

APPENDIX O

TOLLING AGREEMENT

Between

Portland General Electric Company

And

[Counterparty]

THIS WHOLESALE POWER PURCHASE AND SALE AGREEMENT (this "Agreement") is entered into and is effective as of the ___ day of ___ 2003 (the "Effective Date") between Portland General Electric Company, an Oregon corporation ("PGE"), and [Counterparty], a [Country/State] [corporate structure] ("Seller"). PGE and Seller are also sometimes referred to herein individually as a "Party" and collectively as the "Parties."

ARTICLE I

DEFINED TERMS

1.1 Definitions. In addition to terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth below:

"Affiliate" means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power. For the purposes of this Agreement, and except for Article 21, PGE will be deemed to have no Affiliates.

"Agreement" means this Wholesale Power Purchase and Sale Agreement entered into between Seller and PGE and all incorporated appendices, exhibits, schedules and attachments hereto, as may be amended by the Parties from time to time.

"Ancillary Services" means all ancillary products associated, in accordance with Prudent Electric Industry Practice, with the generation of electrical energy, including, without limitation, spinning reserves, non-spinning reserves, reactive power and voltage control.

"Availability Guarantee" has the meaning set forth in Section 9.5(a).

"Bankrupt" means with respect to a Party or other entity, that such Party or other entity: (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, (ii) has an involuntary petition filed or commenced against it and such petition is not dismissed or stayed within 90 days thereafter, (iii) makes a general assignment or any general arrangement for the benefit of creditors (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets and such appointment continues undischarged or unstayed for a period of 90 days, or (v) is generally unable to pay its debts as they become due.

"BPA" means Bonneville Power Administration, or its successor.

"BPA Operating Reserves Factor" means the aggregate of the minimum Billing Factor for Spinning Reserve Service and the minimum Billing Factor for Supplemental Reserve Service, in each case for non-hydroelectric generation dedicated to the Transmission Customer's firm load responsibility, and in each case as set forth in BPA's Transmission and Ancillary Service Rate Schedules as in effect on the applicable date. As of the Effective Date, the BPA Operating Reserves Factor is 7 percent (i.e., the sum of (1) a 3.5 percent Billing Factor for Spinning Reserve Service and (2) a 3.5 percent Billing Factor for Supplemental Reserve Service).

"Btu" means British thermal unit.

"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 for the relevant Party's principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party by whom the notice or payment or delivery is to be received.

"Capacity Availability" means the percentage of total capability of the Contract Capacity available to PGE at any one time during the Term.

"Capacity Charge" means the amount to be paid by PGE to Seller each Month during the Delivery Term in consideration for PGE's right to the Contract Capacity from the Facility in accordance with this Agreement, as is further set forth in Section 9.1.

"Claiming Party" has the meaning set forth in Section 10.1(b).

"Claims" has the meaning set forth in Article 23.

"Cold Start" means a start-up of the Facility after the Facility has been physically off-line for a period in excess of forty (40) hours.

"Contract Capacity" has the meaning set forth in Section 3.1(b).

"Contract Price" means the price payable by PGE to Seller, in U.S. Dollars, for the Contract Capacity made available and/or the Energy delivered by Seller under this Agreement.

"Contract Year" means the period between the Effective Date and the first anniversary of the Effective Date, and every anniversary of the Effective Date thereafter.

"Control Area Operator" means an operator of an electric power system or combination of electric power systems that acts to (i) match, at all times, the power output of the electric generators within the electric power system(s) and the capacity and energy purchased from entities outside of the electric power system(s), with the load within the electric power system(s), (ii) maintain scheduled interchange with other control areas, within the limits of Prudent Electric Utility Practice, (iii) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Prudent Electric Utility Practice and (iv) provide sufficient generating capacity to maintain operating reserves in accordance with Prudent Electric Utility Practice.

"Costs" means, with respect to PGE or Seller, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party in entering into new arrangements which replace this Agreement and all reasonable attorneys' fees and expenses incurred by a Party in connection with enforcing its rights under this Agreement. Costs shall not include any expenses incurred by such Party in either entering or terminating any arrangement pursuant to which it has hedged its obligations.

"Credit Rating" means (i) with respect to any entity other than a financial institution, the current (a) ratings issued or maintained by S&P or Moody's with respect to such entity's long-term senior, unsecured, unsubordinated debt obligations (not supported by third party credit enhancements) or (b) corporate credit rating or long-term issuer rating issued or maintained with respect to such entity by S&P or Moody's, or (ii) if such entity is a financial

institution, the ratings issued or maintained by S&P or Moody's with respect to such entity's long-term, unsecured, unsubordinated deposits.

"Cross Default Amount" means with respect to Seller or its Guarantor, if applicable, \$_____ in U.S Dollars ("USD") (or its equivalent in another currency), and with respect to PGE \$_____ in U.S Dollars ("USD").

"Daily Gas Surplus Quantity" means, with respect to any day, a quantity of natural gas (in MMBtu) determined as the positive result, if any, of the following formula:

$$DGSQ = TF - (DE \times HR)$$

Where:

DGSQ = The Daily Gas Surplus Quantity for such day (in MMBtu)

TF = The total quantity of Fuel (in MMBtu) delivered by PGE on such day, or deemed to have been delivered, pursuant to Section 7.5(c)

DE = The total quantity of Scheduled Energy actually delivered by Seller to PGE on such day (in MWh)

HR = The weighted average (in MMBtu/MWh) of the Guaranteed Net Heat Rate for all such Scheduled Energy

"Deadband" means a Spark Spread within the range of USD $-\$$ ____/MWh (inclusive) to USD $+\$$ ____/MWh (inclusive).

"Deadband Period" means the period between [0605 and 0615 PPT] on any Preschedule Day on which the Spark Spread is within the Deadband and has been calculated, in accordance with the provisions of Section 6.2, by application of a _____ [Name] Gas Price and [Hub Name] Energy Price as determined on the basis of data [posted on ICE at 0605 PPT] on such day.

"Dedicated Capacity" has the meaning set forth in Section 7.4(a).

"Defaulting Party" has the meaning set forth in Section 11.1.

"Delivery Term" means the months of _____ [months] of each year for the Term.

"Design Capacity" has the meaning set forth in Section 3.2(a).

"Determination Period" means each calendar month during the term of the Agreement; provided that if the remaining term of the Agreement is less than one calendar month, the Determination Period shall be the remaining term of the Agreement.

"Dispatch," "Dispatched" or "Dispatching" means the acts of Seller, pursuant to any Schedule established in accordance with the terms and conditions of this Agreement, in

arranging for operation of the Facility at a capacity level which is intended to enable the Scheduled Energy to be delivered and the Contract Capacity to be made available.

"Early Termination Date" has the meaning set forth in Section 11.2(a).

"Effective Date" has the meaning set forth in the first paragraph of this Agreement.

"Energy" means the electric energy to be delivered by Seller to PGE pursuant to this Agreement as three-phase, alternating 60 Hertz current at the nominal voltage of the Energy Delivery Point.

"Energy Delivery Point" means the primary point of interconnection between the Facility and PGE's System, or as applicable, BPA's Network or an alternate point of delivery, as may be mutually agreed by the Parties.

"Energy Imbalance Charges" means any energy imbalance fees, penalties or other similar fees, costs or penalties (but not including Generation Imbalance Charges) imposed by any Transmission Provider.

"Equitable Defenses" means any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.

"Event of Default" has the meaning set forth in Section 11.1.

"Exchange" means the exchange or principal trading market specified in this Agreement.

"Facility" means the natural gas-fueled electric generating plant of approximately ___ megawatts of electric generating capacity located near [CITY, STATE] and owned and operated, as of the Effective Date, by Seller.

"FERC" means the Federal Energy Regulatory Commission, or any successor government agency.

"Firm" means the only excuse for the interruption of delivery of the Product is if the interruption is excused by Force Majeure.

"Floating Price" means the price specified in this Agreement that is based upon a Price Source.

"Force Majeure" means an event or circumstance as defined in Section 10.1.

"Forced Derate" means a reduction in the delivery of, or in the ability to deliver Energy that is not the result of a Scheduled Outage.

"Forced Derate Factor" is an amount equal to the lesser of (i) 1 or (ii) the ratio of (a) the amount of capacity of the Facility available to PGE during a period of a Forced Derate to (b) the Contract Capacity, all as measured in accordance with Prudent Electric Industry Practice.

"Forced Outage" means a cessation in the delivery of, or in the ability to deliver, Energy that is not the result of a Scheduled Outage.

"Forecast Maintenance Schedule" has the meaning set forth in Section 4.2(c).

"Fuel" means any quantity of natural gas delivered by PGE to the Fuel Receipt Point under this Agreement.

"Fuel Delivery Point" means the interconnection between the _____ [Name] Pipeline and the [Name] meter station at the Facility. *[The Fuel Delivery Point may be the same as the Fuel Receipt Point.]*

"Fuel Nominating Agent" has the meaning set forth in Section 7.4(c). – *Defined term to be used if the Fuel Receipt Point differs from the Fuel Delivery Point.*

"Fuel Receipt Point" means _____. –*Defined term to be used if the Fuel Receipt Point differs from the Fuel Delivery Point.*

"Gains" means, with respect to a Party, an amount equal to the Present Value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of its obligations with respect to this Agreement determined in a commercially reasonable manner.

"Gas Day" means the twenty-four hour period from 0700 PPT to 0700 PPT.

"Gas Imbalance Charges" means any pipeline scheduling, imbalance, cashout, OFO or other similar pipeline penalties or charges resulting from failure to timely communicate to the pipeline nominations or nomination changes, or failure to timely adjust nominations.

"Gas Index Price" means, with respect to any Gas Day, an amount (in USD/MMBtu) equal to the midpoint price reported for such Gas Day (where such Gas Day is the "flow date") in Platt's Gas Daily in the table headed "Daily Price Survey" for the "[Name]."

"Gas Turbine" means the _____ frame _____ combined cycle, gas fuel combustion turbine-generator and associated auxiliary equipment located at the Facility.

"Gas Use Tax Rate" means the percentage rate of the [Name] State gas use tax, if any, as in effect with respect to the Facility from time to time and at any time during the Term. As of the Effective Date, the Gas Use Tax Rate is _____ percent.

"Generation Imbalance Charges" means any fees, charges, assessments, penalties or other costs or expenses imposed by any Control Area Operator for or in connection with generation imbalance service for the Facility.

"Governmental Authority" means any national, state, provincial or local government, any political subdivision thereof or any other governmental, regulatory, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, department, bureau, or entity with authority to bind a Party at law; provided, however, that "Governmental Authority" shall not in any event include either Party.

"Governmental Charges" means any charges or costs that are assessed or levied by any entity, including local, state or federal regulatory or taxing authorities or any Transmission Provider, that would affect sale and purchase of a Product contemplated by this Agreement, either directly or indirectly.

["Gross Fuel Quantity" means, with respect to any Gas Day, a quantity of natural gas (in MMBtu) equal to [the Net Fuel Quantity (*in the event the Fuel Receipt Point differs from the Fuel Delivery Point*)] [the sum of (i) the Net Fuel Quantity for such Gas Day, and (ii) the product of (A) the Net Fuel Quantity for such Gas Day, and (B) the _____ [Name] Pipeline Fuel Use Factor (*in the event the Fuel Receipt Point differs from the Fuel Delivery Point*.)].

"Guaranteed Net Heat Rate" has the meaning set forth in Section 3.2(b).

"Guarantor" means a Person guaranteeing under a Guaranty the performance of each and all of the obligations of a Party under this Agreement. Seller's Guarantor is _____.

"Guaranty" means an instrument or agreement pursuant to which a Guarantor guarantees the performance of each and all of the obligations of a Party, which instrument or agreement is reasonably acceptable in form and substance to the other Party.

"Guaranty Default" means with respect to a Guaranty or the Guarantor thereunder, the occurrence of any of the following events: (i) any representation or warranty made or deemed to be made or repeated by such Guarantor in connection with such Guaranty shall be false or misleading in any material respect when made or when deemed made or repeated; (ii) such Guarantor fails to pay, when due, any amount required pursuant to such Guaranty; (iii) the failure of such Guarantor to comply with or timely perform any other material covenant or obligation set forth in such Guaranty if such failure is not capable of remedy or shall not be remedied in accordance with the terms and conditions of such Guaranty; (iv) a Merger Event occurs with respect to such Guarantor; (v) such Guaranty shall expire or terminate, or shall fail or cease to be in full force and effect and enforceable in accordance with its terms against such Guarantor, prior to the satisfaction of all obligations of such Party under this Agreement, in any such case without replacement within two (2) Business Days of such expiration, termination, failure or cessation; (vi) such Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of, its Guaranty; (vii) such Guarantor becomes Bankrupt; or (viii) the Credit Rating of the Guarantor is less than BBB by S&P or Baa3 by Moody's; provided, however, that no Guaranty Default shall occur or be continuing in any event with respect to a Guaranty after the time such Guaranty is required to be canceled or returned to a Party in accordance with the terms of this Agreement.

"HE" means hour ending.

"HHV" means higher heating value.

"Hot Start" means a start-up of the Facility after the Facility has been physically off-line for a period less than four (4) hours.

"[Hub Name] Energy Price" means, for any Preschedule Day or Preschedule Days, the weighted average of (1) the arithmetic mean of the current on-screen highest bid price and lowest offer price, expressed in USD/MWh, for Electricity Firm-LD Peak Physical FP-Hub [Hub Name] (Next Day), in each case as posted by ICE at 0605 PPT on such day, and (2) the

arithmetic mean of the current on-screen highest bid price and lowest offer price, expressed in USD/MWh, for Electricity Firm-LD Off-Peak Physical FP-Hub [*Hub Name*] (Next Day), in each case as posted by ICE at 0605 PPT on such day. Electricity Firm-LD Peak Physical FP-Hub [*Hub Name*] (Next Day) bid and offer prices and Electricity Firm-LD Off-Peak Physical FP-Hub [*Hub Name*] (Next Day) bid and offer prices for each day shall be weighted according to the number of On-Peak Hours and Off-Peak Hours in such day.

"[*Hub Name*] Gas Price" means, for any Preschedule Day or Preschedule Days, the arithmetic mean of the current on-screen highest bid price and lowest ask price, expressed in USD/MMBtu, for Next Day Natural Gas Firm Physical (FP)-[*Hub Name*], in each case as posted by ICE at 0605 PPT on such day.

"ICE" means the Intercontinental Exchange.

"Indemnitee" has the meaning set forth in Section 19.2.

"Indemnitor" has the meaning set forth in Section 19.2.

"Indemnity Claims" means all third party claims or actions, threatened or filed and whether groundless, false, fraudulent or otherwise, together with any resulting losses, damages, costs, expenses and attorneys' fees, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

"Interest Rate" means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

"kV" means kilovolt.

"kW" means kilowatt.

"kWh" means kilowatt-hour.

"Law" means any law, rule, regulation, order, writ, judgment, rulings or orders by or before any court or any governmental authority.

"Letter(s) of Credit" means one or more irrevocable, transferable, standby letters of credit issued by a major U.S. commercial bank or a U.S. branch office of a major foreign commercial bank with such bank having shareholders' equity of at least \$10 billion (U.S. \$) and a Credit Rating of at least A1 from Moody's or A+ from S&P, in a form and substance reasonably acceptable to the beneficiary Party. The costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

"Letter of Credit Default" means with respect to a Letter of Credit issued on behalf of a Party, the occurrence of any of the following events: (i) the issuer of such Letter of Credit shall fail to be a major U.S. commercial bank or a U.S. branch office of a major foreign commercial bank with such bank having shareholders' equity of at least \$10 billion (U.S. \$) and a Credit Rating of at least A1 from Moody's or A+ from S&P; (ii) the issuer of the Letter of Credit

shall fail to comply with or perform its obligations under such Letter of Credit; (iii) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; (iv) the issuer of such Letter of Credit shall fail to honor a properly documented request to draw on the Letter of Credit; (v) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the Term, in any such case without replacement within two (2) Business Days of such expiration, termination, failure or cessation; (vi) the issuer of such Letter of Credit shall become Bankrupt; or (vii) a Merger Event occurs with respect to the issuer of such Letter of Credit; provided, however, that no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Agreement.

"Losses" means, with respect to a Party, an amount equal to the Present Value of the economic loss to it, if any (exclusive of Costs), resulting from termination of its obligations with respect to this Agreement determined in a commercially reasonable manner.

"Market Disruption Event" means, with respect to any Price Source, any of the following events (the existence of which shall be determined in good faith by PGE): (a) the failure of the Price Source to report, publish or announce information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the Exchange or in the market specified for determining the Floating Price; (c) the temporary or permanent discontinuance or unavailability of the Price Source; (d) the temporary or permanent closing of any exchange specified for determining a Floating Price; or (e) a material change in the formula for or the method of determining the Floating Price.

"Material Adverse Change" means (i) with respect to PGE, PGE shall have a Credit Rating below BBB- by S&P and below Baa3 by Moody's or both ratings are withdrawn or terminated on a voluntary basis by the rating agencies, (ii) with respect to Seller, Seller or Seller's Guarantor, if applicable, shall have a Credit Rating below BBB- by S&P or below Baa3 by Moody's or both ratings are withdrawn or terminated on a voluntary basis by the rating agencies.

"Merger Event" means, with respect to a Party or other entity, that such Party or other entity consolidates or amalgamates with, or merges into or with, or transfers all or substantially all of its assets to another entity, and (i) the resulting, surviving or transferee entity fails, at the time of such consolidation, amalgamation, merger or transfer, to assume each and all of the obligations of such Party or other entity hereunder or under any Guaranty or Letter of Credit or other performance assurance, either by operation of law or pursuant to an agreement reasonably satisfactory to the other Party, or (ii) the benefits of any Guaranty, Letter of Credit, or other performance assurance or credit support provided pursuant to this Agreement fail, at any time following such consolidation, amalgamation, merger or transfer, to extend to the performance by such Party or such resulting, surviving or transferee entity of its obligations hereunder, or (iii) the Credit Rating (from either of S&P or Moody's) of the resulting, surviving or transferee entity is less than that of such Party or other entity immediately prior to such consolidation, amalgamation, merger, or transfer.

"Mill Rate" means the then effective rate charged by BPA, under its applicable Ancillary Service Rate Schedules, for Operating Reserves—Spinning Reserve Service and Operating Reserves—Supplemental Reserves Service, expressed in USD/kWh.

"MMBtu" means one million Btus.

"Month" means a calendar month commencing at HE 0100 PPT on the first day of such Month through HE 2400 PPT on the last day of such Month.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"MW" means a megawatt. One MW is equal to 1,000 kW.

"MWh" means a megawatt-hour. One MWh is equal to 1,000 kWh.

"NERC" means the North American Electric Reliability Council, or its successor.

"Net Fuel Quantity" means, with respect to any Gas Day, a quantity of natural gas (in MMBtu) determined by the following formula:

$$\text{NFQ} = \text{SE} \times \text{SHR}$$

Where:

SE = The total quantity (in MWh) of Scheduled Energy scheduled to be delivered by Seller to PGE on such Gas Day

SHR = The weighted average (in MMBtu/MWh) of the Guaranteed Net Heat Rate for all such Scheduled Energy

"Non-Defaulting Party" has the meaning set forth in Section 11.2(a).

"Normal Dispatch Status" means that the Facility Dispatch status will be (a) "on" on any day with respect to which the Spark Spread as determined in accordance with the terms of this Agreement, on the applicable Preschedule Day is positive and (b) "off" on any day with respect to which the Spark Spread as determined in accordance with the terms of this Agreement, on the applicable Preschedule Day is negative; provided, however, that (x) in the event that on any Preschedule Day the Facility's Dispatch status at 0605 PPT is "on," and the Spark Spread is positive but within the Deadband, then the Normal Dispatch Status of the Facility will be "on" only in the event that the Spark Spread is greater than USD +\$____/MWh, and (y) in the event that on any Preschedule Day the Facility's Dispatch status at 0605 PPT is "off," and the Spark Spread is negative but within the Deadband, then the Normal Dispatch Status of the Facility will be "off" only in the event that the Spark Spread is less than USD -\$____/MWh.

["[Name] Pipeline"] means (i) [Name] Pipeline Corporation, a [State] corporation, or its successor, or (ii) any other natural gas transporter on which the Parties may mutually agree for delivery of natural gas to the Facility – *Defined term to be used in the event the Fuel Delivery Point is not located at the Facility.*]

["[Name] Pipeline Fuel Use Factor"] means the percentage fuel use factor set forth in the [Name] Pipeline Tariff Statement of Fuel Use Requirements Factors for Reimbursement of Fuel Use, for Rate Schedule TF-1. As of the Effective Date, the [Name] Pipeline Fuel Use Factor is ____ percent – *Defined term to be used in the event the Fuel Delivery Point is not located at the Facility.*]

"[Name] Pipeline Tariff" means, at any time, the then current [Name] Pipeline FERC Gas Tariff – *Defined term to be used in the event the Fuel Delivery Point is not located at the Facility.*]

"[Name] Pipeline Volumetric Charge" means the applicable [Name] Pipeline Volumetric Charge calculated in accordance with the provisions of Section _____ of [Name] Pipeline Tariff Rate Schedule TF-1 as expressed in USD/MMBtu – *Defined term to be used in the event the Fuel Delivery Point is not located at the Facility.*]

"Off-Peak Hours" means all hours other than On-Peak Hours.

"On-Peak Hours" are HE 07:00:00 through 22:00:00 PPT, Monday through Saturday, excluding NERC designated holidays (as such hours may be amended or modified by NERC from time to time during the Delivery Term).

"OFO" means an operational flow order issued by [Name] Pipeline, in its discretion, for the purposes of creating natural gas pipeline displacement capacity.

"Pacific Prevailing Time" or "PPT" means the prevailing time (i.e., Standard Time or Daylight Savings Time) on any given day in the Pacific Time Zone.

"Party" and "Parties" have the meanings set forth in the first paragraph of this Agreement.

"Performance Assurance" means collateral in the form of either cash, Letter(s) of Credit, or other security in form and amount acceptable to PGE.

"Person" means an individual, partnership, corporation, limited liability company, joint venture, association, trust, unincorporated organization, Governmental Authority, or other form of entity.

"PGE" means Portland General Electric Company.

"PGE's Gas Surplus Account" means the sum of all Daily Gas Surplus Quantities less the sum of all Daily Gas Surplus Reductions elected by PGE pursuant to Section 7.5(d).

"Preschedule," "Prescheduled" or "Prescheduling" means the act of PGE or its designated representatives, including its Transmission Providers, if applicable, notifying, requesting and confirming to Seller the quantity of Energy to be delivered hourly during a given day at the Energy Delivery Point on a day-ahead preschedule basis in accordance with the terms of this Agreement.

"Preschedule Day" means any day on which PGE, or its Scheduling Agent, must submit a final hourly preschedule for the next day or days, consistent with BPA's Transmission Scheduling Procedures Posted on BPA's OASIS, to BPA for all transactions into, within or out of BPA's Control Area.

"Present Value" means a present value calculation derived by using a commercially reasonable discount rate for each remaining Month of the Term.

"Price Source" means the ICE (or such other origin of reference, including an Exchange, recognized and independent brokers or dealers active in the [Name] Next Day physical gas market or the [Hub Name] Next Day physical power market, as applicable) containing (or reporting) the specified price (or prices from which the specified price is calculated) set forth in this Agreement.

"Product" means electric capacity, Energy, Ancillary Services or other product(s) related thereto as specified in this Agreement.

"Prudent Electric Industry Practice" means those practices, methods, standards and acts engaged in or approved by a significant portion of the electric power generation industry in the Western Interconnection that at the relevant time period, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, would have been expected to accomplish the desired result in a manner consistent with good business practices, reliability, economy, safety and expedition, and which practices, methods, standards and acts reflect due regard for operation and maintenance standards recommended by the Facility's equipment suppliers and manufacturers, operational limits, and all applicable laws and regulations. Prudent Electric Industry Practice is not intended to be limited to the optimum practice, method, standard or act to the exclusion of all others, but rather to those practices, methods and acts generally acceptable or approved by a significant portion of the electric power generation industry in the relevant region, during the relevant period, as described in the immediate preceding sentence.

"Replacement Energy" has the meaning set forth in Section 6.11.

"Replacement Price" is described in Section 12.1(c).

"Rounding Amount" means \$250,000 in U.S Dollars (or its equivalent in another currency).

"S&P" means the Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"Sales Price" is defined in Section 12.2.

"Schedule," "Scheduled" or "Scheduling" means the act of PGE or its designated representatives, including its Transmission Providers, if applicable, notifying, requesting and confirming to Seller, on a Preschedule, hourly Schedule or real-time Schedule basis, the quantity of Energy to be delivered hourly on any given day or days during the Delivery Term to and at and from the Energy Delivery Point according to customary WECC scheduling practices.

"Scheduled Energy" has the meaning set forth in Section 3.1(a).

"Scheduled Outages" has the meaning set forth in Section 4.2(a).

"Seller" has the meaning set forth in the first paragraph of this Agreement.

"Seller's Collateral Threshold" means \$_____ in U.S. Dollars (or its equivalent in another currency), provided, however, that Seller's Collateral Threshold shall be zero (\$0) upon the occurrence and during the continuance of an Event of Default, or Material Adverse Change with respect to Seller.

"Settlement Amount" means, with respect to this Agreement and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the liquidation pursuant to Article 11.

"[Name] Substation" means [Name] Substation.

"Spark Spread" means, for any day, an amount (whether positive or negative), in USD/MWh, equal to (1) the [Hub Name] Energy Price for such day less (2) the product of (a) ___ MMBtu per MWh (HHV) and (b) the [Name] Gas Price for such day less (3) the sum of (a) USD \$___/MWh (i.e., the Variable O&M Price), (b) the product of (i) the then-applicable BPA Operating Reserves Factor and the Mill Rate, (c) the product of (i) ___ MMBtu per MWh (HHV) and (ii) the then-applicable [Name] Pipeline Volumetric Charge, (d) the product of (i) ___ MMBtu per MWh (HHV), (ii) the then-applicable [Name] Pipeline Fuel Use Factor and (iii) the [Name] Gas Price for such day, and (e) the product of (i) ___ MMBtu per MWh (HHV), (ii) the then-applicable Gas Use Tax Rate and (iii) the [Name] Gas Price for such day. For purposes of calculating the Spark Spread for any day that is a Sunday or NERC holiday, the applicable [Name] Gas Price and [Hub Name] Energy Price shall be the [Name] Gas Price and [Hub Name] Energy Price for the last day on which such price was posted prior to such Sunday or NERC holiday. A sample Spark Spread calculation is set forth in Exhibit C. *[This formula may be modified to reflect the actual fuel transportation arrangements and any other charges that may be specific to the location of the Facility.]*

"Standard Capacity Charge" has the meaning set forth in Section 9.1.

"Start-Up Charge" means the amount to be paid by PGE to Seller each Month for Successful Start-Ups of the Gas Turbine, pursuant to the terms of Section 9.4.

"Successful Start-Up" means causing the Gas Turbine to achieve electrical synchronization with the Transmission System(s) of the Transmission Provider(s) at full Dispatched load (taking into consideration ambient conditions at the time of the start); provided, however, that there may be no more than one Successful Start-Up on any given day.

"Term" has the meaning set forth in Section 2.1.

"Termination Payment" shall have the meaning set forth in Section 11.3.

"TILs" means the Gas Turbine manufacturer's technical information letters.

"Trading Day" means a day in respect of which the relevant Price Source reported, published or announced the Floating Price.

"Transmission Provider(s)" means BPA or any other Person (including any FERC-authorized regional transmission organization) transmitting Energy on behalf of Seller to the Energy Delivery Point or on behalf of PGE at and from the Energy Delivery Point.

"Transmission Services" means any and all services (including but not limited to Ancillary Services and control area services) required for the transmission and delivery of Energy to the Energy Delivery Point or at and from the Energy Delivery Point.

"Transmission System(s)" means the transmission system(s) of the Transmission Provider(s) to be used by Seller for the purpose of transmitting Energy to the Energy Delivery Point or by PGE for the purpose of transmitting Energy at and from the Energy Delivery Point.

"Transportation Charges" means Transportation Fixed Charges and Transportation Variable Charges.

["Transportation Fixed Charges" means, with respect to any day, any and all actual and verifiable demand charges payable by Seller to [Name] Pipeline (not, however, exceeding 100 percent of the then effective [Name] Pipeline Schedule – demand rate) for such day, pursuant to Rate Schedule ____ with respect to the Dedicated Capacity – *Defined term to be used in the event the Fuel Receipt Point differs from the Fuel Delivery Point.*]

["Transportation Variable Charges" means, with respect to the transportation or delivery to the Fuel Delivery Point of Fuel used to produce Scheduled Energy and all fuel -in -kind associated with such Fuel, (i) the then effective [Name] Pipeline commodity, GRI and ACA volumetric rates and volumetric rate for large customers for the firm transportation capacity applicable to such Fuel, plus (ii) all actual and verifiable costs, rates and charges payable by Seller to any Governmental Authority with respect to such Fuel – *Defined term to be used in the event the Fuel Receipt Point differs from the Fuel Delivery Point.*]

"Transporter" means all natural gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Fuel for PGE or Seller upstream or downstream, respectively, of the Fuel Receipt Point.

"USD" means United States Dollars.

"Variable Energy Charge" has the meaning set forth in Section 9.3(b).

"Variable O&M Charge" means the amount to be paid by PGE to Seller for the MWh of Energy delivered by Seller to PGE in any Month, as is further set forth in Section 9.2.

"Variable O&M Price" has the meaning set forth in Section 9.2.

"Warm Start" means a start-up of the Facility after the Facility has been physically off-line for a period greater than four (4) and equal to or less than forty (40) hours.

"WECC" means the Western Electricity Coordinating Council, or its successor.

1.2 Interpretation. Unless the context otherwise requires:

(a) Words singular and plural in number shall be deemed to include the other and pronouns having masculine or feminine gender shall be deemed to include the other.

(b) Subject to Section 1.2(g), any reference in this Agreement to any Person includes its successors and assigns and, in the case of any Governmental Authority, any Person succeeding to its functions and capacities.

(c) Any reference in this Agreement to any Section, Exhibit or Appendix means and refers to the Section contained in, or Exhibit or Appendix attached to, this Agreement.

(d) Other grammatical forms of defined words or phrases have corresponding meanings.

(e) A reference to writing includes typewriting, printing, lithography, photography and any other mode of representing or reproducing words, figures or symbols in a lasting and visible form.

(f) Unless otherwise expressly provided in this Agreement, a reference to a specific time for the performance of an obligation is a reference to that time in the place where that obligation is to be performed.

(g) A reference to a Party to this Agreement includes that Party's successors and permitted assigns.

(h) Unless otherwise expressly provided in this Agreement, a reference to a document or agreement, including this Agreement, includes a reference to that document or agreement as modified, amended, supplemented or restated from time to time.

(i) References in this Agreement to "or" shall be deemed to be disjunctive but not necessarily exclusive (i.e., unless the context dictates otherwise, "or" shall be interpreted to mean "and/or" rather than "either/or").

(j) If any payment, act, matter or thing hereunder would occur on a day that is not a Business Day, then such payment, act, matter or thing shall, unless otherwise expressly provided for herein, occur on the next Business Day.

1.3 Technical Meanings. Words not otherwise defined herein that have well known and generally accepted technical or trade meanings are used herein in accordance with such recognized meanings.

ARTICLE II

TERM

2.1 Term.

(a) The term of this Agreement (the "Term") shall begin on the Effective Date and, unless earlier terminated in accordance with the terms and conditions of this Agreement, shall continue through [DATE]; provided, however, that such termination shall not affect or excuse the performance of either Party under any provision of this Agreement that by its terms survives any such termination and, provided further, that this Agreement and any other documents executed and delivered hereunder shall remain in effect until both Parties have fulfilled all of their obligations with respect to this Agreement under Article 12 hereof.

(b) The Delivery Term shall terminate effective immediately upon termination of the Term for any reason. No interruption or curtailment of purchases or sales, whether due to Scheduled Outage, Forced Outage, Forced Derate, Force Majeure or otherwise, shall operate to extend the Delivery Term.

ARTICLE III

PURCHASE AND SALE OF ENERGY AND CAPACITY

3.1 Purchase and Sale of Energy and Capacity.

(a) On the terms and subject to the conditions of this Agreement, during any hour of the Delivery Term, Seller shall sell and deliver to PGE, and PGE shall purchase and receive from Seller, an amount of Energy (the "Scheduled Energy") at the Energy Delivery Point, as Scheduled in accordance with the terms and conditions of this Agreement, up to and including the amount of ____ MWh.

(b) On the terms and subject to the conditions of this Agreement, during each hour of the Delivery Term, Seller shall sell and make available to PGE, and PGE shall purchase and accept from Seller, an amount of electric generating capacity from the Facility equal to __ MW (the "Contract Capacity"). The amount of Contract Capacity shall not be adjusted for ambient conditions.

(c) PGE shall have the right, in conformance with the Scheduling requirements and other terms of this Agreement, to receive and sell (or reserve for its own use), at no additional cost, Ancillary Services from the Facility associated with the Contract Capacity.

3.2 Design Capacity and Guaranteed Net Heat Rate.

(a) Design Capacity. The design capacity of the Facility for purposes of this Agreement is ____ MW (the "Design Capacity").

(b) Guaranteed Net Heat Rate. The guaranteed net heat rate under this Agreement is the applicable heat rate set forth in Exhibit B, Table B1 (the "Guaranteed Net Heat Rate").

ARTICLE IV

OPERATION AND MAINTENANCE

4.1 Operation and Maintenance. Seller shall operate and maintain the Facility in good operating condition, consistent with Prudent Electric Industry Practice.

4.2 Scheduled Outages.

(a) Seller's Obligations Subject to Scheduled Outages. Seller's obligation to deliver Energy and make available Contract Capacity pursuant to this Agreement shall be subject to planned outages necessary for maintenance procedures in accordance with the provisions of this Section 4.2 and Exhibit A ("Scheduled Outages"). PGE and Seller shall plan and coordinate Scheduled Outages as described in this Agreement, however, in no event shall Seller schedule maintenance for more than four percent (4%) of the Facility's total capacity at any one time during any Contract Year or during the Months of November, December, January, and February or July, August and September.

(b) Maintenance Procedures. The principal maintenance procedures for the Facility, along with the intervals between performance of specific maintenance procedures and the associated outage time, are set forth in the Maintenance Procedures Table set forth in Exhibit A.

(c) Forecast Maintenance Schedule. No later than the Effective Date and each three Month period thereafter, Seller shall provide to PGE a schedule of all Scheduled Outages for the next two years (each such schedule, a "Forecast Maintenance Schedule"). Seller shall establish each Forecast Maintenance Schedule with due regard for the following principles: (i) the Forecast Maintenance Schedule shall be consistent with the manufacturer's recommended procedures, Prudent Electric Industry Practice, and the long-term service agreement for the Gas Turbine; (ii) the Forecast Maintenance Schedule shall not exceed the per item outage times and intervals indicated in the Maintenance Procedures Table set forth in Exhibit A; and (iii) Seller shall use commercially reasonable efforts to schedule major Scheduled Outages as reasonably requested by PGE.

(d) Scheduled Outage Requirements. All Scheduled Outages shall be classified in accordance with the provisions of Exhibit A, and any Scheduled Outage hours in excess of the per item periods shown in the Maintenance Procedures Tables in Exhibit A shall be considered Forced Outage hours for the purpose of calculating availability-based compensation pursuant to Section 9.5.

(e) Scheduled Outage Notice Requirements. Seller shall provide PGE notice of any Scheduled Outage scheduled to occur pursuant to the Forecast Maintenance Schedule at least three (3) Business Days prior to the deadline set forth in Section 6.6 for PGE's submission to Seller of the Preschedule for the period in which such Scheduled Outage is to commence. Any outages occurring without such notice shall be considered Forced Outage hours.

(f) Adjustments to Forecast Maintenance Schedules. On or before the 5th day of every Month, Seller shall provide a written update to any Forecast Maintenance Schedule for the next whole Month and for the next two years following the current Month if such change represents a revision to the Forecast Maintenance Schedule. PGE may, at any time within a period of ten (10) days after receipt of any such update to the Forecast Maintenance Schedule, request that Seller consider reasonable revisions to the Forecast Maintenance Schedule. Seller will attempt to accommodate such revisions to the extent reasonably practicable. If Seller rejects any PGE revisions to the Forecast Maintenance Schedule, Seller shall provide written explanation indicating why such revisions were not accepted, and if PGE disagrees with Seller's explanation the Parties shall submit the dispute to arbitration as provided in Article 23 below.

4.3 Forced Outages and Forced Derates.

(a) Seller shall give prompt notice to PGE of any Forced Outage or Forced Derate. If notice of the Forced Outage or Forced Derate is provided orally, such notice shall be followed promptly by written notice in accordance with the requirements of this Agreement. Seller shall use commercially reasonable efforts to promptly remove or mitigate the Forced Outage or Forced Derate.

(b) PGE's payment obligation with respect to Capacity Charges shall be reduced in the event of any Forced Outage or Forced Derate, in accordance with the provisions of Section 9.5(b), unless Seller provides PGE with Replacement Energy. For purposes of

calculating the availability of the Facility, any period of Forced Derate or Forced Outage will be treated as ending at the end of the hour in which Seller resumes or is able to resume deliveries of Energy.

(c) As soon as practicable, but in any event not later than twenty-four (24) hours after the beginning of a Forced Outage or Forced Derate, Seller shall notify PGE of:

(i) The cause (or if not known, Seller's best estimate thereof) of the Forced Outage or Forced Derate;

(ii) The proposed corrective action;

(iii) Seller's best estimate of the expected duration of the Forced Outage or Forced Derate; and

(iv) Seller's election regarding Replacement Energy.

(d) In the event of a Forced Outage or Forced Derate, if Seller does not choose to provide Replacement Energy, Seller shall curtail the amount of Energy produced at the Facility between PGE and the other purchasers of Energy at the Facility on a pro rata basis determined on the basis of PGE's Contract Capacity to the total capacity of the Facility.

ARTICLE V

METERING

5.1 Energy Metering Equipment.

(a) Seller shall cause the Transmission Provider to own, operate and maintain all electricity metering equipment at the Energy Delivery Point. In addition, Seller shall own, operate and maintain backup electricity metering equipment at the Energy Delivery Point. Seller shall inspect, test, and calibrate all such metering equipment (or in the case of any metering equipment owned by the Transmission Provider, shall cause the Transmission Provider to inspect, test, and calibrate such metering equipment) on a basis consistent with the metering equipment inspection, testing and calibration protocols of the Transmission Provider. Seller shall give PGE reasonable prior notice of the date of such inspections, tests and calibrations, and shall permit a representative of PGE to witness and verify such inspections, tests, and calibrations.

(b) The Transmission Provider's metering equipment shall be used for purposes of calculating the amount of Scheduled Energy delivered to the Energy Delivery Point. In the event of any failure of any of the Transmission Provider's metering equipment, the Parties shall, until such time as the Transmission Provider's equipment has been repaired or replaced, rely upon information provided by Seller's metering equipment for purposes of calculating payments due under or in connection with this Agreement.

5.2 Energy Meter Testing. Seller shall provide to PGE copies of all meter calibration test results. If any test of the meters discloses an inaccuracy of more than one-half percent (1/2%) fast or one-half percent (1/2%) slow, any payments or adjustments made or calculated under this Agreement that would have been affected by the inaccuracy shall be recalculated to correct for the inaccuracy. For purposes of such correction, if the inaccuracy is traceable to a specific event

or occurrence at a reasonably ascertainable time, then the adjustment shall extend back to that time; otherwise, it shall be assumed that the error has existed for a period equal to one-half of the time elapsed since the meter was installed or one-half of the time since the last meter test, whichever is later. Either Party may, at its option and expense, have check meters installed. If installed, such check meters shall be used, in accordance with practices and procedures established by the Parties, for billing adjustments of discovered meter inaccuracies. If at any time both the billing and check meters at any metering location should fail to register, Seller shall determine the delivered Energy from the best available data, unless PGE objects to such determination within sixty (60) days after its delivery to PGE. Such disagreements shall be resolved pursuant to the dispute resolution provisions set forth in Article 23. If either Party determines, as a result of correction of measurements made by inaccurate meters, that any payments or adjustments made pursuant to this Agreement are incorrect, the Parties shall use the corrected measurements to recompute such payments or adjustments. Any amounts which are determined to be payable or subject to refund as a result of such recomputations shall be paid to the Party entitled to such amounts within twenty (20) days after the paying Party is notified of the recomputation, with interest at the Interest Rate from the date payment was originally made to the date of payment or refund of such adjustment.

ARTICLE VI

SCHEDULING AND DISPATCH

[NOTE TO BIDDERS: The Scheduling and Dispatch provisions may need to be modified to reflect the actual size and equipment of the Facility.]

4-16.1 Operational Limitations on Scheduling and Dispatch.

(a) The minimum guaranteed ramp rate of the Gas Turbine between the minimum Dispatch level and full load is _____ () MW per minute. Seller shall use commercially reasonable efforts, consistent with Prudent Electric Industry Practice, to achieve the maximum guaranteed ramp rate between the minimum Dispatch level and full load as established by the gas Turbine vendor's guidelines. The minimum time between a shut down of the Gas Turbine and a subsequent start-up of the Gas Turbine shall be ____ () hours.

(b) Once started, the Facility must, subject to the terms and conditions of this Agreement, run for a minimum of ____ () consecutive hours.

(c) Notwithstanding any other provision in this Agreement, Dispatch of the Facility pursuant to the Schedules of any other purchasers of Energy from the Facility shall not affect the Guaranteed Net Heat Rate or PGE's rights with respect to Scheduling or Dispatch of the Facility as set forth herein.

6.2 PGE's Rights and Obligations With Respect to Scheduling and Dispatch.

(a) General Protocols.

(i) Subject to the terms and conditions of this Agreement, the default operating condition of the Facility at Preschedule shall be to run at full capacity when the Spark Spread at 0605 PPT on such Preschedule Day is positive.

(ii) In no event may PGE Schedule Energy from the Facility in increments less than ____ () MW; provided that such limitation shall not apply to the Schedule of Energy in an amount within 10 MW of the available Contract Capacity; provided, further, that, notwithstanding the foregoing, under no circumstances may PGE Schedule Energy from the Facility in increments less than one (1) MW.

(iii) PGE may not Schedule Energy from the Facility in an amount in excess of ____ MWh/hr.

(iv) Implementation of the Facility Dispatch status and applicable Energy Schedules as determined on any Preschedule Day in accordance with the terms and conditions of this Agreement shall commence at 0000 PPT on the first day to which such Preschedule Day relates and continue through 2400 PPT on the last day to which such Preschedule Day relates. Notwithstanding the foregoing, PGE shall have the right during the Deadband Period on any Preschedule Day, to require an alternate implementation Schedule of Dispatch of the Contract Capacity for the day or days to which the Preschedule Day relates. In the event of any such requirement, PGE shall, prior to the end of the applicable Deadband Period, notify Seller of such alternate implementation Schedule of Facility Dispatch

(b) Protocols for Turndown of Facility.

(i) Subject to the terms and conditions of this Section 6.2, PGE shall, within the design limits of the Facility, be entitled to Schedule the Scheduled Energy from the Facility in integral increments less than ____ MWh/hr; provided that PGE may not Schedule Energy in an amount less than ____ MWh/hr.

(ii) PGE shall be responsible for providing the Gross Fuel Quantity, in the applicable amount required pursuant to the applicable Guaranteed Net Heat Rate, for any hour in which PGE Schedules Energy.

(c) Deadband Period Dispatch Modification Rights. Except as hereinafter set forth, at 0605 PPT on each Preschedule Day, Seller shall calculate the Spark Spread for such day. Seller shall promptly thereafter communicate to PGE such Spark Spread and the Facility Dispatch status (i.e., start-up, continued operation or "off") established by such Spark Spread, so as to permit PGE a reasonable period of time to schedule (i) Transmission Service, and (ii) delivery of the Gross Fuel Quantity to the Fuel Receipt Point as appropriate for the Facility Dispatch status. In the event that on any Preschedule Day either or both of the [Name] Gas Price and the [Hub Name] Energy Price must be calculated pursuant to any of the protocols set forth in Section 6.2(d) that require use of data other than data posted on ICE at 0605 PPT on such day, Seller shall provide PGE with notice of the Facility Dispatch status promptly upon determination of the Spark Spread on such basis; provided, however, that in the event that Seller has not calculated the Spark Spread and communicated such Spark Spread to PGE by 0630 PPT, the Facility Dispatch status for such day will be "off" unless PGE and Seller agree to an alternate Facility Dispatch status in accordance with the provisions of this Section 6.2(c).

(d) Fallback Mechanisms for Calculating [Name] Gas Price and [Hub Name] Energy Price.

(i) In the event that an active bid or ask price for Next Day Natural Gas Firm Physical (FP)-[Hub Name]-[Name] is not posted on ICE at 0605 on any Preschedule

Day, the _____[Hub Name] Gas Price for such day shall be calculated by using the following alternate price data, in the following order of precedence: (1) the simple average of the last two market clearing trades for such day as posted on ICE at 0605; (2) the last market clearing trade for such day as posted on ICE at 0605; (3) the Parties shall identify an alternate mutually agreeable Price Source; and (4) if the Parties are unable to identify a mutually agreeable alternate Price Source, the Normal Dispatch Status for such day will be that the Facility is "off." In the event that an active bid or ask price is not posted on ICE for a second consecutive day and the Parties are unable to identify a mutually agreeable alternate Price Source, the Parties shall follow the process outlined in Article 17 of this Agreement for a Market Disruption Event.

(ii) In the event that an active bid or offer price for Electricity Firm-LD Peak Physical FP-Hub _____[HUB NAME] (Next Day) or for Electricity Firm-LD Off-Peak Physical FP-Hub [HUB NAME] (Next Day) is not posted on ICE at 0605 on any Preschedule Day, the [Hub Name] Energy Price for such day shall be calculated by using the following alternate price data, in the following order of precedence: (1) the simple average of the last two market clearing trades for such day as posted on ICE at 0605; (2) the last market clearing trade for such day as posted on ICE at 0605; (3) the Parties shall identify an alternate mutually agreeable Price Source; and (4) if the Parties are unable to identify a mutually agreeable alternate Price Source, the Normal Dispatch Status for such day will be that the Facility is "off." In the event that an active bid or offer price is not posted on ICE for a second consecutive day and the Parties are unable to identify a mutually agreeable alternate Price Source, the Parties shall follow the process outlined in Article 17 of this Agreement for a Market Disruption Event.

6.3 Submission of Schedules to Transmission Provider(s). During the Delivery Term, (i) Seller shall Schedule with the appropriate Transmission Providers (or arrange for Scheduling service), in accordance with the applicable Transmission Provider's Scheduling notice requirements, to deliver the Scheduled Energy to the Energy Delivery Point, and (ii) PGE shall Schedule with the appropriate Transmission Providers (or arrange for Scheduling service), in accordance with the applicable Transmission Provider's Scheduling notice requirements, to receive and transmit the Scheduled Energy at and from the Energy Delivery Point.

6.4 Required Scheduling Capabilities. Each Party shall maintain (or be responsible for arranging on its behalf) a 24-hour around-the-clock real-time fully capable Scheduling operation throughout the Delivery Term. In addition, each Party shall comply with all applicable NERC and WECC Scheduling requirements and criteria.

6.5 Availability Notice.

(a) Seller shall guarantee to PGE Capacity Availability of not less than 97% Capacity Availability over the Term. In addition, Seller shall furnish to PGE an availability notice with respect to the availability of capacity and energy at the Facility and the amount of Replacement Energy to be provided for each day during the Delivery Term. Each such notice shall be furnished not less frequently than daily, at or before 0630 PPT on the day prior to the Preschedule Day for the day to which such notice shall relate. In addition, Seller shall furnish to PGE a new availability notice promptly after Seller determines that (i) the actual available capacity and energy of the Facility is greater than or less than the available capacity and energy set forth in the current availability notice or (ii) some or all of the unavailable energy from the Facility is being provided by Replacement Energy (in which event such notice shall specify what portion of such energy is being provided by Replacement Energy).

(b) Subject to the terms and conditions of this Agreement, PGE's payment obligation with respect to Capacity Charges shall, unless and to the extent Seller provides PGE with Replacement Energy, be reduced in accordance with the provisions of Section 9.5 to the extent capacity and energy is not available.

6.6 Submission of Preschedules. During the Delivery Term, on each Preschedule Day on which there has been a determination pursuant to Article 6 to Dispatch the Contract Capacity "on," (a) PGE shall, no later than 0700 PPT on such day, submit to Seller (at Seller's Scheduling notice address set forth in this Agreement) a Preschedule for the hourly amount of Scheduled Energy for all On-Peak Hours and the hourly amount of Scheduled Energy for all Off-Peak Hours for the following day or days (as applicable to such Preschedule Day), and (b) Seller shall, no later than 0715 PPT on such day, submit to PGE (at PGE's Scheduling notice address set forth in this Agreement) a Preschedule for the hourly amount of the aggregate of the Scheduled Energy and the scheduled energy for other purchasers from the Facility for all On-Peak Hours and all Off-Peak Hours for the following day or days (as applicable to such Preschedule Day). The Parties' respective Schedulers shall maintain hourly real-time Schedule coordination; provided, however, that in the absence of real-time changes to the Schedule in accordance with the provisions of this Agreement, the hourly Schedule established by PGE's Preschedules shall be considered final. The hourly amounts of Scheduled Energy may be in any increment permitted pursuant to the terms of this Agreement.

6.7 Scheduling Changes. PGE shall have the right to make any change to any Preschedule for any On-Peak Hour or Off-Peak Hour at any time up to and including 90 minutes prior to the beginning of the applicable Scheduled hour. Any changes made by PGE to any Preschedule shall be subject to each and all of the provisions of this Agreement, including but not limited to the provisions of Sections 6.1 and 6.2.

6.8 Generation Imbalance Charges. Except as provided in this Section 6.8, Seller shall pay or cause to be paid any and all Generation Imbalance Charges. PGE shall be responsible for payment of any and all Generation Imbalance Charges caused by or resulting from (a) any failure by PGE to receive Scheduled Energy in accordance with the requirements of this Agreement, (b) any failure by PGE to Schedule Energy in accordance with the requirements of this Agreement, or (c) any failure by PGE to deliver Fuel in accordance with the requirements of this Agreement.

6.9 Accounting for Deliveries. All transactions under this Agreement shall be accounted for on the basis of Scheduled hourly quantities to the Energy Delivery Point, except (a) when deliveries are interrupted or curtailed or (b) for any period in which the Facility is ramping up or ramping down. In the event of such interruptions or curtailments or ramp-ups or ramp-downs, hourly Energy Schedules shall be reduced on an integrated hourly basis to reflect such interruptions or curtailments. If Scheduled deliveries and receipt of Energy are not maintained for an entire hour, real-time deliveries shall be accounted for on a prorated basis, using the arithmetic mean of the Energy deliveries over such hour. The Parties shall maintain records of all hourly Energy Schedules for accounting and operating purposes for a period of not less than two (2) years from the date of each such Schedule.

6.10 Ancillary Services. PGE may Schedule the Facility to provide Ancillary Services associated with the Contract Capacity.

6.11 Replacement Energy. Seller may, at its option and sole cost, provide Firm Energy from time to time to PGE from sources other than the Facility at any time that the Facility

becomes partially or completely unavailable after PGE submits a Preschedule to Seller ("Replacement Energy"). Seller shall provide the Replacement Energy to the Energy Delivery Point, or to any other location upon which the Parties may mutually agree, at Seller's own cost. PGE shall be obligated to receive, accept and pay for any Replacement Energy provided by Seller pursuant to the terms of this Agreement as if such Replacement Energy were Scheduled Energy.

6.12 Unscheduled Contract Capacity. In the event that at any time PGE does not for any reason Schedule Energy from 100% of its Contract Capacity, Seller shall have no right to Dispatch or Schedule or sell any such unscheduled Contract Capacity or associated Energy.

ARTICLE VII

FUEL SUPPLY

[NOTE TO BIDDERS: The Fuel provisions may need to be modified to reflect the actual Fuel Receipt Point and the actual fuel transportation arrangements.]

7.1 Transfer of Gross Fuel Quantity; Delivery.

(a) On the terms and subject to the conditions of this Agreement, PGE shall deliver to Seller, and Seller shall receive from PGE, at the Fuel Receipt Point, the Gross Fuel Quantity

(b) On each Gas Day at the Fuel Receipt Point, PGE shall deliver the Gross Fuel Quantity for such Gas Day to Seller subject to any adjustments in the amount of such Fuel as elected by PGE pursuant to the terms of Section 7.5(c) and (d), and Seller shall receive the Gross Fuel Quantity for such Gas Day from PGE subject to any adjustments in the amount of such Fuel as elected by PGE pursuant to the terms of Section 7.5(c) and (d).

7.2 Fuel Receipt Point, Fuel Delivery Point and Metering.

(a) Fuel Receipt Point and Fuel Delivery Point. PGE shall deliver the Gross Fuel Quantity to Seller at the Fuel Receipt Point at PGE's sole cost and expense. Seller shall be responsible for arranging for transportation of the Gross Fuel Quantity, on the terms and subject to the conditions of this Agreement, to the Fuel Delivery Point. Seller will be the shipper of record between the Fuel Receipt Point and the Fuel Delivery Point, and will be responsible for satisfying all of the obligations associated with such transport under the [Name] Pipeline Tariff. If PGE, using commercially reasonable efforts, is unable to deliver any portion of the Gross Fuel Quantity to the Fuel Receipt Point, PGE shall be entitled to deliver such portion (less applicable fuel charges) to Seller at the Fuel Delivery Point (in which event the Fuel Delivery Point shall be deemed to be the Fuel Receipt Point for purposes of this Agreement). [These provisions will be used only if the Fuel Receipt Point differs from the Fuel Delivery Point.]

(b) Fuel Metering Equipment and Testing at Fuel Delivery Point. Seller shall cause [Name] Pipeline to operate, test, and maintain all metering equipment at the Fuel Receipt Point and the Fuel Delivery Point. Measurement of Fuel quantities hereunder shall be in accordance with the established procedures of [Name] Pipeline. Seller shall obtain from [Name] Pipeline and provide to PGE copies of all routine meter calibration test results conducted in compliance with [Name] Pipeline's _____ tariff.

7.3 Fuel for Start-Up: Fuel Specifications.

(a) Seller shall provide all natural gas and energy required for start-up of the Facility until such time as a Successful Start-Up has occurred.

(b) Fuel tendered by PGE for delivery to Seller at the Fuel Receipt Point shall meet the then current natural gas quality specifications as set forth in [Name] Pipeline's FERC tariff, as such specifications may change from time to time. In the event that any Fuel so tendered does not meet such specifications, Seller's sole and exclusive remedy shall be to reject such Fuel. In the event Seller rejects the Fuel, the Fuel shall be deemed undelivered and the Dispatch status of the Facility for such day shall be deemed "off."

7.4 Fuel Transportation Service and Costs. [This Section will be used only if the Fuel Receipt Point differs from the Fuel Delivery Point.]

(a) Fuel Transportation From Fuel Receipt Point to Fuel Delivery Point. On the terms and subject to the conditions of this Agreement, Seller shall be responsible for transportation and delivery of the Gross Fuel Quantity (less any applicable fuel reimbursement to [Name] Pipeline from the Fuel Receipt Point to the Fuel Delivery Point. Seller shall ensure that, at all times, it has _____ MMBtu/day (i.e., the product of (i) the Contract Capacity and (ii) _____ MMBtu/MWh [the Guaranteed Heat Rate] and (iii) 24 hours per day) of firm transportation capacity on [Name] Pipeline available for the transportation of the amount of Fuel (the "Dedicated Capacity"), to be used to produce Scheduled Energy. Seller hereby represents and warrants to PGE that Seller has sufficient firm transportation capacity on [Name] Pipeline to perform Seller's obligations under this Section 7.4(a) throughout the Delivery Term.

(b) Responsibility for Fuel Transportation Costs; OFOs. For each Month during the Delivery Term, PGE shall pay Seller an amount equal to all Transportation Charges, as follows: (i) Transportation Variable Charges incurred by Seller in connection with any and all transportation and delivery of the Gross Fuel Quantity (less applicable fuel charges) from the Fuel Receipt Point to the Fuel Delivery Point, plus (ii) the Transportation Fixed Charges for each day during the Month proportionately reduced for any day on which either (i) Seller has notified PGE that less than all of the Contract Capacity is available or (ii) Seller has failed to deliver Scheduled Energy pursuant to the terms of the Agreement. To the extent that Seller is assessed any indivisible Transportation Variable Charge that applies to the transportation or delivery of both the Gross Fuel Quantity and volumes of natural gas other than the Gross Fuel Quantity, PGE shall be responsible for a fair and reasonable pro rata share of such Transportation Variable Charge in proportion to the ratio of the Gross Fuel Quantity to such other volumes of natural gas. In the event of any OFO, Seller shall promptly notify PGE thereof, and PGE shall promptly notify Seller whether PGE wishes to flow natural gas to the OFO delivery point or to the Fuel Delivery Point (in which event PGE shall be responsible for any and all resulting penalty charges assessed by [Name] Pipeline).

(c) Nominations for Fuel. Each of Seller and PGE shall comply with each and all of the terms and conditions of [Name] Pipeline with respect to nominations and scheduling. Each of Seller and PGE shall designate a single Person to coordinate all Fuel nomination information to be transmitted between PGE, on the one hand, and Seller, on the other, consistent with this Agreement (each, a "Fuel Nominating Agent"). Each Party shall notify the other of such Party's Fuel Nominating Agent, and may change the Fuel Nominating Agent from time to time and at any time by notice to the other Party. The Fuel Nominating Agents shall

coordinate on behalf of PGE or Seller, as applicable, all Fuel nominating information to be transmitted between the Parties.

(d) Curtailment Allocation. If, on any Gas Day, [Name] Pipeline curtails gas deliveries to the Fuel Receipt Point for any reason other than PGE's failure to deliver gas scheduled to be delivered to the Fuel Receipt Point, Seller shall not be entitled to allocate the effects of such curtailment to PGE in any amount greater than the proportion that the Net Fuel Quantity for such Gas Day bears to all scheduled fuel nominations for the Facility for such Gas Day.

7.5 Gas Balancing and Gas Imbalance Charges.

(a) The Parties shall use commercially reasonable efforts to avoid imposition of any Gas Imbalance Charges. If PGE or Seller receives an invoice from a Transporter that includes Gas Imbalance Charges, the Parties shall determine the validity as well as the cause of such Gas Imbalance Charges and, except as otherwise provided in Section 7.5(d), the Party causing the applicable gas imbalance shall be responsible for, and pay, any resulting Gas Imbalance Charges.

(b) PGE shall comply with all applicable [Name] Pipeline balancing requirements; provided, however, that PGE shall not be required to comply with daily and monthly balancing requirements any more stringent than those required by [Name] Pipeline. Seller shall timely notify PGE of all applicable daily balancing limits under [Name] Pipeline entitlement and OFO requirements, and PGE shall comply therewith. In addition, in the event that Seller receives notice from [Name] Pipeline of any imbalance charges or penalties imposed by [Name] Pipeline with respect to the Dedicated Capacity, Seller shall promptly notify PGE of such imbalance charges or penalties.

(c) To the extent PGE causes a gas imbalance that would result in a gas imbalance penalty being assessed against PGE pursuant to this Agreement, PGE may deliver Fuel in an amount greater or less than the Gross Fuel Quantity for purposes of curing such gas imbalance in a manner consistent with the gas balancing provisions of the [Name] Pipeline Tariff.

(d) At any time there is a positive balance in PGE's Gas Surplus Account, PGE shall have the right to elect to reduce its obligation to deliver the Gross Fuel Quantity by any amount (the "Daily Gas Surplus Reduction") up to the balance of PGE's Gas Surplus Account. PGE shall provide notice of such election to Seller no later than the nomination deadline for "Timely Nomination Cycle" under the [Name] Pipeline Tariff. In the event PGE makes such election, then, in addition to the quantity of Fuel PGE actually delivers on such day, PGE shall be deemed to have delivered a quantity of Fuel equal to the Daily Gas Surplus Reduction on such day pursuant to the terms of this Agreement.

(e) If any Force Majeure event, Forced Outage or Forced Derate results in the imposition of a Gas Imbalance Charge with respect to Fuel during any Gas Day, and notwithstanding Seller's commercially reasonable efforts to comply with [Name] Pipeline's requirements for balancing, Seller incurs any liability for Gas Imbalance Charges, PGE will reimburse Seller for a share of such Gas Imbalance Charges which is equal to the ratio of (i) the Net Fuel Quantity for such Gas Day, to (ii) all scheduled fuel nominations for the Facility for such Gas Day.

7.6 Release of Dedicated Capacity. [This Section will be used only if the Fuel Receipt Point differs from the Fuel Delivery Point.] Seller shall, upon any request by PGE, use commercially reasonable efforts to release any Dedicated Capacity that is not utilized to deliver Fuel for the production of Scheduled Energy. Seller shall obtain PGE's consent prior to releasing or using such Dedicated Capacity for purposes other than delivering Fuel under this Agreement. In the event PGE locates a potential release for any such capacity or otherwise identifies a commercially reasonable use for such capacity, Seller shall cooperate with PGE to effect such release or other transaction. In the event that PGE agrees and Seller is able to use or arrange for the release of any such Dedicated Capacity, then ninety percent (90%) of the gross proceeds obtained by Seller for such utilized or released Dedicated Capacity shall be deducted from any amounts payable by PGE pursuant to Section 7.4(b).

7.7 Title and Risk of Loss for Fuel. As between the Parties, PGE shall be deemed to be in exclusive control (and responsible for any losses, costs, damages or injury caused thereby) of the Fuel to be delivered hereunder prior to the Fuel Receipt Point, and Seller shall be deemed to be in exclusive control (and responsible for any losses, costs, damages or injury caused thereby) of the Fuel delivered hereunder at, from and after the Fuel Receipt Point.

7.8 Warranties Regarding Fuel. PGE represents and warrants that it shall have the right to transfer to Seller at the Fuel Receipt Point, all Fuel delivered hereunder by PGE to Seller, free and clear of all liens, encumbrances, and claims. EXCEPT AS SET FORTH IN THE PRECEDING SENTENCE, ALL WARRANTIES REGARDING FUEL, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

7.9 Seller's Sole Remedy for PGE's Failure to Deliver Fuel. Except for any Generation Imbalance Charges or Gas Imbalance Charges that may be payable pursuant to Sections 6.8 or 7.5(a), Seller's sole and exclusive remedy for PGE's failure to deliver any quantity of Fuel on any day shall be Seller's right not to deliver on such day the corresponding quantity of Energy that would have been produced with such Fuel, based on the applicable Guaranteed Net Heat Rate.

ARTICLE VIII

ENERGY DELIVERY POINT

8.1 Transmission. Seller shall be responsible for securing, and paying all charges, costs and expenses imposed on or associated with, transmission and delivery of Energy to the Energy Delivery Point, including inadvertent energy flows, transmission losses and loss charges relating to the transmission of Energy to the Energy Delivery Point. PGE shall be responsible for securing, and paying all charges, costs and expenses imposed on or associated with, transmission and delivery of Energy at, from and after the Energy Delivery Point, including inadvertent energy flows, transmission losses and loss charges relating to the transmission of Energy at, from and after the Energy Delivery Point.

8.2 Energy Delivery Point. Seller shall deliver Scheduled Energy to the Energy Delivery Point.

8.3 Title and Risk of Loss. As between the Parties, Seller shall be deemed to be in exclusive control (and responsible for any losses, costs, damages or injury caused thereby) of the

Product to be delivered hereunder prior to the Energy Delivery Point, and PGE shall be deemed to be in exclusive control (and responsible for any losses, costs, damages or injury caused thereby) of the Product delivered hereunder at, from and after the Energy Delivery Point. Title to and risk of loss related to Product delivered hereunder shall transfer from Seller to PGE at the Energy Delivery Point. Seller warrants that it will deliver to PGE the Product free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Point.

8.4 Measurement of Energy. All Energy delivered hereunder shall be measured at the metering facilities located at the Energy Delivery Point, as further set forth in Article 5.

ARTICLE IX

CHARGES; AVAILABILITY GUARANTEE; INFORMATION AND SITE ACCESS

9.1 Capacity Charge. Except as otherwise provided in this Agreement and subject to adjustment as provided in Section 9.5(b), in consideration for the availability of Contract Capacity during the Delivery Term and for each Month during the Delivery Term, PGE shall pay to Seller a Capacity Charge, as hereinafter set forth. The Capacity Charge for each full Month during the Delivery Term shall, subject to adjustment as provided in Section 9.5(b), be the amount of USD \$_____ (such unadjusted amount, the "Standard Capacity Charge"). The Capacity Charge for any partial Month shall be prorated from the Capacity Charge for a full Month, based upon the number of days in such partial Month falling within the Delivery Term compared to the total number of days in such Month. Unless otherwise excused as provided in this Agreement, PGE shall pay the Capacity Charge each Month throughout the Delivery Term whether or not PGE actually Schedules deliveries of any Energy. Payment of the Capacity Charge established under this Agreement shall compensate Seller for the Contract Capacity, all costs related to station service for the Facility and costs related to Ancillary Services provided pursuant to Section 3.1(c), and Seller shall not charge any station service costs or Ancillary Service cost to PGE.

9.2 Variable O&M Charge. Except as otherwise provided in this Agreement, each Month during the Delivery Term PGE, in consideration for the Scheduled Energy delivered by Seller to PGE under this Agreement, shall pay to Seller a charge (the "Variable O&M Charge") equal to the product of (a) USD \$-- per MWh (the "Variable O&M Price") and (b) the total number of MWhs of Scheduled Energy delivered to PGE by Seller at the Energy Delivery Point during such Month.

9.3 [Variable Energy Charge. – This Section will be used if the Fuel Receipt Point differs from the Fuel Delivery Point.]

(a) Except as otherwise provided in this Agreement, and without limiting the provisions of Sections 7.4 and 7.5, Seller shall, for each Gas Day of each Month during the Delivery Term, pay to PGE an amount equal to the product of (a) the Gross Fuel Quantity for such Gas Day, and (b) the Gas Index Price for such Gas Day, in consideration for the delivery of such Gross Fuel Quantity by PGE to Seller.

(b) Except as otherwise provided in this Agreement, and without limiting the provisions of Sections 7.4 and 7.5, PGE shall, for each Gas Day of each Month during the Delivery Term, pay to Seller, in consideration for the Energy delivered by Seller to PGE under

this Agreement, an amount (the "Variable Energy Charge") as determined by the following formula:

$$GA = (1 + FC) \times (DE \times SHR) \times GIP$$

Where:

GA = The total amount payable pursuant to this Section 9.3(b)

FC = The [Name] Pipeline Fuel Charge

DE = The total quantity (in MWh) of Scheduled Energy delivered by Seller to PGE at the Energy Delivery Point during such day

SHR = The [Hub Name] weighted average (in MMBtu/MWh) of the Guaranteed Net Heat Rate for all such Scheduled Energy

GIP = The Gas Index Price applicable to the Fuel utilized to produce such Scheduled Energy

~~1.49.4~~ Start-Up Charge [to be determined].

9.5 Availability of Facility.

(a) Availability Guarantee. During the Delivery Term, Seller shall deliver Energy and make available capacity from the Facility not less than 97% of the hours in each Month (exclusive of Scheduled Outages) (the "Availability Guarantee"). The Facility shall not be considered available for purposes of the Availability Guarantee during any period Seller has declared the Facility unavailable pursuant to Section 6.5, during any Force Majeure event affecting Seller, during any Forced Outage, to the extent affected by any Forced Derate, and for any period in excess of [] minutes that is required for any Successful Start-Up (but only to the extent that such period affects delivery of any Scheduled Energy). A sample calculation of the availability formula is set forth in Exhibit D.

(b) Adjustments to Standard Capacity Charge. Adjustments to Standard Capacity Charge. If the Seller fails to meet its Guaranteed Availability Factor (GAF), the Standard Capacity Charge shall be reduced by the amount of the Liquidated Damages calculated pursuant to Exhibit G. If the amount of Liquidated Damages is larger than the Standard Capacity Charge, then Seller shall pay PGE the net difference within two (2) Business Days of receipt of an invoice from PGE.

(c) Termination Due to Failure to Meet Availability Guarantee. In the event Seller fails to meet the Availability Guarantee for a period of thirty (30) consecutive days or more during the Delivery Term, then in addition to other remedies provided under this Agreement, PGE shall have the right, to terminate this Agreement effective upon three (3) Business Days' notice to Seller. If PGE terminates this Agreement under this Section 9.5(c), then Seller shall pay PGE the Termination Payment within five (5) Business Days after the effective date of such termination. In the event of termination pursuant to this Section 9.5(c), neither Party shall, except as set forth in the preceding sentence, have any liability whatsoever to the other Party under or in connection with this Agreement; provided, however, that no such termination shall relieve either

Party of liability for any costs or other obligations incurred prior to the effectiveness of such termination.

9.6 Information Systems; Access to Facility and Facility Site.

(a) Seller and PGE shall develop and coordinate procedures and information systems for the Parties' day-to-day operations under this Agreement, including, without limitation, Facility availability forecasts, ramp rates and operational restrictions, and systems concerning the operations of the Facility as required by the Control Area Operator.

(b) Seller authorizes PGE and its agents, employees and inspectors to have reasonable access to the Facility and the Facility site, in each case upon reasonable prior notice (in light of the circumstances). PGE acknowledges that such access does not create any right for PGE to direct or modify the operation of the Facility in any way and PGE further acknowledges that any exercise of its rights pursuant to this Section 9.6 shall be at its own risk and cost and expense.

ARTICLE X

FORCE MAJEURE

10.1 Definition and Notice.

(a) Force Majeure means an event or circumstance which prevents one Party from performing its obligations to deliver or receive the Product or Fuel under this Agreement, which event or circumstance was not anticipated or reasonably foreseeable by the Claiming Party as of the date the Product was Scheduled, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (i) the loss of PGE's markets; (ii) PGE's inability economically to use or resell the Product purchased hereunder; (iii) the loss or failure of Seller's supply; (iv) Seller's ability to sell the Product at a price greater than the Contract Price, or (v) Seller's inability to economically produce the Product. Neither Party may raise a claim of Force Majeure based in whole or in part on curtailment by a Transmission Provider unless (i) such Party has contracted for firm transmission with a Transmission Provider for the Product to be delivered to or received at the Energy Delivery Point and (ii) such curtailment is due to "force majeure" or "uncontrollable force" or a similar term as defined under the Transmission Provider's tariff; provided, however, that the existence of the foregoing factors shall not be sufficient to conclusively or presumptively prove the existence of a Force Majeure absent a showing of other facts and circumstances which in the aggregate with such factors establish that a Force Majeure as defined in the first sentence hereof has occurred.

(b) To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under the Agreement and such Party (the "Claiming Party") gives notice and details of the Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations under this Agreement (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

10.2 Termination Relating to Force Majeure Events. If any Force Majeure event claimed by Seller shall suspend performance by Seller for a period of thirty (30) consecutive days or more during the Delivery Term, then PGE may, at any time following the end of such one 30-day period, but for only so long as such Force Majeure event is still claimed by Seller, terminate this Agreement effective upon written notice to Seller. In the event of termination pursuant to this Section 10.2, neither Party shall have any liability whatsoever to the other Party under or in connection with this Agreement; provided, however, that no such termination shall relieve either Party of liability for any costs or other obligations incurred prior to the effectiveness of such termination.

ARTICLE XI

EVENTS OF DEFAULT

11.1 Events of Default; Termination. An "Event of Default" means, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

(a) the occurrence of a Material Adverse Change with respect to the Defaulting Party; provided, such Material Adverse Change shall not be considered an Event of Default if the Defaulting Party establishes and maintains for so long as the Material Adverse Change is continuing, Performance Assurance to the Non-Defaulting Party in an amount determined by the Non-Defaulting Party in a commercially reasonable manner;

(b) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within five (5) Business Days after written notice;

(c) the failure to perform any material covenant or obligation set forth in this Agreement (except (i) to the extent constituting a separate Event of Default, (ii) the obligations of such Party to deliver or receive capacity or Energy, the exclusive remedy for which is provided in Article 12, and (iii) the obligations of PGE relating to delivery of Fuel, the exclusive remedy for which is provided in Section 7.9) if such failure is not remedied within two (2) Business Days after written notice;

(d) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;

(e) such Party becomes Bankrupt;

(f) the failure of such Party to establish, maintain, extend or increase Performance Assurance when required pursuant to this Agreement;

(g) Seller sells Contract Capacity or associated Energy to any Person other than PGE (other than as a result of the failure of PGE to receive Scheduled Energy);

(h) Seller knowingly delivers a false availability notice pursuant to Section 6.5(a);

(i) Seller fails to meet its Availability Guarantee, provided, provided, such failure shall not be considered an Event of Default if Seller pays PGE the liquidated damages calculated as provided in Exhibit "H" attached hereto and made a part hereof.

(j) A Merger Event occurs with respect to such Party or its Guarantor;

(k) the occurrence and continuation of (i) a default, event of default or other similar condition or event in respect of such Party or any other party specified for such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount equal to or greater than the applicable Cross Default Amount which results in such indebtedness becoming immediately due and payable or (ii) a default by such Party or any other party specified for such Party in making on the due date therefor one or more payments, individually or collectively, in an aggregate amount equal to or greater than the applicable Cross Default Amount;

(l) the occurrence of a Letter of Credit Default with respect to such Party, which Letter of Credit Default is not remedied within three (3) Business Days after written notice to such Party; or

(m) the occurrence of a Guaranty Default with respect to such Party, and a Letter of Credit is not provided in place of the applicable Guaranty within two (2) Business Days of the Guaranty Default.

11.2 Declaration of an Early Termination Date and Calculation of Settlement Amounts.

(a) Early Termination Date. If an Event of Default with respect to a Defaulting Party shall have occurred at any time during the Term and be continuing, the other Party (the "Non-Defaulting Party") shall have the right to (i) designate a day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an early termination date ("Early Termination Date") on which to liquidate, terminate, and accelerate all amounts owing between the Parties, (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance. If an Early Termination Date has been designated, the Non-Defaulting Party shall calculate, in a commercially reasonable manner, its Gains or Losses and Costs resulting from the termination of this Agreement as of the Early Termination Date and the Termination Payment payable hereunder shall be calculated in accordance with Section 11.2(b) below).

(b) Calculation of Settlement Amounts. The Gains or Losses resulting from the termination of this Agreement shall be determined by calculating the amount that would be incurred or realized to replace or to provide the economic equivalent of the remaining payments or deliveries in respect to this Agreement. The Non-Defaulting Party (or its agent) may determine its Gains and Losses by reference to information either available to it internally or supplied by one or more third parties including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. However, it is expressly agreed that (i) a Party shall not be required to enter into a replacement agreement in order to determine the Termination Payment and (ii) a Party's Gains, Losses or Costs will in no event include any penalties, ratcheted demand or similar charges. At the time for payment of any amount due under this Section 11.2, each Party shall pay to the other Party all additional amounts payable by it pursuant to this Agreement, but all such amounts shall be netted and aggregated with any Termination Payment payable hereunder.

11.3 Net Out of Settlement Amounts. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single amount by: netting out (i) all Settlement Amounts that are due to the Defaulting Party, plus any cash or other form of security then available to the Non-Defaulting Party pursuant to Article 15, plus any or all other amounts due to the Defaulting Party under this Agreement against (ii) all Settlement Amounts that are due to the Non-Defaulting Party, plus any cash or other form of security then available to the Defaulting Party pursuant to Article 15, plus any or all other amounts due to the Non-Defaulting Party under this Agreement, so that all such amounts shall be netted out to a single liquidated amount (the "Termination Payment") payable by one Party to the other. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate

11.4 Notice of Payment of Termination Payment. As soon as practicable after a termination of this Agreement, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The Termination Payment shall be made by the Defaulting Party within two (2) Business Days after such notice is effective. Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay to the Defaulting Party any amount under Article 11 until the earlier of (i) the date the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion (which may include an opinion of its counsel) that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party under this Agreement or otherwise which are due and payable as of the Early Termination Date have been fully and finally performed, or (ii) 180 days after the Early Termination Date.

11.5 Disputes with Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer Performance Assurance to the Non-Defaulting Party in an amount equal to the Termination Payment.

11.6 Closeout Setoffs. After calculation of a Termination Payment in accordance with Section 11.2, if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled, at its option and in its discretion, to (i) set off against such Termination Payment any amounts due and owing by the Defaulting Party to the Non-Defaulting Party under any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party and/or (ii) to the extent the purchases or sales are not yet liquidated in accordance with Section 11.2, withhold payment of the Termination Payment to the Defaulting Party. The remedy provided for in this Section shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

11.7 Suspension of Performance. Notwithstanding any other provision of this Agreement, if an Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon written notice to the Defaulting Party, shall have the right (i) to suspend performance under this Agreement; provided, however, in no event shall any such suspension continue for longer than ten (10) Business Days unless an Early Termination Date shall have been declared and notice thereof pursuant to Section 11.2 given, and (ii) to the extent an Event of Default shall have occurred and be continuing to exercise any remedy available at law or in equity.

ARTICLE XII

REMEDIES FOR FAILURE TO DELIVER OR RECEIVE

12.1 Remedy for Seller's Failure to Deliver.

(a) EACH PARTY CONCEDES THAT ITS FAILURE TO DELIVER OR RECEIVE SCHEDULED ENERGY, OR SELLER'S FAILURE TO RECEIVE NOMINATED AND SCHEDULED FUEL IN BREACH OF THE PROVISIONS OF THIS AGREEMENT MAY CAUSE IRREPARABLE HARM TO THE OTHER PARTY, AND THAT THE MEASURE OF DAMAGES PROVIDED FOR HEREIN WILL NOT BE SUFFICIENT TO COMPENSATE FOR THE HARM SUFFERED AS A RESULT OF SUCH FAILURE TO PERFORM. THEREFORE, THE PARTIES AGREE THAT IN THE EVENT THAT SELLER FAILS TO DELIVER ALL OR PART OF THE SCHEDULED ENERGY OR FAILS TO RECEIVE NOMINATED AND SCHEDULED FUEL, AND SUCH FAILURE IS NOT EXCUSED BY PGE'S FAILURE TO PERFORM OR OTHERWISE UNDER THE TERMS OF THIS AGREEMENT, OR IN THE EVENT THAT PGE FAILS TO RECEIVE ALL OR PART OF THE SCHEDULED ENERGY, AND SUCH FAILURE IS NOT EXCUSED BY SELLER'S FAILURE TO PERFORM OR OTHERWISE UNDER THE TERMS OF THIS AGREEMENT, THEN, IN ADDITION TO AWARDING DAMAGES AS SET FORTH HEREIN, AN ARBITRAL TRIBUNAL CONSTITUTED UNDER ARTICLE 23 HEREUNDER (OR PRIOR TO THE FORMATION OF THE ARBITRAL TRIBUNAL, A COURT OF COMPETENT JURISDICTION), SHALL BE EMPOWERED TO GRANT AN ORDER FOR TEMPORARY OR PERMANENT INJUNCTIVE RELIEF, INCLUDING BUT NOT LIMITED TO TEMPORARY RESTRAINING ORDERS, PRELIMINARY INJUNCTIONS, AND PERMANENT INJUNCTIONS (AND INCLUDING SPECIFIC PERFORMANCE OF THIS AGREEMENT), WITH RESPECT TO THE PARTIES' OBLIGATIONS TO DELIVER OR RECEIVE SCHEDULED ENERGY.

(b) (1) If Seller fails to deliver all or part of the Scheduled Energy or Scheduled Ancillary Services, and such failure is not excused by PGE's failure to perform or otherwise under the terms of this Agreement, then Seller shall pay PGE within five (5) Business Days of invoice receipt, (i) with respect to Scheduled Energy, an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Variable O&M Charge for such Scheduled Energy from the Replacement Price for such Scheduled Energy and (ii) with respect to Ancillary Services, the Replacement Price for such Scheduled Ancillary Services. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount, and (2) If Seller fails to receive nominated and scheduled Fuel and such failure is not excused under the terms of this Agreement, then Seller shall pay PGE within five (5) Business Days of invoice receipt the sum of \$__ USD.

(c) Calculation of Replacement Price. The Replacement Price in regard to Scheduled Energy or Scheduled Ancillary Services not delivered to PGE by Seller shall be the price at which PGE either:

(i) purchased for delivery at the Energy Delivery Point a replacement for any such Product in a commercially reasonable manner, adding any:

(1) costs reasonably incurred by PGE in replacing such Product; and

(2) additional transmission charges, if any, reasonably incurred by PGE in delivering such Product to the Energy Delivery Point; or

(ii) absent a purchase, then the market price at the Energy Delivery Point for such Product not delivered as determined by PGE in a commercially reasonable manner.

However, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall PGE be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Seller's liability. For purposes of this definition, PGE shall be considered to have purchased a replacement Product to the extent PGE shall have entered into one or more arrangements in a commercially reasonable manner whereby PGE repurchases its obligation to sell and deliver such Product to another party at the Energy Delivery Point.

1.212.2 Remedy for PGE's Failure to Receive.

(a) If PGE fails to receive all or part of the Scheduled Energy, and such failure is not excused by Seller's failure to perform or otherwise under the terms of this Agreement, then PGE shall pay Seller, on the date payment would otherwise be due in respect of the Month in which the failure occurred or within five (5) Business Days of invoice receipt, an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Sales Price for such Scheduled Energy from the Variable O&M Charge for such Scheduled Energy. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

(b) Calculation of Sales Price. The Sales Price in regard to any Scheduled Energy not received by PGE shall be the price at which Seller:

(i) resells for delivery any such Scheduled Energy in a commercially reasonable manner, deducting from such proceeds any:

(1) costs reasonably incurred by Seller in reselling such Scheduled Energy; and

(2) additional transmission charges, if any, reasonably incurred by Seller in delivering such Scheduled Energy to third party purchasers.

(ii) or, absent a sale, the market price at the Energy Delivery Point for such Scheduled Energy not received as determined by Seller in a commercially reasonable manner.

However, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall Seller be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize PGE's liability.

1.312.3 Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

12.4 Acknowledgement of the Parties. The Parties stipulate that the payment obligations set forth in this Article 12 are reasonable in light of the anticipated harm and the

difficulty of estimation or calculation of actual damages and waive the right to contest such payments as an unreasonable amount or a penalty. If either Party fails to pay undisputed amounts in accordance with this Article 12 when due, the other Party shall have the right to: (i) suspend performance, including the withholding of payment otherwise due from it to the other Party, until such amounts plus interest at the Interest Rate have been paid, and/or (ii) exercise any remedy available at Law or in equity to enforce payment of such amount plus interest at the Interest Rate. With respect to the amount of such damages only, the remedy set forth in this Article 12 shall be the sole and exclusive remedy of the Parties for the failure of Seller to sell and deliver, and PGE to purchase and receive, the quantity of Scheduled Energy and Ancillary Services or for Seller's failure to receive the nominated and scheduled Fuel, and all other damages and remedies are hereby waived. Disagreements with respect to the calculation of damages pursuant to this Article 12 shall be submitted to arbitration in accordance with the arbitration procedures set forth in Article 23.

12.5 Survival. The provisions of this Article 12 shall survive the expiration or termination for any reason of this Agreement.

ARTICLE XIII

PAYMENT AND NETTING

13.1 Billing Period. Unless otherwise specifically agreed upon by the Parties, the calendar month shall be the standard period for all payments under this Agreement (other than for Seller or PGE Failure under Sections 12.1 and 12.2 respectively and for termination in Section 11.4). On or before the tenth (10th) day of each month, each Party shall render to the other Party an invoice for the payment obligations, if any, incurred hereunder during the preceding month.

13.2 Timeliness of Payment. Unless otherwise agreed by the Parties, all invoices under this Agreement shall be due and payable in accordance with each Party's invoice instructions on or before the later of the twentieth (20th) day of each month, or tenth (10th) day after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.

13.3 Disputes and Adjustments of Invoices. A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice, rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twenty-four (24) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Interest Rate from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned upon request or deducted by the Party making such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid by the Party receiving such overpayment or

deducted by the Party making such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section 13.3 within twenty-four (24) months after the invoice is rendered or any specific adjustment to the invoice is made. If an invoice is not rendered within twelve (12) months after the close of Month during which PGE has Scheduled Energy or Ancillary Services, the right to payment for such performance is waived.

13.4 Netting of Payments. The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date pursuant to all transactions through netting, in which case all amounts owed by one Party to the other Party during the Monthly billing period under this Agreement, including any related damages calculated pursuant to Article 12 (unless one of the Parties elects to accelerate payment of such amounts as permitted by Section 11.2(a)), interest, and payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it.

13.5 Payment Obligation Absent Netting. If no mutual debts or payment obligations exist and only one Party owes a debt or obligation to the other during the Monthly billing period, including, but not limited to, any related damage amounts calculated pursuant to Article 12, interest, and payments or credits, that Party shall pay such sum in full when due.

ARTICLE XIV

LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS SUFFERED.

ARTICLE XV

CREDIT AND COLLATERAL REQUIREMENTS

The applicable credit and collateral requirements shall be as follows.

~~14.1~~15.1 Financial Information. If requested by a Party, the other Party shall deliver (i) within 120 days following the end of each fiscal year, a copy of such Party's annual report containing audited consolidated financial statements for such fiscal year and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of such Party's quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles, consistently applied; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the other Party diligently pursues the preparation, certification and delivery of the statements.

15.2 Collateral Threshold and Security. The Parties agree that, in order to secure the obligations of Seller to PGE hereunder, subject to Section 15.3 below, Seller shall at PGE's request:

(a) cause its Guarantor to execute and deliver to PGE a guaranty agreement in a form and amount reasonably acceptable to PGE. Such guaranty shall be delivered to PGE by Seller contemporaneously with the execution and delivery of this Agreement, or

(b) establish and maintain an escrow account for the benefit of PGE in a form and amount reasonably acceptable to PGE. Evidence of such escrow account shall be delivered to PGE by Seller contemporaneously with the execution and delivery of this Agreement. The costs of such escrow account shall be borne by Seller, or

(c) provide a cash deposit in an amount reasonably acceptable to PGE. Such cash deposit shall be delivered to PGE contemporaneously with the execution and delivery of this Agreement, or

(d) provide a Letter of Credit in a form and amount reasonably acceptable to PGE. Such Letter of Credit shall be delivered contemporaneously with the execution and delivery of this Agreement.

15.3 Provision of Performance Assurance. If at any time and from time to time during the term of this Agreement (and notwithstanding whether an Event of Default has occurred), the Termination Payment that would be owed to PGE exceeds Seller's Collateral Threshold, then PGE, on any Business Day, may require that Seller provide Performance Assurance in an amount equal to the lesser of (i) the remaining period of the Term or (ii) for a period of twenty-four (24) months commencing from the date PGE provides notice to Seller of such required Performance Assurance, (rounding upwards for any fractional amount to the next Rounding Amount), less any Performance Assurance already posted with PGE. Such Performance Assurance shall be delivered to PGE within two (2) Business Days of the date of the request for such Performance Assurance. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash), Seller, at its sole cost, may request that the amount of such Performance Assurance be reduced correspondingly by the amount of such excess Termination Payment (rounding downwards for any fractional amount to the next Rounding Amount). In the

event that Seller fails to provide Performance Assurance pursuant to the terms of this Article 15 within two (2) Business Days, then an Event of Default under Article 11 shall be deemed to have occurred and PGE will be entitled to the remedies set forth in Article 11 of this Agreement.

For purposes of this Section 15.3, the calculation of the Termination Payment shall be calculated pursuant to Section 11.2 by PGE as if the Transaction had been liquidated, and in addition thereto, shall include all amounts owed but not yet paid by Seller to PGE.

1.415.4 Grant of Security Interest/Remedies. To secure its obligations under this Agreement and to the extent Seller delivers Performance Assurance hereunder, Seller (the "Pledgor") hereby grants to PGE (the "Secured Party") a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, the Secured Party, and Pledgor agrees to take such action as the Secured Party reasonably requires in order to perfect the Secured Party's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

Upon or at any time after the occurrence and during the continuation of an Event of Default or an Early Termination Date affecting Seller, PGE may do any one or more of the following: (i) exercise any of the rights and remedies of a Secured Party with respect to all Performance Assurance, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of Seller in the possession of PGE or its agent; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all Performance Assurance then held by or for the benefit of PGE free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller. Secured Party shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Pledgor's obligations under this Agreement (the Pledgor remaining liable for any amounts owing to PGE after such application), subject to the Secured Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

1.515.5 Holding Performance Assurance. PGE will be entitled to hold Performance Assurance in the form of cash provided that the following conditions are satisfied: (i) PGE is not a Defaulting Party and has a Credit Rating that is BBB- or higher by S&P or Baa3 or higher by Moody's and (ii) Performance Assurance may be held only in a jurisdiction within the United States.

15.6 Delivery of Performance Assurance. Upon the occurrence and during the continuance of a Material Adverse Change or an Event of Default with respect to PGE, PGE shall deliver (or cause to be delivered) not later than two (2) Business Days after request by Seller, all Performance Assurance provided by Seller that is in PGE's possession or held on its behalf by a financial institution, to a segregated, safekeeping or custody account ("Collateral Account") within a financial institution that is a major U.S. commercial bank or a U.S. branch office of a major foreign commercial bank, with such bank having shareholder's equity of at least \$10 billion U.S. dollars and a Credit Rating of at least A1 from Moody's or A+ from S&P or as otherwise approved by Seller (which approval shall not be unreasonably withheld). The title of the Collateral Account shall indicate that the property contained therein is being held as Performance Assurance for PGE. The financial institution shall serve as custodian with respect to the Performance Assurance in the Collateral Account and shall hold such Performance Assurance for the security interest of PGE and, subject to the security interest, for the ownership of the Seller.

15.7 Performance Assurance Event of Default. Failure by PGE to comply with any of the obligations under Section 15.6 will constitute an Event of Default with respect to PGE if the failure continues for two (2) Business Days after notice of the failure is given to PGE.

15.8 Interest Rate on Cash Collateral. Performance Assurance in the form of cash shall bear interest at the Interest Rate on Cash Collateral and shall be paid to the Pledgor on the third Business Day of each calendar month. "Interest Rate on Cash Collateral" means the lesser of (i) the maximum amount allowed by applicable law and (ii) the Federal Funds Rate for the holding period. The "Federal Funds Rate" means the effective Federal Funds Rate as published daily by the Federal Reserves Bank H.15 Statistical Release website for each day of the holding period. Such interest shall be calculated on the basis of the actual number of days elapsed over a year of 365 days.

ARTICLE XVI

GOVERNMENTAL CHARGES

16.1 Cooperation. Each Party shall use reasonable efforts to implement the provisions of and to administer this Agreement in accordance with the intent of the parties to minimize all taxes, so long as neither Party is materially adversely affected by such efforts.

16.2 Non-Sale Related Governmental Charges and Taxes. Seller shall pay or cause to be paid all charges or taxes imposed by any government authority ("Governmental Charges") on or with respect to the Product arising prior to the Energy Delivery Point. PGE shall pay or cause to be paid all Governmental Charges on or with respect to the Product at and from the Energy Delivery Point (other than those related to the sale of the Product and are, therefore, the responsibility of the Seller). In the event Seller is required by law or regulation to remit or pay Governmental Charges which are PGE's responsibility hereunder, PGE shall promptly reimburse Seller for such Governmental Charges. If PGE is required by law or regulation to remit or pay Governmental Charges which are Seller's responsibility hereunder, PGE may deduct the amount of any such Governmental Charges from the sums due to Seller under Article 13 of this Agreement. Nothing herein shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under the law.

16.3 Sale-related Governmental Charges and Taxes. In addition to all other payments required under this Agreement, Seller shall be solely responsible for all existing and any new sales, use, excise, ad valorem, and any other similar taxes imposed or levied by any federal, state or local governmental agency on the energy sold and delivered hereunder (including any taxes imposed or levied with respect to the transmission of such energy) up to the delivery of such energy to the Delivery Point.

16.4 Indemnification. Each Party shall indemnify, release, defend and hold harmless the other Party from and against any and all liability for taxes imposed or assessed by any taxing authority with respect to the energy sold, delivered and received hereunder that are the responsibility of such Party pursuant to this Article 16.

ARTICLE XVII

MARKET DISRUPTION

17.1 Occurrence and Remedy.

(a) If a Market Disruption Event has occurred and is continuing during the Determination Period, the Floating Price for the affected Trading Day shall be determined pursuant to the Price Source specified in this Agreement for the first Trading Day thereafter on which no Market Disruption Event exists; provided, however, if the Floating Price is not so determined within three (3) Business Days after the first Trading Day on which the Market Disruption Event occurred or existed, then the Parties shall negotiate in good faith to agree on a Floating Price (or a method for determining a Floating Price), and if the Parties have not so agreed on or before the twelfth Business Day following the first Trading Day on which the Market Disruption Event occurred or existed, then the Floating Price shall be determined in good faith by PGE, by taking the average of two or more dealer quotes from an equal number of dealers selected by each Party.

(b) For purposes of determining the relevant prices for any day, if the price published or announced on a given day and used or to be used to determine a relevant price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within thirty (30) days after the date of delivery, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than three (3) Business Days after the effectiveness of that notice, pay, subject to any conditions precedent, to the other Party that amount, together with interest at the Interest Rate for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

(c) For the purposes of the calculation of a Floating Price, all numbers shall be rounded to three (3) decimal places. If the fourth (4th) decimal number is five (5) or greater, then the third (3rd) decimal number shall be increased by one (1) and if the fourth (4th) decimal number is less than five (5), then the third (3rd) decimal number shall remain unchanged.

ARTICLE XVIII

RATES AND TERMS BINDING; FERC STANDARD OF REVIEW

18.1 Standard of Review for Changes. Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section or any other provision of this Agreement, and any other agreements entered into in connection with this Agreement, including any credit, security, guaranty or similar agreement (this Agreement and each and all of the foregoing, collectively, the "Covered Agreements") (other than changes to a Party's market-based rate tariff that do not have any application to or effect on any Covered Agreement), whether proposed by a Party, a non-Party or FERC acting sua sponte, shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

18.2 Mobile-Sierra Doctrine. The Parties, for themselves and their successors and assigns, (i) agree that the Mobile-Sierra doctrine, and such "public interest" standard, shall apply to any proposed changes in any Covered Agreement (other than changes to a Party's market-based rate tariff that do not have any application to or effect on any Covered Agreement) and (ii) hereby expressly and irrevocably waive any rights they can or may have to the application of any other standard of review, including the "just and reasonable" standard, to changes to any Covered Agreements (other than changes to a Party's market-based rate tariff that do not have any application to or effect on any Covered Agreement).

18.3 Waiver of Rights. Without in any way limiting the provisions of Sections 18.1 and 18.2, to the fullest extent permitted by applicable law, each Party, for itself and its successors and assigns, hereby also expressly and irrevocably waives any rights it can or may have, now or in the future, whether under Section 205 or 206 of the Federal Power Act or otherwise, to seek (without the agreement of the other Party) to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each Party hereby covenants and agrees not at any time to seek so to obtain, an order from FERC changing any provision of any Covered Agreement (other than changes to either Party's market-based rate tariff that do not have any application to or effect on any Covered Agreement) or any refund with respect thereto, it being the express intent of the Parties that, to the fullest extent permitted by applicable law, the "sanctity of contract" principles acknowledged by FERC in its Notice of Proposed Policy Statement (Issued August 1, 2002) in Docket No. PL02-7-000, Standard of Review for Proposed Changes to Market-Based Rate Contracts for Wholesale Sales of Electric Energy by Public Utilities (the "NPPS"), shall prevail and neither of the Parties shall unilaterally seek to obtain from FERC any relief changing their agreement(s), as set forth in this Agreement (other than changes to a Party's market-based rate tariff that do not have any application to or effect on any Covered Agreement), notwithstanding any changes that may occur in applicable law or markets. To the extent that any non-Party seeks such relief, or FERC acts sua sponte to consider any such changes, the Parties further covenant and agree, subject to the payment by Seller of PGEs reasonable costs and expenses relating thereto, to use commercially reasonable efforts (which efforts may include the costs and expense of appearing before FERC or in connection with any appeals of FERC orders but shall not otherwise require the payment of money by a Party), to cooperate to jointly oppose the entry of an order by FERC providing for any such changes. In the event it were to be determined that applicable law precludes the Parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this Section 18.3 shall not apply, provided that, consistent with Section 18.1, neither Party shall seek any such changes except under the "public interest" standard of review and otherwise as set forth in Section 18.1.

18.4 FERC Revisions. If and to the extent FERC adopts in a final or subsequent policy statement ("FPS") the use of specific language, reflecting the intent of contracting parties to bind themselves and FERC (whether acting on behalf of a non-Party or on its own motion) to a "public interest" standard of review for a contract between such parties, which varies from that set out in Section 18.1 above, then Section 18.1 shall, without further action of either Party, be deemed amended to incorporate such specific language, provided that to the extent that the specific language adopted in an FPS is in any way inconsistent with the mutual intent of the Parties in this regard as currently set forth in Sections 18.1 and 18.2, then the Parties agree to attempt to negotiate in good faith an amendment to this Section 18.4 to address such inconsistencies, provided, further, that neither Party shall be obligated in any way to agree to any such amendment if to do so would be inconsistent with such current mutual intent as expressed herein or would expose such Party in any way to greater risk of changes being ordered by FERC to the Parties' agreements as set forth in this Agreement.

ARTICLE XIX

REPRESENTATIONS AND WARRANTIES; INDEMNITY

19.1 Representations and Warranties. On the Effective Date and throughout the Term, each Party represents and warrants to the other Party that:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is qualified to conduct its business in those jurisdictions necessary to perform its obligations under this Agreement;

(b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;

(c) the execution, delivery and performance of this Agreement; are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order, writ, judgment, decree or other legal or regulatory determination applicable to it;

(d) this Agreement, and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms subject only to any Equitable Defenses;

(e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;

(f) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;

(g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

(h) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;

(i) it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code;

(j) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery, as applicable, of all Products and Fuel referred to in this Agreement;

(k) with respect to this Agreement involving the purchase or sale of a Product, it is a producer, processor, commercial user or merchant handling the Product, and it is entering into this Agreement for purposes related to its business as such; and

(l) the material economic terms of this Agreement were subject to individual negotiation by the Parties.

19.2 Indemnity. To the fullest extent permitted by law, each Party (the "Indemnitor") hereby indemnifies and agrees to defend and hold harmless the other Party (the "Indemnitee") from and against any Indemnity Claims caused by, resulting from, relating to or arising out of any event, circumstance, act or incident first occurring or existing during the period when control of Fuel, or Product, as applicable, is vested in such Party; provided, however, that the Indemnitor shall not have any obligation to indemnify the Indemnitee from or against any Indemnity Claims caused by, resulting from, relating to or arising out of the negligence or intentional misconduct of the Indemnitee.

19.3 Additional Representation and Warranty of Seller. Seller hereby further represents and warrants to PGE that (i) Seller has the right to sell capacity and Energy from the Facility, (ii) Seller has title to the capacity and Energy sold under this Agreement, and (iii) no change has occurred in Seller's authorization to sell power at market-based rates pursuant to FERC Dockets Numbers _____.

ARTICLE XX

REQUIRED INSURANCE

Seller shall carry and maintain, or cause to be carried and maintained, no less than the insurance coverage listed in Exhibit E, in the minimum amounts indicated in Exhibit E. Such minimum amounts may be satisfied either by primary insurance or by any combination of primary and excess/umbrella insurance with insurers authorized to do business in the State of [Name] and which have an A.M. Best rating of A or better. Except as provided in Exhibit E, Seller shall maintain such coverages in effect throughout the Term. On or before the Effective Date, Seller shall cause its insurers or agents to provide PGE with certificates of insurance evidencing the policies described in Exhibit E.

ARTICLE XXI

ASSIGNMENT: BINDING EFFECT

21.1 Assignment. Neither Party shall assign this Agreement or its rights hereunder to any entity whose Credit Rating is not equal to or higher than that of such Party and is at least above BBB- by S&P and Baa3 by Moody's. No assignment may be made without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) in the case of PGE only, transfer or assign this Agreement to an Affiliate which Affiliate's Credit Rating is equal to or higher than that of PGE, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of its assets whose Credit Rating is equal to or higher than that of such Party; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof

and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

21.2 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. No assignment or transfer permitted hereunder shall relieve the assigning or transferring Party of any of its obligations under this Agreement.

ARTICLE XXII

GOVERNING LAW

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OREGON, WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAW. FOR ANY DISPUTE HELD NOT ARBITRABLE HEREUNDER EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION RELATING TO SUCH DISPUTE.

ARTICLE XXIII

ARBITRATION

Any claim, counterclaim, demand, cause of action, dispute, and controversy arising out of or relating to this Agreement or the relationship established by this Agreement, any provision hereof, the alleged breach thereof, the termination hereof, or in any way relating to the subject matter of this Agreement, involving the Parties and/or their respective representatives (for purposes of this Article 23 only, collectively the "Claims"), even though some or all of such Claims allegedly are extra-contractual in nature, in whole or in part, whether such Claims sound in contract, tort, or otherwise, at law or in equity, whether arising under state or federal law, and whether provided by statute or the common law, for damages or any other relief, shall be resolved by binding arbitration. Arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association using the expedited procedures provided therein to the extent not inconsistent with the procedures specified herein. The validity, construction, and interpretation of this agreement to arbitrate, and all procedural aspects of the arbitration conducted pursuant hereto shall be decided by the arbitrators. In deciding the substance of the Parties' Claims, the arbitrators shall refer to the governing law. It is agreed that the arbitrators shall have no authority to award treble, special, indirect, consequential, exemplary or punitive damages of any type under any circumstances whether or not such damages may be available under state or federal law, or under the Federal Arbitration Act, or under the Commercial Arbitration Rules of the American Arbitration Association, the Parties hereby waiving their right, if any, to recover any such damages. In addition to damages, the arbitrators are specifically empowered to award temporary or permanent injunctive relief, including but not limited to, specific performance of any term of this Agreement. The arbitration proceeding shall be conducted in Portland, Oregon. Within thirty (30) days of the notice of initiation of the arbitration, each Party shall select one arbitrator. The two (2) arbitrators so selected shall select a third arbitrator who shall serve as chair of the arbitral tribunal, within ten (10) days of the selection of the second arbitrator. The third arbitrator shall be a person who has over eight years professional experience in electrical energy-related contractual arrangements and who has not

previously been employed by either Party and does not have a direct or indirect interest in either Party or the subject matter of the arbitration. While the third arbitrator shall be neutral, the two party-appointed arbitrators are not required to be neutral, and it shall not be grounds for removal of either of the two party-appointed arbitrators or for vacating the arbitrators' award that either of such arbitrators has past or present minimal relationships with the Party that appointed such arbitrator. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties. The award shall be final and binding on the Parties and may be entered and enforced in any court having jurisdiction over a Party or any of its assets.

By agreeing to arbitration, the Parties do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order to prevent irreparable harm (including an order for specific performance in accordance with the provisions of Section 12.1(a) of this Agreement) or to preserve the status quo in aid of arbitration proceedings and the enforcement of any arbitral award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a court, and notwithstanding any other provision of this Agreement, the arbitral tribunal shall have full authority to grant provisional remedies and to direct the Parties to request that any court modify or vacate any temporary or preliminary relief previously granted by such court, and to award damages for the failure of any Party to comply with the arbitral tribunal's orders to such effect.

ARTICLE XXIV

RECORDS AND AUDIT

24.1 Records. Each Party shall keep proper books of records and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to this Agreement in accordance with generally accepted accounting principles consistently applied.

24.2 Audit Rights. Each Party has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If requested, a Party shall provide to the other Party statements evidencing the quantity delivered at the Fuel Receipt Point, the Fuel Delivery Point or the Energy Delivery Point, as applicable. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of twenty-four (24) months from the rendition thereof, and thereafter any objection shall be deemed waived.

ARTICLE XXV

GENERAL PROVISIONS

25.1 General. This Agreement (including the exhibits, schedules and any written supplements hereto), any designated collateral, credit support or margin agreement or similar arrangement between the Parties constitute the entire agreement between the Parties and supersedes all prior discussions and agreements between the Parties relating to the subject matter. There are no prior or contemporaneous agreements or representations affecting the same subject matter other than those herein expressed.

Notwithstanding the foregoing, any collateral, credit support or margin agreement or similar arrangement between the Parties shall, upon designation by the Parties, be deemed part of this Agreement and shall be incorporated herein by reference. This Agreement shall be considered for all purposes as prepared through the joint efforts of both Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Except to the extent herein provided for, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties.

~~1.225.2~~ 25.2 Each Party agrees if it seeks to amend any applicable wholesale power sales tariff during the term of this Agreement, such amendment will not in any way affect remaining transactions under this Agreement without the prior written consent of the other Party. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement).

25.3 Non-Waiver. No waiver by any Party hereto of any one or more defaults by the other Party in the performance of any of the provisions of this Agreement shall be construed as a waiver of any other default or defaults whether of a like kind or different nature. No failure or delay by either Party hereto in exercising any right, power, privilege, or remedy hereunder shall operate as a waiver thereof.

25.4 Severability. Any provision of this Agreement declared or rendered invalid, unlawful, or unenforceable by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change (individually or collectively, such events referred to as "Regulatory Event") will not otherwise affect the remaining lawful obligations that arise under this Agreement; and provided, further, that if a Regulatory Event occurs, the Parties shall use their best efforts to reform this Agreement in order to give effect to the original intention of the Parties.

25.5 Survival. All indemnity and audit rights shall survive the termination of this Agreement. All obligations provided in this Agreement shall remain in effect, after the expiration or termination for any reason of this Agreement, for the purpose of complying herewith.

25.6 Forward Contract. The Parties acknowledge and agree that this Agreement constitutes a "forward contract" within the meaning of the United States Bankruptcy Code.

25.7 No Third Party Beneficiaries. Nothing in this Agreement shall provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind, it being the intent of the Parties that this Agreement shall not be construed as a third party beneficiary contract.

25.8 Relationships of Parties. The Parties shall not be deemed in a relationship of partners or joint venturers by virtue of this Agreement, nor shall either Party be deemed an agent, representative, trustee or fiduciary of the other. Neither Party shall have any authority to bind the other to any agreement. This Agreement is intended to secure and provide for the services of each Party as an independent contractor.

25.9 Headings and Exhibits. 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. Any and all Exhibits and Appendices referred

to in this Agreement are, by such reference, incorporated herein and made a part hereof for all purposes.

ARTICLE XXVI

CONFIDENTIALITY

Neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party's employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential) except to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding; provided, however, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

ARTICLE XXVII

NOTICES

27.1 Notices.

(a) All notices, requests, statements or payments shall be made to the addresses and persons specified in Exhibit F hereto. All notices, requests, statements or payments shall be made in writing except where this Agreement expressly provides that notice may be made orally. Notices required to be in writing shall be delivered by hand delivery, overnight delivery, facsimile, e-mail (so long as a copy of such e-mail notice is provided immediately thereafter by hand delivery, overnight delivery, or facsimile), or other documentary form. Notice by facsimile shall (where confirmation of successful transmission is received) be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it shall be deemed received on the next Business Day); provided that Scheduling and Dispatch notifications and notifications of changes in availability of the Facility sent by facsimile shall be treated as received when confirmation of successful transmission is received. Notice by hand delivery or overnight delivery shall be deemed to have been received when delivered. Notice by e-mail shall be deemed to have been received when delivered, so long as a copy of such e-mail notice is provided immediately thereafter by hand delivery, overnight delivery, courier or facsimile. Notice by telephone shall be deemed to have been received at the time the call is received.

(b) A Party may change its address by providing notice of the same in accordance with the provisions of this Section 27.1.

27.2 Counterparts. This Agreement may be executed in counterparts, each of which is an original and all of which constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Wholesale Power Purchase and Sale Agreement to be duly executed as of the date first above written. This Agreement shall not become effective as to either Party unless and until executed by both Parties.

PORTLAND GENERAL ELECTRIC
COMPANY

[Counterparty]

Signature: _____
Mary K. Turina

Signature: _____
[Name]

Title: Vice President, Risk Management

Title: _____

EXHIBIT A

MAINTENANCE PROCEDURES TABLE

PROCEDURE	INTERVAL (Factored Fired Operating Hours)	OUTAGE (Hours)
Off Line Water Wash		
Non-LTSA Minor Inspection		
Combustion Inspection		
Hot Gas Path Inspection		
Major Inspection		
Minor Inspection		

As of [Date], the Facility total time (Factory Fired Operating Hours) is estimated to be _____ hours.

EXHIBIT B

TABLE B1: FACILITY TURNDOWN AND INCREMENTAL FUEL

<u>Plant Capacity</u> <u>(MW)</u>	<u>Turndown from</u> <u>Full (%)</u>	<u>Heat Rate</u> <u>Adjustment</u> <u>(Btu/kWh)</u>	<u>Total Incr.</u> <u>Fuel/Hour</u> <u>(MMBtu/Hr)</u>	<u>Total Plant</u> <u>Turndown MW</u>

TABLE B2: FACILITY START UP

Dispatch Performance				
	Cold Start	Warm Start	Hot Start	Shutdown
Shutdown Duration (Hrs) ¹				
Dispatch Notice (Hrs) ²				
Notes:				
¹ Shutdown duration prior to Facility start-up. ² Minimum required notice prior to start-up/shutdown. ³ PGE is prohibited from initiating a start if the Facility has been physically off-line for less than four hours.				

EXHIBIT C

SAMPLE SPARK SPREAD CALCULATION

$$\text{Spark Spread/MWh} = ([Hub\ Name]\ Energy\ Price) - (\text{MMBtu per MWh})([Name]\ Gas\ Price) - [\text{Variable O\&M Charge} + (\text{BPA Operating Reserves Factor})(\text{Mill Rate}) + (\text{MMBtu per MWh})([Name]\ Pipeline\ Volumetric\ Charge) + (\text{MMBtu per MWh})([Name]\ Pipeline\ Fuel\ Use\ Factor)([Name]\ Gas\ Price) + (\text{MMBtu per MWh})(\text{Gas Use Tax Rate})([Name]\ Gas\ Price)]$$

Sample Calculation

Assuming the following inputs:

Inputs	
Contractual Heat Rate	MMBtu/MW
[Hub] Price (Midpoint)	\$US/MMBtu
Northwest Pipeline	
Volumetric (Variable)	\$US/MMBtu
% Fuel Charge for Gas	
[Hub Name] Price (Midpoint)	\$US/MW (Peak)
	\$US/MW (Off Peak)
	\$US/MW (Base)
BPA Charges	
Operating Reserves	mills/kW
Variable O&M	\$US/MWh
Forecast Days on Line	
Gas Use Tax	

Yields the following outputs:

Outputs		
Operating Reserves/MW	0.41	\$US/MW
Volumetric Gas Charge	0.27	\$US/MW
Fuel Charge	0.44	\$US/MW
Gas Use Tax	0.98	\$US/MW
Variable O&M	2.8	\$US/MW
Total Variable Cost	4.90	\$US/MW
Spark Spread	2.21	\$US/MW
Run Plant?	Yes	
Implied Market Heat Rate	9.07	

EXHIBIT D

SAMPLE AVAILABILITY CALCULATION

AA = actual availability of the Facility for such Month, measured as a percent, where:

$AA = (HRS - UAH) / HRS$, and where:

HRS = all hours of the Month

UAH = unavailable hours during the Month, which is equal to the sum of Force Majeure Hours, Forced Outage Hours and Forced Derate Hours, and where:

"Force Majeure Hours" are the hours during a Month in which the Facility is unavailable due to Force Majeure events,

"Forced Outage Hours" are the hours during a Month in which the Facility is unavailable due to a Forced Outages; and

"Forced Derate Hours" are the number of hours equal to the product of (i) the total hours during a Month in which the capacity of the Facility is reduced as a result of a Forced Derate and (ii) the positive difference between one and the Forced Derate Factor.

EXHIBIT E
FACILITY INSURANCE

The following insurance coverages and amounts shall be maintained with respect to the Facility during the Term:

General Liability Insurance

General Liability Insurance for an amount not less than US \$10,000,000.

All Risk Property Insurance

All Risk Property Insurance, including Boiler and Machinery Coverage, for an amount equal to the replacement value of all the improvements and machinery located at the Facility.

Business Interruption Insurance

Business Interruption Insurance with a deductible limit not exceeding the lesser of 60 days or US \$20,000,000.

Workers Compensation Insurance

Workers Compensation Insurance in compliance with statutory requirements of the workers' compensation laws of the State of *[Name]*.

Employers Liability Insurance

Employers Liability Insurance for an amount not less than US \$ 1,000,000 per occurrence of accident, US \$1,000,000 disease policy limit per occurrence of disease per employee.

Automobile Insurance

Automobile Insurance not less than combined single limit of \$1,000,000 per occurrence for bodily injury and damage to property covering any auto owned or hired and any non-owned auto used by Seller in the performance of its operations.

EXHIBIT F

NOTICES

Party: Portland General Electric Company (or [Counterparty or "Seller"]
"PGE"), an Oregon corporation

All Notices:

Street: 121 SW Salmon Street
City: Portland, OR 97204
Attn: General Manager, Power Contracts;
3WTCBR06
Phone: (503) 464-7343
Facsimile: (503) 464-2605
Duns: 00-790-9054
Federal Tax ID Number: 93-0256820

All Notices:

Street:
City:
Attn:
Phone:
Facsimile:
Duns:
Federal Tax ID Number:

Invoices:

Attn: Risk Management
Phone: (503) 464-7375
Facsimile: (503) 464-7126

Invoices:

Attn:
Phone:
Facsimile:

Scheduling:

Attn: Manager Power Coordination
Phone: (503) 464-7374
Facsimile: (503) 464-2605

Payments:

Attn: [TO BE COMPLETED]
Phone: [TO BE COMPLETED]
Facsimile: [TO BE COMPLETED]

Payments:

Attn:
Phone:
Facsimile:

Wire Transfer:

BNK: United States National Bank of Oregon-
Portland
ABA: 123000220
ACCT: #153600063512
NAME: Portland General Electric Company

Wire Transfer:

BNK:
ABA:
ACCT:
NAME:

Credit and Collections:

Attn: Credit Manager
Phone: (503) 464-8770
Facsimile: (503) 464-2605

Credit and Collections:

Attn:
Phone:
Facsimile:

With additional Notices of an Event of Default
to:

Attn: General Counsel
Phone: (503) 464-7822
Facsimile: (503) 464-2200

With additional Notices of an Event of Default
to:

Attn:
Phone:
Facsimile:

EXHIBIT G

LIQUIDATED DAMAGES CALCULATION

If Seller fails to meet its Guaranteed Availability Factor (GAF) as required by Article 9 of the Agreement, PGE shall be entitled to Liquidated Damages (LD) calculated as follows:

- (a) During the Delivery Term, in accordance with the Agreement, Seller shall meet the GAF. In the event that the Actual Availability Factor (AAF) for the facility during a month is less than the GAF, then Seller shall pay PGE LD for the equivalent amount of hours that the GAF is greater than the AAF.

- (b) At the end of each month during the Term, Buyer shall calculate the AAF for the facility using the following formula.

$$AAF = [PH - FOH - EDH - SMH] / [PH - PMH]$$

PH = "Period Hours" are the number of hours in the month which are used in the calculation of Facility availability. This is typically 744, 720, or 672 hours per month, prorated during any partial month.

SMH = "Planned Maintenance Outage Hours" is the number of hours the plant is scheduled to be unavailable during the month because of planned maintenance.

FOH = "Full Outage Hours" are the chargeable Outage hours when the facility was not capable of producing energy or capacity due to an unplanned maintenance event or due to excess down time during a Scheduled Maintenance Outage.

EDH = "Equivalent Derated Outage Hours" are the hours of operation during the period when the facility is derated due to any cause multiplied by the quantity (1- Unit Derating Factor). The Unit Derating Factor is calculated by dividing the derated output of the facility by the capacity of the facility. For example, if the facility capacity is 100 MW and output is derated to 30MW for a single hour, then the Equalvalent Derated Outage Hours to be used in the formula is

$$0.7 \text{ hours} = 1 \text{ hour} \times (1 - 30 \text{ MW} / 100 \text{ MW}).$$

Liquidated Damages will be determined for the actual hours that the plant was not available beyond the GAF compared with the Replacement price for such Energy for that hour. The Replacement Price for such Energy will be for that next incremental hour that the GAF is above the AAF. Liquidated damages will be determined by subtracting the Variable O&M Charge for such Energy that should have been available from the Replacement Price for such Energy. The calculation of the Replacement Price is as described in Section 12.1(c) of the Agreement.

EXHIBIT H
LIQUIDATED DAMAGES CALCULATION

If Seller fails to meet its Guaranteed Availability Factor (GAF) as required by Article 9 of the Agreement, PGE shall be entitled to Liquidated Damages (LD) calculated as follows:

(a) During the Delivery Term, in accordance with the Agreement, Seller shall meet the GAF. In the event that the Actual Availability Factor (AAF) for the facility during a month is less than the GAF, then Seller shall pay PGE LD for the equivalent amount of hours that the GAF is greater than the AAF.

(b) At the end of each month during the Term, Buyer shall calculate the AAF for the facility using the following formula.

$$\text{AAF} = [\text{PH} - \text{FOH} - \text{EDH} - \text{SMH}] / [\text{PH} - \text{PMH}]$$

PH = "Period Hours" are the number of hours in the month which are used in the calculation of Facility availability. This is typically 744, 720, or 672 hours per month, prorated during any partial month.

SMH = "Planned Maintenance Outage Hours" is the number of hours the plant is scheduled to be unavailable during the month because of planned maintenance.

FOH = "Full Outage Hours" are the chargeable Outage hours when the facility was not capable of producing energy or capacity due to an unplanned maintenance event or due to excess down time during a Scheduled Maintenance Outage.

EDH = "Equivalent Derated Outage Hours" are the hours of operation during the period when the facility is derated due to any cause multiplied by the quantity (1-Unit Derating Factor). The Unit Derating Factor is calculated by dividing the derated output of the facility by the capacity of the facility. For example, if the facility capacity is 100 MW and output is derated to 30MW for a single hour, then the Equalvalent Derated Outage Hours to be used in the formula is

$$0.7 \text{ hours} = 1 \text{ hour} \times (1 - 30 \text{ MW} / 100 \text{ MW}).$$

Liquidated Damages will be determined for the actual hours that the plant was not available beyond the GAF compared with the Replacement price for such Energy for that hour. The Replacement Price for such Energy will be for that next incremental hour that the GAF is above the AAF. Liquidated damages will be determined by subtracting the Variable O&M Charge for such Energy that should have been available from the Replacement Price for such Energy. The calculation of the Replacement Price is as described in Section 12.1(c) of the Agreement.

APPENDIX P

**FIRM FINANCIAL ENERGY AND CAPACITY
PURCHASE AND SALE AGREEMENT**

Between

Portland General Electric Company

And

[Counterparty]

This SUPPLEMENT TO THE 1992 ISDA MASTER AGREEMENT AND 1994 ISDA CREDIT SUPPORT ANNEX (hereinafter referred to as this "Schedule") is entered into effective as of the _____ day of _____, 200_ ("Effective Date"), by and between [*Counterparty*], a [*STATE*] corporation ("Seller" or [*Counterparty*]), and Portland General Electric Company, an Oregon corporation ("Buyer" or "PGE"). Seller and Buyer are also sometimes referred to herein individually as a "Party" and collectively as the "Parties."

ARTICLE 1 RECITALS

Whereas, concurrently with the execution of this Schedule, the Parties will execute the 1992 International Swap Dealers Association Master Agreement (1992 ISDA Master) and the 1994 International Swaps and Derivatives Association Credit Support Annex (1994 ISDA CSA); and

Whereas, the Parties intend that this Schedule and the 1992 ISDA Master and the 1994 ISDA CSA collectively will be the Fixed Strike Daily Financial Capacity Agreement.

NOW THEREFORE, the Parties agree as follows:

All initially capitalized terms not otherwise defined herein shall have the meaning specified in the 1992 ISDA Master or the 1994 ISDA CSA. In the event of any inconsistency between the provisions of this Schedule and the provisions of the 1992 ISDA Master and/or the 1994 ISDA CSA, the provisions of this Schedule will govern.

ARTICLE 2 DEFINITIONS

2.1 Definitions.

2.1.1 "Affiliate" will have the meaning specified in Section 14 of the Agreement; provided, however, that for the purposes of the Agreement, and except for Schedule Section 11, PGE will be deemed to have no Affiliates.

2.1.2 "Agreement" means the 1992 International Swap Dealers Association, Inc. Master Agreement of even date entered into by the Parties.

2.1.3 "Credit Support Annex" means the 1994 Credit Support Annex of the International Swaps and Derivatives Association, Inc. of even date executed by the Parties.

2.1.4 "Agreement Section" or "Section" means a section of the Agreement.

2.1.5 "Credit Rating" means (i) with respect to any entity other than a financial institution, the (a) current ratings issued or maintained by S&P or Moody's with respect to such entity's long-term senior, unsecured, unsubordinated debt obligations (not

supported by third party credit enhancements) or (b) corporate credit rating or long-term issuer rating issued or maintained with respect to such entity by S&P or Moody's, or (ii) if such entity is a financial institution, the ratings issued or maintained by S&P or Moody's with respect to such entity's long-term, unsecured, unsubordinated deposits.

2.1.6 "Exercise" means PGE electing an Exercise Quantity greater than or equal to the Minimum Exercise and less than or equal to the Maximum Exercise for an hour pursuant to Schedule Section 3.

2.1.7 "Exercise Day" mean any day for which PGE elects to Exercise on one or more hours pursuant to Schedule Section 3.

2.1.8 "Exercise Quantity" means a quantity elected by PGE pursuant to Schedule Section 3. If PGE does not Exercise the Option for an hour of the Option Exercise Period pursuant to Schedule Section 3, the Exercise Quantity is deemed to be zero (0) and the Option is deemed not exercised for that hour.

2.1.9 "Index Price" means _____ index per MWh published by _____.

2.1.10 "Letter of Credit" means one or more irrevocable, transferable, standby letters of credit issued by a Qualified Institution in a form and substance reasonably acceptable to the beneficiary. The costs of a Letter of Credit shall be borne by the applicant of such Letter of Credit.

2.1.11 "Letter of Credit Default" means with respect to a Letter of Credit issued on behalf of a Party, the occurrence of any of the following events: (i) the issuer of such Letter of Credit shall fail to be a Qualified Institution; (ii) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit; (iii) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; (iv) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the term, in any such case without replacement; (v) the issuer of such Letter of Credit shall become bankrupt; or (vi) a Credit Event Upon Merger occurs with respect to the issuer of such Letter of Credit; provided, however, that no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of the Fixed Strike Daily Financial Capacity Agreement.

2.1.12 "Material Adverse Change" means (i) with respect to PGE, PGE shall have a Credit Rating below BBB- by S&P and below Baa3 by Moody's or both ratings are withdrawn or terminated on a voluntary basis by the rating agencies, (ii) with respect to Seller, Seller or Seller's Guarantor, if applicable, shall have a Credit Rating below BBB- by S&P and below Baa3 by Moody's or both ratings are withdrawn or terminated on a voluntary basis by the rating agencies, if rated by both services. If Seller or Seller's Guarantor is rated by only one service, a "Material Adverse Change" shall be

deemed to have occurred if such rating falls below the pertinent level specified above or if such rating is withdrawn or terminated on a voluntary basis by the rating agency.

2.1.13 “Maximum Exercise Quantity” means ___ MW.

2.1.14 “Minimum Exercise Quantity” means ___ MW.

2.1.15 “Moody’s” shall mean Moody’s Investors Service, Inc., or its successor.

2.1.16 “On-Peak Hours” means hours ending 0700 through 2200, Pacific Prevailing Time (PPT), Monday through Saturday, excluding NERC holidays.

2.1.17 “Option” means a right but not an obligation of PGE to Exercise.

2.1.18 “Option Premium” means \$_____.

2.1.19 “Qualified Institution” shall mean a major U.S. commercial bank or a U.S. branch office of a major foreign commercial bank, with such bank having shareholders’ equity of at least \$10 billion USD and a Credit Rating of at least A+ by S&P or A1 by Moody’s.

2.1.20 “Schedule Section” means a section of this Schedule.

2.1.21 “S&P” shall mean the Standard & Poor’s (a division of the McGraw-Hill Companies) or its successor.

2.1.22 “Specified Entity” as defined in the Agreement will not apply to the Fixed Strike Daily Financial Capacity Agreement.

2.1.23 “Specified Indebtedness” will have the meaning specified in Section 14 of the Agreement.

2.1.24 “Specified Transaction” will have the meaning specified in Section 14 of the Agreement.

2.1.25 “Strike Price” means _____\$/MWh.

2.1.26 “Termination Currency” means United States Dollars.

2.1.27 “Threshold Amount” means with respect to PGE, \$_____ in USD (or its equivalent in another currency); and with respect to Seller \$_____ in USD (or its equivalent in another currency).

2.1.28 “Trade Date” means the date on which PGE elects an Exercise Quantity and notifies Counterparty pursuant to Schedule Section 3.3.

ARTICLE 3 PRODUCT DESCRIPTION

3.1 Option Contract Term.

The term of the Fixed Strike Daily Financial Capacity Agreement (“Contract Term”) shall commence on the Effective Date and continue through _____[Date], unless otherwise terminated in accordance with its terms, provided, however, that such termination shall not affect or excuse the performance of either Party under any provision of the Fixed Strike Daily Financial Capacity Agreement that by its terms survives any such termination.

3.2 Option Exercise Period.

Commencing on the Effective Date, during the months of _____ [months] of each year of the Contract Term, PGE may exercise for all _____ hours for each calendar day (the “Option Exercise Period”).

3.3 Option Performance.

Commencing on the Effective Date and during the Contract Term, Counterparty shall incur payment obligations to PGE equal to the Index Price times the Exercise Quantity and PGE shall incur payment obligations to Counterparty equal to the Strike Price times Exercise Quantity for each hour of the Option Exercise Period during which the Option was exercised.

PGE shall incur payment obligations to Seller equal to the Maximum Exercise Quantity times the number of On-Peak Hours times the Option Premium.

3.4 Exercise/Confirmation Procedure.

3.4.1 Procedure for Exercise. PGE may elect _____ prior to any hour of the Option Exercise Period to Exercise for that hour by notifying Seller of the Exercise Quantity, which shall be less than or equal to the Maximum Exercise Quantity and greater than or equal to the Minimum Exercise Quantity for each hour of the following day.

3.4.2 Procedures for Confirming Exercise. The parties hereby amend Section 9(e)(ii) of the Agreement by adding the following sentences at the end thereof: “On or within two (2) Business Days promptly following the Trade Date of an Exercise, PGE will send to Seller a Confirmation. Seller will within three (3) Business Days thereafter confirm the accuracy of, or request the correction of, such Confirmation. If any dispute shall arise as to whether an error exists in a Confirmation, the parties shall in good faith make reasonable efforts to resolve the dispute. If Seller fails to accept or dispute the Confirmation in the manner set forth above within three (3) Business Days after it was effectively sent to Seller, the Confirmation shall be deemed to correctly reflect the parties’ agreement on the terms of the Exercise referred to therein, absent manifest error.”

3.4.3 Recording. Each Party consents to the recording of all telephone conversations relating to this Agreement between its respective trading and marketing and the trading and marketing employees of the other Party, and that any such recordings will be retained in confidence, secured from improper access, and may be submitted in evidence in any proceeding or action relating to the Fixed Strike Daily Financial Capacity Agreement. With respect to such recordings each Party waives any further notice of such monitoring or recording, and agrees to notify its employees of such monitoring or recording and to obtain any necessary consent of such employees. The recording, and the terms and conditions described therein shall be the controlling evidence of the Parties' agreement with respect to a particular Exercise. In the event terms and conditions set forth in any Confirmation are inconsistent with the terms of a recording and cannot reasonably be reconciled with the terms of the recording, the terms of the recording shall control. Upon full execution (or deemed acceptance) of a Confirmation, such Confirmation shall control in the event of any conflict with the terms of the Fixed Strike Daily Financial Capacity Agreement.

ARTICLE 4 PAYMENT

4.1 Billing Period.

Unless otherwise specifically agreed upon by the Parties, the calendar month shall be the standard period for all payments of payment obligations incurred under the Fixed Strike Daily Financial Capacity Agreement (other than for Seller or PGE Default under Schedule Section 5 and Section 6). On or before the tenth (10th) day of each month, Seller shall render to PGE an invoice for the payment obligations, if any, incurred hereunder during the preceding month.

4.2 Timeliness of Payment.

Unless otherwise agreed by the Parties, all invoices under the Fixed Strike Daily Financial Capacity Agreement shall be due and payable in accordance with each Party's invoice instructions on or before the later of the twentieth (20th) day of each month, or the tenth (10th) day after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.

4.3 Disputes and Adjustments of Invoices.

A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice, rendered hereunder or adjust any invoice for any arithmetic or computational error within twenty-four (24) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the

invoice shall be required to be made when due, with notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Interest Rate from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned, upon request, to, or deducted by the Party making such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid to or deducted by the Party making such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Schedule Section 4.3 within twenty-four (24) months after the invoice is rendered or any specific adjustment to the invoice is made. If an invoice is not rendered within twelve (12) months after the close of the month during which performance hereunder occurred, the right to payment for such performance is waived.

ARTICLE 5

TERMINATION PROVISIONS REGARDING THE AGREEMENT.

The following provisions will be Termination Events under the Fixed Strike Daily Financial Capacity Agreement:

5.1 The “Cross Default” provisions of Section 5(a)(vi) of the Agreement will apply to PGE and to Seller; provided, however, that Section 5(a)(vi) shall be amended by deleting, in the seventh line, the following: “or becoming capable at such time of being declared.”

5.2 The “Credit Event Upon Merger” provisions of Section 5(b)(iv) of the Agreement will apply to PGE and Seller, (or its Credit Support Provider, if applicable); provided however, that the phrase “materially weaker” shall mean (i) the Credit Rating of the resulting, surviving or transferee entity is rated less than BBB- by Standard & Poor’s and Baa3 by Moody’s, or (ii) both ratings are withdrawn subsequent to the date of this Agreement.

5.3 The “Automatic Early Termination” provision of Section 6(a) of the Agreement will apply to PGE or to Seller.

5.4 Payments on Early Termination. For the purpose of Section 6(e) of the Agreement, Market Quotation and the Second Method will apply.

5.5 “Additional Termination Event” will not apply.

5.6 “Material Adverse Change.” The occurrence of a Material Adverse Change with respect to a Party, or, if applicable, the Credit Support Provider of a Party (“X”) (which will be the Affected Party), provided, such Material Adverse Change shall not be considered a Termination Event if the Affected Party establishes and maintains for so long as the Material Adverse Change is continuing, Eligible Collateral and/or Other

Eligible Support to the other Party in an amount determined by such Party in a commercially reasonable manner.

**ARTICLE 6
TAX REPRESENTATIONS UNDER THE AGREEMENT**

6.1 Payer Representations. For the purpose of Agreement Section 3(e), PGE will make the following representation and Seller will make the following representation:

6.1.1 It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e)) to be made by it to the other Party under the Fixed Strike Daily Financial Capacity Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Agreement Section 3(f), (ii) the satisfaction of the agreement contained in Agreement Section 4(a)(i) or 4(a)(iii) and the accuracy and effectiveness of any document provided by the other Party pursuant to Agreement Section 4(a)(i) or 4(a)(iii), and (iii) the satisfaction of the agreement of the other Party contained in Agreement Section 4(d), provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other Party does not deliver a form or document under Agreement Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

6.2 Payee Tax Representations. For the purpose of Agreement Section 3(f), PGE and Seller make the representation(s) specified below, if any:

6.2.1 PGE: PGE is a corporation organized under the laws of the State of Oregon and is a resident of the United States of America and is a U.S taxpayer with a tax identification number of: 93-0256820.

6.2.2 Seller: Seller is a corporation organized under the laws of the State of _____ and is a resident of _____ and is a _____ taxpayer with a tax identification number of: _____.

**ARTICLE 7
AGREEMENT TO DELIVER DOCUMENTS UNDER THE AGREEMENT**

For the purpose of Agreement Section 4(a), each Party agrees to deliver the following documents, as applicable:

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Agreement Section 3(d) Representation
Buyer and Seller	A certified copy of the resolution of the Board of Directors of PGE or Seller, as the case may be, or of its relevant committee, authorizing such Party to enter into the Fixed Strike Daily Financial Capacity Agreement and the transaction contemplated thereby, and an incumbency certificate or other evidence of authority and specimen signatures with respect to such Party, its Credit Support Provider (if any), and their respective signatories.	At execution of the Fixed Strike Daily Financial Capacity Agreement	Yes
Buyer and Seller	Annual Audited Consolidated Financial Statement of the Party or its Credit Support Provider, if applicable, certified by independent public accountants; or a copy of the Form 10-K or the annual report for such Party or its Credit Support Provider, if applicable, containing audited financial statements for the most recently ended financial year. A most recent copy of the Party's, or its Credit Support Provider's, quarterly financial statements, prepared in accordance with generally accepted accounting principles consistently applied.	Promptly following demand by the other Party	Yes
Seller	Guaranty from _____	At execution of the Fixed Strike Daily Financial Capacity Agreement	Yes
Buyer and Seller	Such other information and documents as the other Party may reasonably request.	Upon request	Yes

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Agreement Section 3(d) Representation
Buyer and Seller	Any document required or reasonably requested to allow the other Party to make payments under the Fixed Strike Daily Financial Capacity Agreement without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate.	Promptly upon the earlier of (i) reasonable demand by the other Party and (ii) learning that the form or document is required, or that such form previously provided has become obsolete or incorrect.	Yes

**ARTICLE 8
MISCELLANEOUS WITH REGARD TO THE AGREEMENT.**

8.1 Addresses for Notices.

For the purpose of Agreement Section 12(a):

Address for notices or communications to PGE:

Address:	Portland General Electric Company 121 SW Salmon Street, 3 WTCBR06 Portland, Oregon 97204 Attn: Manager, Power Contracts	Facsimile No.: (503) 464-2605 Telephone No.: (503) 464-7343
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with copies to:

Address:	Portland General Electric Company 121 SW Salmon Street, 3 WTCBR06 Portland, Oregon 97204 Attn: Credit Manager	Facsimile No.: (503) 464-7375 Telephone No.: (503) 464-8770
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And

Portland General Electric Company Legal Department 121 SW Salmon Street; 1WTC1301 Portland, Oregon 97204 Attn: General Counsel	Facsimile No.: (503) 464-2200 Telephone No.: (503) 464-7822
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Address for confirmations to PGE:

Address:	Portland General Electric Company 121 SW Salmon Street, 3 WTCBR06 Portland, Oregon 97204 Attn: Risk Manager	Facsimile No.: (503) 464-2605 Telephone No.: (503) 464-8322
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with copies to:

Address:	Portland General Electric Company 121 SW Salmon Street, 3 WTCBR06 Portland, Oregon 97204 Attn: Power Accountant	Facsimile No.: (503) 464-2605 Telephone No.: (503) 464-7446
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Address for notices or communications to Seller:

Address:	Street Address: (for courier delivery)	Facsimile No.: Telephone No.:
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8.2 Account Information.

If an invoice does not state the account to which, or the currency in which, payments are to be made, they shall be made in United States Dollars to the following accounts:

PGE:

Payment:	United States National Bank of Oregon-Portland
For the Account of:	Portland General Electric Company
Account No/CHIPS UID:	153600063512
Fed. ABA No.:	123000220

Seller:

Payment:
For the Account of:
Account No/CHIPS UID:
Fed. ABA No.:

8.3 Process Agent.

8.3.1 For the purpose of Agreement Section 13(c), Process Agent is not applicable to PGE and Seller.

8.3.2 If a Party is or becomes organized outside the United States of America, then such Party shall irrevocably appoint an agent for service of process in the United

States of America reasonably satisfactory to the other Party and provide the other Party with a copy of such agent's written acceptance of such appointment.

8.4 Multibranch Party.

For the purpose of Agreement Section 10(c), neither PGE nor Seller is a Multibranch Party.

8.5 Calculation Agent.

The Calculation Agent is Seller, unless otherwise agreed by the Parties with respect to any transaction hereunder, provided, however, if Seller is the Defaulting Party, the Calculation Agent shall be PGE (or any designated third party mutually agreed to by the Parties) until such time as Seller is no longer a Defaulting Party. In the event that a calculation or determination is disputed by the Party receiving the calculation, the Parties shall first endeavor to resolve such dispute and if they are unable to do so within a commercially reasonable time, they shall mutually select a dealer in the applicable commodity to act as Calculation Agent with respect to the issues in dispute. The failure of Seller to perform its obligations as Calculation Agent hereunder shall not be construed as an Event of Default or Termination Event; provided however, that if Seller fails to perform its obligations as Calculation Agent, then PGE, after twenty-four (24) hour notice to Seller, at its option, subject to the first sentence of this Schedule Section 8.5, may perform said obligations.

8.6 Credit Support Documents:

With respect to Seller, a Guaranty, in the form and substance acceptable to PGE, executed by _____ in favor of PGE.

8.7 Credit Support Provider.

(i) Credit Support Provider means in relation to PGE, none, and (ii) Credit Support Provider means in relation to Seller, _____.

8.8 Netting of Payments.

Agreement Section 2(c)(ii) will not apply and therefore the netting specified in Agreement Section 2(c) will apply across all Options exercised hereunder. The Calculation Agent shall notify the parties of the amounts of any such netted payments (which notice may be made by telephone). Notwithstanding the foregoing provisions of this Schedule Section 8.8 and the netting of payments pursuant hereto, each Party shall provide the other Party with separate invoices and documentation covering each Transaction sufficient to permit the other party to comply with its internal accounting and record keeping procedures concerning individual Transactions.

8.9 Governing Law.

This Agreement and each Confirmation will be governed by, and construed, interpreted, and enforced in accordance with, the substantive law of the State of New York (without reference to its choice of law doctrine).

8.10 Jurisdiction.

Agreement Section 13(b) is deleted in its entirety and replaced with the following:

8.10.1 Arbitration. Any claim, counterclaim, demand, cause of action, dispute, and controversy arising out of or relating to any Transaction, the Fixed Strike Daily Financial Capacity Agreement or the relationship established by the Fixed Strike Daily Financial Capacity Agreement, any provision hereof, the alleged breach thereof, or in any way relating to the subject matter of the Fixed Strike Daily Financial Capacity Agreement, involving the Parties and/or their respective representatives (for purposes of this provision only, collectively the "Claims"), even though some or all of such Claims allegedly are extra-contractual in nature, whether such Claims sound in contract, tort, or otherwise, at law or in equity, under state or federal law, whether provided by statute or the common law, for damages or any other relief, shall be resolved by binding arbitration. Arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The validity, construction, and interpretation of this agreement to arbitrate, and all procedural aspects of the arbitration conducted pursuant hereto shall be decided by the arbitrators. In deciding the substance of the Parties' Claims, the arbitrators shall refer to the governing law. It is agreed that the arbitrators shall have no authority to award treble, exemplary or punitive damages of any type under any circumstances whether or not such damages may be available under state or federal law, or under the Federal Arbitration Act, or under the Commercial Arbitration Rules, the Parties hereby waiving their right, if any, to recover any such damages. The arbitration proceeding shall be conducted in a mutually agreed upon city. Within thirty (30) days of the notice of initiation of the arbitration procedure, each Party shall select one arbitrator. The two (2) arbitrators shall select a third arbitrator. The third arbitrator shall be a person who has over eight years professional experience in electrical energy-related transactions and who has not previously been employed by either Party, and does not have a direct or indirect interest in either Party or the subject matter of the arbitration. While the third arbitrator shall be neutral, the two Party-appointed arbitrators are not required to be neutral, and it shall not be grounds for removal of either of the two Party-appointed arbitrators or for vacating the arbitrators' award that either of such arbitrators has past or present minimal relationships with the Party that appointed such arbitrator. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties.

ARTICLE 9
OTHER PROVISIONS WITH REGARD TO THE AGREEMENT.

9.1 Conditions Precedent.

The condition precedent set forth in clause (1) of Agreement Section 2(a)(iii) shall not apply to payments owed by a Party if the other Party shall have satisfied in full all its payment obligations under Agreement Section 2(a)(i) and shall at the relevant time have no future payment obligations whether absolute or contingent, under Agreement Section 2(a)(i).

9.2 Representations.

Agreement Section 3 is hereby amended by adding at the end thereof the following Subparagraphs (e), (f), and (g):

(e) Eligible Contract Participant. It constitutes an “eligible contract participant” as such term is defined in Section 1a(12) of the Commodity Exchange Act, 7 USC 1(a).

(f) Customization and Creditworthiness. The economic terms of the Fixed Strike Daily Financial Capacity Agreement, any Credit Support Document to which it is a party, and each Transaction have been individually tailored and negotiated by it; the creditworthiness of the other Party was a material consideration in its entering into or determining the terms thereof, such Credit Support Document, and such Transaction. The transferability of the Fixed Strike Daily Financial Capacity Agreement, any such Credit Support Document, and such Transaction is restricted as provided herein and therein.

(g) No Reliance. In connection with the negotiation of, the entering into, and the confirmation of or the execution of the Fixed Strike Daily Financial Capacity Agreement, any Credit Support Document to which it is a party, and each Transaction: (i) it is acting as principal; (ii) the other Party is not acting as a fiduciary or financial or investment advisor for it; (iii) it is not relying upon any representations (whether written or oral) of the other Party other than the representations expressly set forth in this Agreement and in such Credit Support Document; (iv) it has not been given by the other Party (directly or indirectly through any other person) any advice, counsel, assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (either legal, regulatory, tax, financial, accounting, or otherwise) of this Agreement, such Credit Support Document, or such Transaction; (v) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary, and it has made its own investment, trading, hedging, and other decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary, and not upon any view expressed by the other Party; (vi) its decisions have been the result of arm’s length negotiations between the Parties; and (vii) it is entering into the Fixed Strike Daily Financial Capacity Agreement, such Credit Support

Document, and such Transaction with a full understanding of all of the risks hereof and thereof (economic and otherwise), and it is capable of assuming and willing to assume those risks.

9.3 Reference Market-makers.

The definition of "Reference Market-makers" in Agreement Section 14 is hereby amended by deleting clause (b) thereof.

9.4 Definitions.

The Fixed Strike Daily Financial Capacity Agreement, each Confirmation, and each Transaction are subject to the 2000 ISDA Definitions (including the Annex thereto) (the "2000 Definitions") and the 1993 ISDA Commodity Derivatives Definitions (as supplemented by the 2000 Supplement) (the "Commodity Definitions" and together with the 2000 Definitions, the "Definitions"), as such Definitions may be amended, supplemented, replaced or modified from time to time, in each case as published by the International Swaps and Derivatives Association, Inc. ("ISDA"), and will be governed in all respects by the Definitions (except that any references to "Swap Transactions" in the Definitions will be deemed to be references to "Transactions"). The Definitions, as so modified, are incorporated by reference herein, and made part hereof, and each Confirmation as if set forth in full herein and in such Confirmations. In the event of any inconsistency between the provisions of the Fixed Strike Daily Financial Capacity Agreement and the Definitions, the Fixed Strike Daily Financial Capacity Agreement will prevail. In the event of any inconsistency between the provisions of any Confirmation and the Fixed Strike Daily Financial Capacity Agreement or the Definitions, such Confirmation will prevail for the purpose of the relevant Transaction.

9.5 Setoff.

9.5.1 Upon the designation or deemed designation of an Early Termination Date, the Non-defaulting Party or the non-Affected Party (in either case, "X") may, at its option and in its discretion, setoff, against any amounts owed to the Defaulting Party or Affected Party (in either case, "Y") in United States Dollars ("Dollars") or any other currency designated by X hereunder or otherwise, any amounts owed in Dollars or any other currency by Y to X (irrespective of place of payment or booking office of the obligation) hereunder or otherwise. The obligations of Y and X hereunder in respect of such amounts shall be deemed satisfied and discharged to the extent of any such setoff. For this purpose, the amounts subject to the setoff to the extent necessary may be converted by X into the Termination Currency at the rate of exchange at which X, acting in a reasonable manner and in good faith, would be able to purchase the relevant amount of the currency being converted. X will give Y notice of any setoff effected under this section as soon as practicable after the setoff is effected provided that failure to give such notice shall not affect the validity of the setoff. If an obligation is unascertained, X may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant Party accounting to the other when the obligation is ascertained. Nothing herein shall be effective to create a charge or other security interest.

This setoff provision shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

9.5.2 Notwithstanding any provision to the contrary contained herein, the Non-Defaulting Party or non-Affected Party, as the case may be, shall not be required to pay to the Defaulting Party or Affected Party any amount under this Agreement Section 6(e) until the Non-defaulting Party or non-Affected Party receives confirmation satisfactory to it in its reasonable discretion (which may include an opinion of its counsel) that all other obligations of any kind whatsoever (whether pursuant to Specified Indebtedness as defined herein or otherwise) of the Defaulting Party or Affected Party to make any payments to the Non-defaulting Party or non-Affected Party hereunder or otherwise which are due and payable as of the Early Termination Date hereof have been fully and finally performed.

9.6 Limitation of Rate.

Notwithstanding any provision to the contrary contained in the Agreement, in no event shall the Default Rate, Non-default Rate, or Termination Rate exceed the Highest Lawful Rate. For purposes hereof, "Highest Lawful Rate" shall mean, with respect to each Party, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the subject indebtedness under the law applicable to such Party which is presently in effect or, to the extent allowed by law, may hereafter be in effect and which allows a higher maximum non-usurious interest rate than applicable law presently allows.

9.7 LIMITATION OF LIABILITY.

NO PARTY SHALL BE REQUIRED TO PAY OR BE LIABLE FOR SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL, OR INDIRECT DAMAGES (WHETHER OR NOT ARISING FROM ITS NEGLIGENCE) TO ANY OTHER PARTY; PROVIDED, HOWEVER, THAT NOTHING IN THIS PROVISION SHALL AFFECT THE ENFORCEABILITY OF AGREEMENT SECTION 6(e). IF AND TO THE EXTENT ANY PAYMENT REQUIRED TO BE MADE HEREUNDER IS DEEMED TO CONSTITUTE LIQUIDATED DAMAGES, THE PARTIES ACKNOWLEDGE AND AGREE THAT SUCH DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE AND THAT SUCH PAYMENT IS INTENDED TO BE A REASONABLE APPROXIMATION OF THE AMOUNT OF SUCH DAMAGES AND NOT A PENALTY.

9.8 Confidentiality.

The contents of this Schedule and all other documents relating to this Schedule, and any information made available by one Party or its Credit Support Provider to the other Party or its Credit Support Provider with respect to the Fixed Strike Daily Financial Capacity Agreement is confidential and shall not be disclosed to any third party (nor shall any public announcement relating to the Fixed Strike Daily Financial Capacity

Agreement be made by either Party), except for such information (i) as may become generally available to the public, (ii) as may be required or appropriate in response to any summons, subpoena, or otherwise in connection with any litigation or to comply with any applicable law, order, regulation, ruling, or accounting disclosure rule or standard, (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the other Party or its Credit Support Provider in making such disclosure, or (iv) as may be furnished to the disclosing Party's Affiliates, auditors, attorneys, advisors or lenders which are required to keep the information that is disclosed in confidence.

9.9 Transfer.

Agreement Section 7 is hereby amended by: (i) adding in the third line thereof after the words "other party," at the end of such line the words "which consent will not be unreasonably withheld or delayed".

9.10 Severability.

If any term, provision, covenant or condition of the Fixed Strike Daily Financial Capacity Agreement, or the application thereof to any Party or circumstance, shall be held to be invalid or unenforceable (in whole or in part) for any reason, the remaining terms, provisions, covenants, and conditions thereof and hereof shall continue in full force and effect as if the Fixed Strike Daily Financial Capacity Agreement had been executed with the invalid or unenforceable portion eliminated, so long as the Fixed Strike Daily Financial Capacity Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter thereof and the deletion of such portion(s) will not substantially impair the respective benefits or expectations of the Parties hereunder; provided, however, that this severability provision shall not be applicable if any provision of Agreement Section 1, 2, 5 6, or 13 (or any definition or provision in Agreement Section 14 to the extent it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

9.11 "Additional Market Disruption Events" shall apply only if so specified in the relevant Confirmation.

9.12 The following "Disruption Fallbacks" specified in Section 7.5(c) of the 1993 Commodity Definitions shall apply, in the following order, except as otherwise specified in the relevant Confirmation:

9.12.1 "Postponement" with three (3) Commodity Business Days as the Maximum Days of Disruption;

9.12.2 "Fallback Reference Price" (if the Parties have specified an alternate Commodity Reference Price in the Confirmation);

9.12.3 "Negotiated Fallback" (provided that the reference in Agreement Section 7.5(c)(ii) to "fifth Business Day" shall be amended to be "twelfth Business Day"); and

9.12.4 The Relevant Price will be determined and calculated as set forth in the definition of “Commodity Reference Dealers”, however, notwithstanding any reference to the number of Specified Prices in such definition, PGE shall obtain in good faith quotations from two (2) leading dealers in the relevant market and the price for that Pricing Date will be the arithmetic mean of the Specified Prices.

9.13 Scope of Agreement.

Notwithstanding anything contained in the Agreement or herein to the contrary, any transaction which may otherwise constitute a “Specified Transaction” for purposes hereof which has been or will be entered into between PGE and Seller shall constitute a “Transaction” which is subject to, governed by, and construed in accordance with the terms hereof, unless the Confirmation thereto expressly provided otherwise.

**ARTICLE 10
ELECTIONS AND VARIABLES FOR CREDIT SUPPORT ANNEX –
PARAGRAPH 13**

10.1 Security Interest for “Obligations”.

The term “Obligations” has the meaning specified in Paragraph 12 of the Credit Support Annex and shall include all obligations of PGE and Seller under or relating to any transactions under any and all other contracts and agreements entered into or subsequently entered into between PGE and Seller for the purchase, sale, or exchange of natural gas and/or electric power. Further, Pledgor hereby authorizes Secured Party to sign and file one or more financing statements without the signature of Pledgor in accordance with Section 9-509(a)(1) of the Uniform Commercial Code.

10.2 Credit Support Obligations.

10.2.1 Delivery Amount, Return Amount and Credit Support Amount.

- (a) “Delivery Amount” has the meaning specified in Paragraph 3(a) of the Credit Support Annex.
- (b) “Return Amount” has the meaning specified in Paragraph 3(b) of the Credit Support Annex.
- (c) “Credit Support Amount” has the meaning specified in Paragraph 3 of the Credit Support Annex.

10.2.2 Eligible Collateral. The following items will qualify as “Eligible Collateral” for the Party specified:

Valuation	PGE	Seller	Percentage
(a) Cash	[x]	[x]	[100]%

10.2.3 Other Eligible Support. The following items will qualify as “Other Eligible Support” for the party specified:

	PGE	Seller
(a) Letter of Credit (as defined in Paragraph 13(j))	[X]	[X]

The Valuation Percentage shall be 100% of the Value of the Other Eligible Support unless (i) a Letter of Credit Default shall apply with respect to such Letter of Credit, or (ii) thirty (30) or fewer Business Days remain prior to the expiration of such Letter of Credit, in either of which case the Valuation Percentage shall be zero.

10.2.4 Thresholds.

- (a) “Independent Amount” means none with respect to PGE and Seller.
- (b) “Threshold” means with respect to PGE, \$_____ in USD (or its equivalent in another currency); and with respect to Seller, \$_____ in USD (or its equivalent in another currency); provided, however, that the Threshold for a Party shall be zero (0) upon the occurrence and during the continuance of a Material Adverse Change, Credit Event Upon Merger, Event of Default, or Termination Event with respect to such Party.
- (c) “Minimum Transfer Amount” means with respect to PGE and Seller, zero (0).
- (d) “Rounding” The Delivery Amount will be rounded up, and the Return Amount will be rounded down in each case, to the nearest integral multiple of \$250,000.

10.3 Valuation and Timing.

10.3.1 “Valuation Agent” means, for purposes of Paragraphs 3 and 5 of the Credit Support Annex, the Party making the written demand under Paragraph 3, and, for purposes of Paragraph 6(d) the Credit Support Annex, the Secured Party receiving or deemed to receive the Distributions or the Interest Amount, as applicable, provided, however, that in all cases, if an Event of Default has occurred and is continuing with respect to the Party designated as the Valuation Agent, then in such case, and for so long as the Event of Default continues, the other Party will be the Valuation Agent.

10.3.2 “Valuation Date” means any Local Business Day.

10.3.3 “Valuation Time” means the close of business in the city of the Valuation Agent on the Local Business Day before the Valuation Date or date of calculation, as applicable.

10.3.4 “Notification Time” means 1:00 p.m., Pacific Prevailing Time, on a Local Business Day.

10.4 Conditions Precedent and Secured Party’s Rights and Remedies.

The following Termination Event(s) will be a “Specified Condition” for the Party specified (that Party being the Affected Party if the Termination Event occurs with respect to that Party):

	PGE	Seller
Illegality	[X]	[X]
Tax Event	[]	[]
Tax Event Upon Merger	[]	[]
Credit Event Upon Merger	[]	[]

10.5 Substitution.

10.5.1 “Substitution Date” has the meaning specified in Paragraph 4(d)(ii) of the Credit Support Annex.

10.5.2 Consent. Applicable, with two (2) Business Days notice required for any substitution pursuant to Paragraph 4(d) of the Credit Support Annex.

10.6 Dispute Resolution.

10.6.1 “Resolution Time” means 1:00 p.m., Pacific Prevailing Time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 5 of the Credit Support Annex.

10.6.2 “Value” has two resolutions, depending on if the dispute concerns the value of Exposure or if the dispute concerns the value of the Collateral. For disputes over the value of Exposure, the Parties will use the procedures set forth in Paragraphs 5(i)(A) and 5(i)(B) of the Credit Support Annex. For disputes over the value of the Collateral, for the purpose of Paragraphs 5(i)(C) and 5(ii), the Value of Posted Credit Support as of the relevant calculation date will be calculated as follows:

- (a) With respect to cash, the face amount thereof and
- (b) With respect to Letters of Credit, the face amount thereof (less any drawn portion thereof), provided the Valuation Percentage is calculated to be 100%; if the Valuation Percentage is not calculated to be 100%, the Value will be deemed to be zero (0).

10.6.3 Alternative. The provisions of Paragraph 5 of the Credit Support Annex will apply.

10.7 Holding and Using Posted Collateral.

10.7.1 Eligibility to Hold Posted Collateral, Custodians. PGE and Seller will each be entitled to hold Posted Collateral pursuant to Paragraph 6(b) of the Credit Support Annex; provided that the following conditions applicable to it are satisfied:

- (a) The Party holding the Posted Collateral in the form of Cash is not a Defaulting Party and such Party or its Credit Support Provider has a Credit Rating that is BBB- or higher by S&P or Baa3 or higher by Moody's.
- (b) Posted Collateral may be held only in a jurisdiction within the United States.

10.7.2 Use of Posted Collateral: The provisions of Paragraph 6(c) of the Credit Support Annex will apply to the Parties; provided, however, that if a Party is not eligible to hold Posted Collateral pursuant to Paragraph 13(g)(i) of the Credit Support Annex (such Party shall be the "Downgraded Party" and the event that caused it to be ineligible to hold Posted Collateral shall be a "Credit Rating Event"), then:

- (a) the provisions of Paragraph 6(c) of the Credit Support Annex will not apply with respect to the Downgraded as the Secured Party; and
- (b) the Downgraded Party shall be required to deliver (or cause to be delivered) not later than the close of business on the second Local Business Day following such Credit Rating Event all Posted Collateral in its possession or held on its behalf to a Qualified Institution, approved by the non-Downgraded Party (which approval shall not be unreasonably withheld) to a segregated, safekeeping or custody account ("Collateral Account") within such Qualified Institution with the title of the Collateral Account indicating that the property contained therein is being held as Posted Collateral for the Downgraded Party. The Qualified Institution shall serve as Custodian with respect to the Posted Collateral in the Collateral Account, and shall hold such Posted Collateral in accordance with the terms of this Credit Support Annex. For purposes of Agreement Section 5(a)(iii), failure by a Party to comply with any of the obligations under this paragraph 13(g)(ii) will constitute an Event of Default with respect to such Party if the failure continues for two (2) Local Business Days after a notice of the failure is given to that Party.

10.8 Distributions and Interest Amount.

10.8.1 Interest Rate. "Interest Rate" means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

10.8.2 Interest Rate on Cash Collateral. "Interest Rate on Cash Collateral" means the lesser of (i) the maximum amount allowed by applicable law and (ii) the Federal Funds Rate for the holding period. The "Federal Funds Rate" means the effective Federal Funds Rate as published daily by the Federal Reserve Bank H.15 Statistical Release website for each day of the holding period. Such interest shall be calculated on the basis of the actual number of days elapsed over a year of 360 days.

10.8.3 Transfer of Interest Amount. The Transfer of the Interest Amount shall be made on the third (3rd) Local Business Day of each calendar month to the Pledgor pursuant to Paragraph 3(b) of the Credit Support Annex.

10.8.4 Alternative to Interest Amount. The provisions of Paragraph 6(d)(ii) of the Credit Support Annex will not apply. Instead, interest shall be deemed to accrue on Posted Collateral in the form of Cash at the rate per annum equal to the Interest Rate on Cash Collateral. Secured Party shall retain such deemed interest, subject to the provisions of Paragraph 3(b) of the Credit Support Annex. Secured Party shall not be responsible to Pledgor for any amounts earned on Posted Collateral in the form of Cash other than the deemed interest as set forth herein.

10.9 Other Eligible Support and Other Posted Support.

10.9.1 "Value" with respect to Other Eligible Support and Other Posted Support means the stated amount (undrawn portion) of any Letter of Credit maintained by the Pledgor (or its Credit Support Provider) for the benefit of the Secured Party.

10.9.2 "Transfer" with respect to Other Eligible Support and Other Posted Support means:

- (a) For purposes of Paragraph 3(a) of the Credit Support Annex, delivery of the Letter of Credit by the Pledgor or issuer of the Letter of Credit to the Secured Party at the address of the Secured Party specified in the Notices Section hereof, or delivery of an executed amendment to such Letter of Credit (extending the term or increasing the amount available to the Secured Party thereunder) by the Pledgor or the issuer of the Letter of Credit to the Secured Party at the address of the Secured Party specified in the Notices Section hereof; and
- (b) For purposes of Paragraph 3(b) of the Credit Support Annex, by the return of an outstanding Letter of Credit by the Secured Party

to the Pledgor, at the address of the Pledgor specified in the Notices Section hereof, or delivery of an executed amendment to the Letter of Credit in form and substance satisfactory to the Secured Party (reducing the amount available to the Secured Party thereunder) by the Pledgor or the issuer of the Letter of Credit to the Secured Party at the Secured Party's address specified in the Notices Section hereof. If a Transfer is to be effected by a reduction in the amount of an outstanding Letter of Credit previously issued for the benefit of the Secured Party, the Secured Party shall not unreasonably withhold its consent to a commensurate reduction in the amount of such Letter of Credit and shall take such action as is reasonably necessary to effectuate such reduction.

10.10 Demands and Notices.

All demands, specifications and notices under the Credit Support Annex will be made pursuant to the Notices Section hereof.

10.11 Addresses for Transfers.

The Parties shall provide in the Notice requesting delivery/return of Eligible Credit Support/Posted Credit Support the addresses for such transfers.

10.12 Other Provisions.

The Credit Support Annex is a Security Agreement under the provisions of the Uniform Commercial Code of the State of New York:

10.12.1 UCC. Each Party agrees that the provisions of the Fixed Strike Daily Financial Capacity Agreement supersede and replace in their entirety any requirements of law relating to adequate assurance of future performance, including without limitation Article 2 of the Uniform Commercial Code of the State of New York.

10.13 Additional Definitions.

Paragraph 12 of the Credit Support Annex is hereby amended by adding the following:

10.13.1 Power of Attorney. If the Pledgor fails (a) to execute and deliver to the Secured Party such financing statements, assignments, or other documents or (b) to do such other things relating to the Posted Collateral as the Secured Party may reasonably request in order to protect and maintain its security interest in the Posted Collateral and to protect, preserve, and realize upon the Posted Collateral, then the Secured Party is hereby authorized by the Pledgor (but not required) to complete and execute such financing statements, assignments, and other documents as the Secured Party deems appropriate for such purposes. The Pledgor hereby appoints the Secured Party, during the Contract Term, as the Pledgor's agent and attorney-in-fact to complete and execute such financing

statements, assignments and other documents and to perform all other acts which the Secured Party may deem appropriate to protect and maintain its security interest in the Posted Collateral and to protect, preserve, and realize upon the Posted Collateral. The power-of-attorney granted herein to the Secured Party is coupled with an interest and is irrevocable during the Contract Term.

10.13.2 Paragraph 7(i) of the Credit Support Annex is hereby amended by deleting the words, "Eligible Collateral" and replacing them with the words, "Eligible Credit Support."

10.13.3 Letter of Credit Provisions. Other Eligible Credit Support and Other Posted Support provided in the form of a Letter of Credit shall be subject to the following provisions.

- (a) Unless otherwise agreed in writing by the Parties, each Letter of Credit shall be provided in accordance with the provisions of the Credit Support Annex and each Letter of Credit shall be issued in the name of and maintained for the benefit of the Secured Party. The Pledgor shall (i) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit, (ii) if the bank that issued an outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit, provide a substitute Letter of Credit at least thirty (30) Business Days prior to the expiration of the outstanding Letter of Credit, and (iii) if a bank issuing a Letter of Credit shall fail to honor the Secured Party's properly documented request to draw on an outstanding Letter of Credit, provided for the benefit of the Secured Party, (x) a substitute Letter of Credit, that is issued in the name of the Secured Party, a bank acceptable to the Secured Party, other than the bank failing to honor the outstanding Letter of Credit, or (y) Other Eligible Credit Support, in each case within one (1) Business Day after the Pledgor receives notice of such refusal, provided that, at the time the Pledgor is required to perform in accordance with (i), (ii) or (iii) above, the Delivery Amount applicable to the Pledgor equals or exceeds the Pledgor's Minimum Transfer Amount.
- (b) As one method of providing Eligible Credit Support, the Pledgor may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.
- (c) A Letter of Credit shall provide that the Secured Party may draw upon the Letter of Credit (in one or more drawings) in an aggregate amount (up to the face amount for which the Letter of Credit has been issued) that is equal to all amounts that are due and owing, including any interest due, from the Pledgor but have not been paid to the Secured Party within the time allowed for such payments

under this Agreement (including any related notice or grace period or both). A Letter of Credit shall require the bank issuing the Letter of Credit honor a draw on the Letter of Credit upon submission to the bank issuing the Letter of Credit of one or more certificates specifying the amounts due and owing to the Secured Party in accordance with the specific requirements of the Letter of Credit.

- (d) If the Pledgor shall fail to renew, substitute, or sufficiently increase the amount of an outstanding Letter of Credit (as the case may be), or establish one or more additional Letters of Credit, or otherwise provide sufficient Eligible Credit Support then the Secured Party may draw on the entire, undrawn portion of any outstanding Letter of Credit upon submission to the bank issuing such Letter of Credit of one or more certificates specifying the amounts due and owing to the Secured Party in accordance with the specific requirements of the Letter of Credit. The Pledgor shall remain liable for any amounts due and owing to the Secured Party and remaining unpaid after the application of the amounts so drawn by the Secured Party.
- (e) Upon the occurrence of a Letter of Credit Default, the Pledgor agrees to deliver a substitute Letter of Credit in the name of the Secured Party or other Eligible Credit Support to the Secured Party in an amount at least equal to that of the Letter of Credit to be replaced on or before the third (3rd) Business Day after the earlier of (x) the Pledgor's obtaining knowledge of such Letter of Credit Default and (y) written demand by the Secured Party.
- (f) Notwithstanding Paragraph 10 (Expenses) of the Credit Support Annex, in all cases, the costs and expenses (including but not limited to the costs, expenses, and reasonable attorney's fees of establishing, renewing, substituting, canceling, increasing and reducing the amount of (as the case may be) one or more Letters of Credit shall be borne by the Pledgor.
- (g) Paragraph 8(a) of the Credit Support Annex is hereby amended to add the following subsection (v):
 - (v) the right to draw on any outstanding Letter of Credit in an amount equal to any amounts payable by the Pledgor with respect to any Obligations.
- (h) Paragraph 8(b) of the Credit Support Annex is hereby amended to add the following subsection (v):
 - (v) (a) the Secured Party will be obligated immediately to Transfer any Letter of Credit to the Pledgor and (b) the Pledgor

may do any one or more the following: (x) to the extent that the Letter of Credit is not Transferred to the Pledgor as required pursuant to (a) above, Set-off any amounts payable by the Pledgor with respect to any Obligations against any such Letter of Credit held by the Secured Party, and to the extent its rights to Set-off are not exercised, withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the Value of any remaining Posted Collateral and the Value of any Letter of Credit held by the Secured Party, until any such Posted Collateral and such Letter of Credit is transferred to the Pledgor; and (y) exercise rights and remedies available to the Pledgor under the terms of the Letter of Credit.

- (i) These Letter of Credit provisions shall constitute agreements for all purposes hereof and for purposes of the Credit Support Annex, including Section 5(a)(iii) of the Credit Support Annex.

ARTICLE 11 ASSIGNMENT

11.1 Neither Party shall assign the Fixed Strike Daily Financial Capacity Agreement or its rights hereunder to any entity whose Credit Rating is not equal to or higher than that of such Party and is at least above BBB- by S&P and Baa3 by Moody's. No assignment may be made without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign the Fixed Strike Daily Financial Capacity Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign the Fixed Strike Daily Financial Capacity Agreement to an Affiliate of such Party which Affiliate's Credit Rating is equal to or higher than that of such Party and is at least above BBB- by S&P and Baa3 by Moody's, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of its assets whose Credit Rating is equal to or higher than that of such Party; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

11.2 The Fixed Strike Daily Financial Capacity Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. No assignment or transfer permitted hereunder shall relieve the assigning or transferring Party of any of its obligations under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this document effective as of the date specified on the first page hereof.

PORTLAND GENERAL ELECTRIC
COMPANY

COUNTERPARTY

By: _____

By: _____

Name: Mary K. Turina

Name: _____

Title: Vice President, Risk Management

Title: _____

Date: _____, 2003

Date: _____