of any dispute between Counterparty and

ATTACHMENT D

Beneficiary with respect to the existence of such event; (b) the obligations of Guarantor hereunder are independent of the obligations of Counterparty under the Guaranteed Contracts and the obligations of any other guarantor of obligations of Counterparty and a separate action or actions may be brought and prosecuted against Guarantor whether or not any action is brought against Counterparty or any of such other guarantors and whether or not Counterparty is joined in any such action or actions; and (c) Guarantor's payment or performance of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge Guarantor's liability for any portion of the Guaranteed Obligations that has not been paid or performed. This Guarantee is a continuing guaranty and shall be binding upon Guarantor and its successors and assigns, and Guarantor irrevocably waives any right (including any such right arising under California Civil Code Section 2815) to revoke this Guarantee as to future transactions giving rise to any Guaranteed Obligations.

(c) Any interest on any portion of the Guaranteed Obligations that accrues after the commencement of any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Counterparty (or, if interest on any portion of the Guaranteed Obligations ceases to accrue by operation of law by reason of the commencement of said proceeding, such interest as would have accrued on such portion of the Guaranteed Obligations if said proceeding had not been commenced) shall be included in the Guaranteed Obligations because it is the intention of Guarantor and Beneficiary that the Guaranteed Obligations should be determined without regard to any rule of law or order that may relieve Counterparty of any portion of such Guaranteed Obligations.

(d) Upon the failure of Counterparty to pay or perform any of the Guaranteed Obligations when and as the same shall become due, Guarantor will upon demand pay, or cause to be paid, in cash, to Beneficiary an amount equal to the aggregate of the unpaid Guaranteed Obligations, or perform any such outstanding Guaranteed Obligations, as the case may be.

(e) This Guarantee shall terminate only upon the full satisfaction of the Guaranteed Obligations. If, notwithstanding the foregoing, Guarantor shall have any non-waivable right under applicable law or otherwise to terminate or revoke this Guarantee, Guarantor agrees that the termination or revocation shall not be effective until a written notice of the termination or revocation is received by Beneficiary and shall not affect the rights and powers of Beneficiary to enforce rights arising prior to receipt of the notice. Any rights arising out of advances or actions by Beneficiary after Guarantor's termination or revocation but prior to receipt of the requisite notice shall be the same as if the termination or revocation had not occurred.

Section 1.02 Guarantee Absolute.

(a) To the extent required hereunder, the Guaranteed Obligations will be paid strictly in accordance with the terms of the Guaranteed Contract, regardless of any bankruptcy or other law affecting any of such terms or the rights of the Beneficiary with respect thereto. The Guarantor's obligations under this Guarantee shall not be impaired by any increase, reduction, extension, rearrangement or subordination of the Guaranteed Obligations, any amendment, supplement, or other modification of the Guaranteed Contracts, any grant or impairment of any security or support for the Guaranteed Obligations, the failure to give notice of any default or

ATTACHMENT D

event of default, however denominated, under the Guaranteed Contracts or of the bringing of action to enforce the payment or performance of the Guaranteed Obligations or any other notice of any kind relating to the Guaranteed Obligations, or any other action which affects the Guaranteed Obligations.

(b) Guarantor further agrees that, to the extent that the Counterparty or the Guarantor makes a payment or payments to the Beneficiary which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid to the Counterparty or the Guarantor or their respective estate, trustee, receiver, or any other party under any bankruptcy law, state or federal law, common law, or equitable cause, then to the extent of such payment or repayment, this Guarantee and the advances or part thereof which have been paid, reduced, or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction, or satisfaction occurred.

ARTICLE TWO

Section 2.01. Severability.

(a) In case any one or more of the provisions of this Guarantee shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, it is the intention of each of the parties to this Guarantee that such illegality or invalidity shall not affect any other provision hereof, but this Guarantee shall be construed or enforced as if such illegal or invalid provision had not been contained herein unless such a court holds that such provisions are not separable from other provisions of this Guarantee.

(b) The obligations hereunder are joint and several, and independent of the obligations of Counterparty, and a separate action or actions may be brought and prosecuted against Guarantor, whether or not action is brought against Counterparty or whether or not Counterparty is joined in any such action or actions.

ARTICLE THREE

Section 3.01. Guarantor's Warranties.

Guarantor makes the following representations and warranties to Beneficiary:

(a) (i) this Guarantee is executed at Beneficiary's request; (ii) Guarantor has not and will not without prior written consent of Beneficiary, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; and (iii) Guarantor has adequate means of obtaining from Counterparty on a continuing basis financial and other information pertaining to Counterparty's financial condition without relying on Beneficiary therefor;

(b) Guarantor agrees to keep adequately informed from such means of any facts, events or circumstances which Guarantor consider material or which might in any way affect Guarantor's risks hereunder. With respect to information or material acquired in the normal course of Beneficiary's relationship with Counterparty, Guarantor agrees that Beneficiary shall have no obligation to disclose such information or material to Guarantor;

ATTACHMENT D

(c) Guarantor is a [____], duly organized, validly existing and in good standing under the laws of the State of [____], and has the legal power and authority to own its properties, to carry on its business as now being conducted and to enter into this Guarantee and effect the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Guarantee;

(d) the execution, delivery and performance by Guarantor of this Guarantee and has been duly authorized by all necessary action, and do not and will not require any consent or approval of Guarantor's managing member or equity holders or other Person other than that which has been obtained;

(e) the execution and delivery of this Guarantee and the fulfillment of and compliance with the provisions of this Guarantee do not and will not conflict with or constitute a breach of or a default under, any of the terms, conditions or provisions of any federal, state and local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any federal, state, local or other governmental authority, or any organizational documents, agreement, deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to which Guarantor is a party or by which it or any of its property is bound, or result in a breach of or a default under any of the foregoing or result in or require the creation or imposition of any lien or encumbrance upon any of the properties or assets of Guarantor; and

(f) this Guarantee constitutes the legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

ARTICLE FOUR

Section 4.01. Waivers.

(a) It shall not be necessary for the Beneficiary, in order to enforce this Guarantee, to exhaust the Beneficiary's remedies against the Counterparty, to enforce any security or support for the payment or performance of the Guaranteed Obligations, or to enforce any other means of obtaining payment or performance of the Guaranteed Obligations. The Guarantor waives any rights under applicable state law related to the foregoing. Until irrevocable payment in full and performance of the Guaranteed Obligations, the Guarantor will not exercise any right of subrogation (including any statutory rights of subrogation under Section 509 of the Bankruptcy Code, 11 U.S.C. § 509, or under applicable state law) or any right to participate in any claim or remedy of the Beneficiary against the Counterparty, but this standstill is not intended as a permanent waiver of the subrogation rights of the Guarantor. To the extent permitted by law, Guarantor waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof, and agrees that any payment of any obligation or other act which shall toll any statute of limitations applicable to the obligation shall also operate to toll such statute of limitations applicable to Guarantor's liability hereunder. The liability of Guarantor hereunder shall be reinstated and revived and the rights of Beneficiary shall continue with respect to any amount paid by Counterparty on account of the obligations guaranteed

ATTACHMENT D

hereby, which shall thereafter be required to be restored or returned by Beneficiary upon the bankruptcy, insolvency or reorganization of Counterparty or for any other reason, all as though such amount had not been paid. The Guarantor hereby waives notice of acceptance of this Guarantee and notice of any obligation or liability to which it may apply, and waives presentment, demand for payment or performance, protest, notice of dishonor or non-payment or non-performance of any such obligation or liability, suit or the taking of other action by Beneficiary against, and any other notice to, the Counterparty, the Guarantor or others. Any other suretyship defenses are hereby waived by the Guarantor. This Guarantee and the obligations of Guarantor hereunder shall be valid and enforceable and shall not be subject to any limitation, impairment or discharge for any reason (other than payment in full in cash and performance of the Guaranteed Obligations). The Beneficiary shall not be required to inquire into the capacity or powers of Guarantor or Counterparty or the officers, directors or any agents acting or purporting to act on behalf of any of them.

(b) In addition to the foregoing, Guarantor specifically waives:

(i) any right to require Beneficiary to (A) proceed against any person, including Counterparty; (B) proceed against or exhaust any collateral held from Counterparty, and other endorser or guarantor or any other person; (C) give notice of terms, time and place of any public or private sale of personal property or real property security held from Counterparty or comply with any other provisions of Section 9504 of the California Uniform Commercial Code or sections 2924 through 2924k of the California Civil Code, to the extent allowed by law; (D) pursue any other remedy in Beneficiary's power; or (E) make any presentments, demands for performance, or give any notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any obligations or evidences of indebtedness held by Beneficiary as security, in connection with any obligations or evidences of indebtedness which constitute in whole or in part the obligations guaranteed hereunder, or in connection with the creation of new or additional obligations;

(ii) in accordance with Section 2856 of the California Civil Code, any and all rights and defenses available to it by reason of Sections 2787 to 2855, inclusive, of the California Civil Code;

(iii) any defense arising by reason of (A) the incapacity, lack of authority or any disability or other defense of Counterparty, any other endorser or guarantor or any other person, including any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of Counterparty from any cause other than payment in full in cash and performance of the Guaranteed Obligations; (B) the cessation from any cause whatsoever, other than payment and performance in full of the obligations of Counterparty, of the liability of Counterparty, any endorser or guarantor or any other person; (C) the application by Counterparty of the proceeds of any obligations for purposes other than the purpose represented by Counterparty to Beneficiary or intended or understood by Beneficiary or Guarantor; (D) any act or omission by Beneficiary which directly or indirectly results in or aids the discharge of Counterparty or any obligations by operation of law or otherwise; (E) any

ATTACHMENT D

modification of the obligations, in any form whatsoever, including any modification made after revocation hereof to any obligations incurred prior to such revocation, and including the renewal, extension, acceleration or other change in time for payment of the obligations, or other change in the terms of the obligations or any part thereof, including increase or decrease of the rate of interest thereon; (F) any defense based upon (i) any principles or provisions of law, statutory or otherwise which provide that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal or that are or might be in conflict with the terms of this Guarantee and any legal or equitable discharge of Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to set-offs, recoupments and counterclaims, and (iv) promptness, diligence and any requirement that Beneficiary protect, secure, perfect or insure any Lien or any property subject thereto; (G) any defense based upon Beneficiary's errors or omissions in the administration of the Guaranteed Obligations, except behavior that amounts to bad faith; (H) any defense based upon notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance of this Guarantee, notices of default or early termination under the Guaranteed Contracts or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto and notices of any extension of credit to Counterparty; and (I) to the fullest extent permitted by law, any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Guarantee;

(iv) any right to enforce any remedy which Beneficiary now has or may hereafter have against Counterparty, any other endorser or guarantor or any other person, and waives any benefit of, or any right to participate in any security whatsoever now or hereafter held by Beneficiary, and waives any rights or benefits which Guarantor might have under California Code of Civil Procedure Sections 580a and 726 (limiting the amount of any deficiency judgment to the difference between the amount of any indebtedness owed and the greater of the fair value of the security or the amount for which the security was actually sold), 580b (barring deficiencies with respect to real property purchase money obligations), and 580d (barring recovery of a deficiency judgment after real property security is sold under a power of private sale) as from time to time amended and Guarantor shall have no right of subrogation;

(v) all rights and defenses arising out of an election of remedies by the Beneficiary, even though that election of remedies, such as a non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Guarantor's rights of subrogation and reimbursement against the Counterparty by operation of Section 580d of the California Code of Civil Procedure or otherwise;

(vi) waives all rights and defenses that the Guarantor may have because the Counterparty's debt is secured by real property, which shall allow the Beneficiary to collect from the Guarantor without first foreclosing on any real or personal property collateral pledged by the Counterparty and, if the Beneficiary forecloses on any real property collateral pledged by the Counterparty (A) the amount of the debt may be

ATTACHMENT D

reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and (B) the Beneficiary may collect from the Guarantor even if the Beneficiary, by foreclosing on the real property collateral, has destroyed any right the Guarantor may have to collect from the Counterparty. The waiver contained in this Section 4.01(b)(vi) is an unconditional and irrevocable waiver of any rights and defenses the Guarantor may have because the Counterparty's debt is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Sections 580a, 580b, 580d or 726 of the California Code of Civil Procedure.

Section 4.02. Guarantor's Understandings With Respect To Waivers.

(a) Guarantor warrants and agrees that Guarantor has had all necessary opportunity to secure any advice which Guarantor desires with respect to each of the waivers set forth above, that such waivers are made with Guarantor's full knowledge of its significance and consequences, and that under the circumstances, the waivers are reasonable and not contrary to public policy or law.

(b) Guarantor acknowledges that Guarantor would or might have a defense to enforcement of this Guarantee if, in the absence of an effective waiver or authorization by Guarantor, Beneficiary were to take any of the actions or exercise any of the remedies (i) that are otherwise authorized by Guarantor herein or (ii) that are described in Sections 4.01 and 4.02 and as to which Guarantor waives any defenses. Without limiting the foregoing, in the absence of an effective waiver, Beneficiary's foreclosure against real property security by power of sale under Section 580d of the California Code of Civil Procedure would destroy Guarantor's subrogation and reimbursement rights against Counterparty and would thus provide Guarantor with a defense to Beneficiary's enforcement of this Guarantee. It is Guarantor's intention in executing this Guarantee to waive all such defenses, including the defense described in the preceding sentence, in advance.

(c) Until the Guaranteed Obligations are satisfied in full, Guarantor shall withhold exercise of (a) any claim, right or remedy, direct or indirect, that Guarantor now has or may hereafter have against Counterparty or any of its assets in connection with this Guarantee or the performance by Guarantor of its obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute (including under California Civil Code Section 2847, 2848 or 2849), under common law or otherwise and including (i) any right of subrogation, reimbursement or indemnification that Guarantor now has or may hereafter have against Counterparty, (ii) any right to enforce, or to participate in, any claim, right or remedy that Beneficiary now has or may hereafter have against Counterparty, and (iii) any benefit of, and any right to participate in, any collateral or security now or hereafter held by Beneficiary and (b) any right of contribution Guarantor now has or may hereafter have against any other guarantor of any of the Guaranteed Obligations. Guarantor further agrees that, to the extent the agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification Guarantor may have against Counterparty or against any collateral or security, and any rights of contribution Guarantor may have against any such other guarantor, shall be junior and

ATTACHMENT D

subordinate to any rights Beneficiary may have against Counterparty, to all right, title and interest Beneficiary may have in any such collateral or security, and to any right Beneficiary may have against such other guarantor.

(d) Notwithstanding the foregoing, all waivers in this Guarantee shall be effective only to the extent permitted by law.

Section 4.03. Beneficiary's Rights With Respect To Guarantor's Property. In addition to all liens upon, and rights of setoff against the moneys, securities or other property of Guarantor given to Beneficiary by law, Beneficiary shall have a lien upon and a right of setoff against all moneys, securities or other property of Guarantor now or hereafter in possession of or on deposit with Beneficiary, whether held in a general or special account or deposit, or for safekeeping or otherwise, and every such lien and right of setoff may be exercised without demand upon or notice to Guarantor. No lien or right of setoff shall be deemed to have been waived by any act or conduct on the part of Beneficiary, or by any neglect to exercise such right to setoff or to enforce such lien, or by any delay in so doing, and every right of setoff and lien shall continue in full force and effect until such right of setoff or lien is specifically waived or released by any instrument in writing executed by Beneficiary.

Section 4.04. Subordination of Counterparty's Debts to Guarantor. Any obligation of Counterparty now or hereafter held by Guarantor is hereby subordinated in right of payment to the Guaranteed Obligations, and any such obligation of Counterparty to Guarantor collected or received by Guarantor after a default or early termination event has occurred and is continuing, and any amount paid to Guarantor on account of any subrogation, reimbursement, indemnification or contribution rights referred to in the preceding paragraph when all Guaranteed Obligations have not been paid in full, shall be held in trust for Beneficiary and shall forthwith be paid over to Beneficiary to be credited and applied against the Guaranteed Obligations. Such obligation of Counterparty to Guarantor is assigned to Beneficiary as security for this Guarantee and the obligation and, if Beneficiary requests, shall be collected and received by Guarantor, as trustee for Beneficiary and paid over to Beneficiary on account of the obligation of Counterparty to Beneficiary but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guarantee. Any such notes now or hereafter evidencing such obligation of Counterparty to Guarantor shall be marked with a legend that the same are subject to this Guarantee, and, if Beneficiary so requests, shall be delivered to Beneficiary. Guarantor will, and Beneficiary is hereby authorized, in the name of Guarantor from time to time to execute and file financing statements and continuation statements and execute such other documents and take such other action as Beneficiary deems necessary or appropriate to perfect, preserve and enforce its rights hereunder.

Section 4.05 Waiver of Authentication of Validity of Certain Acts. Where any one or more of Counterparties are corporations, partnerships, or limited liability companies it is not necessary for Beneficiary to inquire into the power of Counterparties or the officers, directors, partners, managers, members or agents acting or purporting to act in their behalf, and any obligations made or created in reliance upon the professed exercise of such power shall be guaranteed hereunder.

ATTACHMENT D

Section 4.06. Authorizations To Beneficiary. Guarantor authorizes Beneficiary, without notice or demand and without affecting its liability hereunder, from time to time to (a) renew, extend, accelerate or otherwise change the time for payment or performance of, or otherwise change the terms of the obligations or any part thereof, including increase or decrease of the rate of interest thereon; (b) take and hold security for the payment or performance of this Guarantee or the obligations guaranteed, and exchange, enforce, waive and release any such security; (c) apply such security and direct the order or manner of sale thereof, including a non-judicial sale permitted by the terms of the controlling security agreement or deed of trust, as Beneficiary in its discretion may determine; and (d) release or substitute any one or more of the endorsers or guarantors of any obligations. Beneficiary may without notice assign this Guarantee in whole or in part.

ARTICLE FIVE

5.01. Miscellaneous.

(a) All notices and other communications between the Guarantor and the Beneficiary provided for in this Guarantee shall be in writing, including facsimile, and delivered or transmitted to the addresses set forth below, or to such other address as shall be designated by the Guarantor in written notice to the other party.

If to the Guarantor:

[Guarantor Name]

[Guarantor Address]

Attn: Chief Financial Officer

Telephone:

Facsimile:

If to the Beneficiary:

Southern California Public Power Authority

1160 Nicole Court

Glendora, CA 91740

Attn: Executive Director

Telephone: 626 793-9364

Facsimile: 626 793-9461

(b) This Guarantee was made and entered into in the City of Glendora, California and shall be governed by, interpreted and enforced in accordance with the laws of the State of California, without regard to conflict of law principles. All litigation arising out of, or relating to this Guarantee, shall be brought in a state or federal court in the County of Los Angeles in the State of California. The Guarantor hereby irrevocably agrees to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of forum non conveniens.

(c) The provisions of this Guarantor may be waived or amended only in writing signed by both the Guarantor and Beneficiary. This Guarantee shall bind and inure to the benefit of the Guarantor and the Beneficiary and their respective successors and permitted assigns,

ATTACHMENT D

including without limitation, the trustee, but neither party may assign its rights under this Guarantee without the prior written consent of the other party. The Guarantor may not assign its rights nor delegate its obligations under this Guarantee, in whole or in part, without prior written consent of the Beneficiary, and any purported assignment or delegation absent such consent is void.

(d) The rights, powers and remedies given to Beneficiary by this Guarantee are cumulative and shall be in addition to and independent of all rights, powers and remedies given to Beneficiary by virtue of any statute or rule of law or in the Guaranteed Contracts or any agreement between Guarantor and Beneficiary or between Counterparty and Beneficiary. Any forbearance or failure to exercise, and any delay by Beneficiary in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

(e) Guarantor hereby agrees that in any dispute relating to this Guarantee, each party shall be responsible for its own attorneys' fees and costs. Each of Guarantor and Beneficiary was represented by its respective legal counsel during the negotiation and execution of this Guarantee.

Executed as of the date first above written.

[GUARANTOR]

By: _____

Name: _____

Title: _____

ATTACHMENT D

ATTACHMENT IV TO FIRST AMENDMENT OF HEBER-1 GEOTHERMAL POWER PURCHASE AGREEMENT

MILESTONE SCHEDULE

<i>Footnote Number</i>	<i>Milestone Date</i>	<i>Seller Milestones</i>
1	11/1/18	Executes interconnection agreement amendment with IID
2	6/1/19	Obtains all Permits listed in Appendix B Section 10
3	6/20/19	Begins startup activities
4	7/1/19	Achieves OEC14 Initial Operation Date
5	Within 30 days after the OEC14 Initial Operation Date	Submits amended application for certification to the CEC
6	Within six (6) months after the OEC14 Initial Operation Date	Obtain determination that the Facility as modified by the installation of the OEC14 is CEC Certified.

All of the documents listed below in Footnotes shall be provided by Seller to Buyer by the milestone date for the milestone shown above.

Footnotes:

1. Seller shall have provided Buyer with fully executed copies of the interconnection agreement amendment with Transmission Provider at the Heber 92 kV Substation.
2. Seller shall have provided Buyer with documentation evidencing that all Permits and Environmental Documents listed in Section 10 of Appendix B to the Agreement have been obtained.
3. Seller shall have provided Buyer with documentation evidencing that the start up tests have begun.
4. Seller shall have provided written notice to Buyer certifying that (a) OEC14 satisfies the definition of OEC14 Initial Operation in this First Amendment, or (b) if Seller has paid Delay Damages in the amount of \$558,000, OEC14 satisfies the definition of OEC14 Initial Operation in this First Amendment, except the requirements in subparts (i) and (ii) of clause (b) therein.
5. Seller shall have provided Buyer with a copy of the amended application for certification submitted to the CEC.
6. Seller shall have provided Buyer with documentation evidencing that the Facility as modified by the installation of the OEC14 is CEC Certified.