NOTICE OF TERMINATION OF DISPATCH AGREEMENT

THIS NOTICE OF TERMINATION OF DISPATCH AGREEMENT (the "Notice") is made and entered into as of the 1st day of September (the "Effective Date"), by and between the Department of Water Resources, an agency of the State of California, with respect to its responsibilities pursuant to California Water Code Section 80000 *et seq.* regarding Department of Water Resources Electric Power Fund separate and apart from its powers and responsibilities with respect to the State Water Resources Development System ("Department"), and CALPEAK POWER – BORDER LLC ("Seller") (Department and Seller, collectively the "Parties").

RECITALS

A. To help further the objective of assuring a reliable supply of electricity for California's retail end-use customers, on August 14, 2001, the Department entered into that certain Power Purchase Agreement date as of August 14, 2001, by and between Seller and the Department (the "Original Contract").

B. On May 2, 2002, the Department and Seller executed that certain Amended and Restated Power Purchase Agreement (the "Amended PPA"), which Amended PPA supersedes the Original Contract, together with a related Dispatch Agreement (the "Dispatch Agreement").

C. The Department and Seller have executed that certain Second Amended and Restated Power Purchase Agreement (the "Second Amended PPA"), which Second Amended PPA supersedes the Original Contract and the Amended PPA, together with a related Release and Settlement Agreement (the "Release and Settlement Agreement").

D. The Second Amended PPA and the Release and Settlement Agreement contemplate termination of the Dispatch Agreement by mutual agreement of the Parties.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

Section 1. Termination. This Notice hereby terminates the Dispatch Agreement by mutual agreement of the Parties effective as of the Effective Date.

Section 2. Definitions. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Second Amended PPA.

Section 3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of laws rules thereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the 5th day of October, 2007.

STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES, separate and apart from its powers and responsibilities with respect to the State Water Resources Development System

By: Original signed by:

Name: Timothy Haines
Title: Deputy Director

CALPEAK POWER – BORDER LLC

By: Original signed by:

Name: S. Andrew Welty
Title: Vice President