MRTU AGREEMENT

between:

THE CALIFORNIA DEPARTMENT OF WATER RESOURCES ("CDWR" or "Buyer")

and

FRESNO COGENERATION PARTNERS, L.P. ("Fresno" or "Seller")

This agreement (the "MRTU Agreement") references the Amended and Restated Master Power Purchase and Sale Agreement (the "Master Agreement"), the Amended and Restated Cover Sheet ("the Cover Sheet") and the Fresno Transaction (the "Transaction") by and between CDWR and Fresno dated December 17, 2002. Collectively, the Master Agreement, the Cover Sheet, and the Transaction shall be referred to herein as the "PPA." All capitalized terms used, but not otherwise defined herein, shall have the same meaning given to them in the PPA.

CDWR and Fresno (the "Parties"; each a "Party") understand and agree that the California Independent System Operator's ("CAISO") upcoming implementation of the Market Redesign and Technology Upgrade ("MRTU") will significantly change the energy market in California. This change includes, among other things, the way participants bid and schedule energy, the processes by which transactions are settled, new terminology, and how CAISO costs and charges are allocated to participants.

The Parties enter into this MRTU Agreement to memorialize their agreement pursuant to Section 10.14 of the PPA with respect to certain issues including billing, scheduling, delivery of electricity, and related contract matters arising out of the implementation of MRTU, which affect the PPA. To preserve the current respective rights, obligations, and benefits of the Parties as nearly as possible upon implementation of MRTU (the "MRTU Start Date"), the Parties agree that the PPA must be amended to address MRTU changes. In consideration of the respective benefits to the Parties and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, the Parties hereby enter into this MRTU Agreement, which shall result in the following changes to the PPA upon the Effective Date (defined below).

1. CAISO Terms

   To the extent the exercise by the Parties of their rights and obligations under this MRTU Agreement requires incorporation of CAISO Tariff definitions relating to MRTU, the Parties agree that all such definitions shall be applicable to the PPA.

2. Additional Definitions

   The following definitions shall be added to the PPA:

- The term Effective Energy Schedule shall have the same meaning as Physical Energy Schedule.

The Energy Delivery Point shall be the PNode for the Unit determined by the CAISO to be AGRICO_6_PL3N5 which is located at the high side of the Unit's 70 kV transformer.

- All references to Buyer in this MRTU Agreement shall also mean Buyer's limited agent, Pacific Gas & Electric ("PG&E"). All references to Seller in this MRTU Agreement shall also mean Seller's Scheduling Coordinator, as agent for Seller.

3. Energy Delivery Scheduling

- The Seller shall self-schedule energy deliveries of the Contract Quantity Energy into applicable CAISO Day Ahead energy markets as directed by the Buyer. Seller and Buyer shall also submit Day Ahead Inter-SC Trades ("IST") for Energy at the PNode for the same quantity as Seller self schedules in the CAISO Day Ahead energy market. During the Delivery Period, each Party shall conduct all Scheduling and deliveries in full compliance with the CAISO Tariff.

- Fresno shall be responsible for all charges due to the CAISO, and entitled to receive all payments from the CAISO, related to deviations of Unadjusted Metered Energy from the Final Physical Energy Schedule for the Units (inclusive of charges for imbalance Energy and replacement reserves).

- To the extent a forced or partial outage occurs during the hours scheduled by Buyer after the close of the Day Ahead market, Buyer will schedule a Real Time IST for energy to Seller in the amount of the outage upon Seller's notice of outage or partial capacity (in the case of partial outage). Seller will notify Buyer of the outage as soon as possible. Such IST will be effective with the next full hour that starts 135 minutes after notification of the outage. Both Buyer and Seller will submit the reverse ISTs as soon as possible to cover imbalance charges for Fresno for the period starting the hour that starts 135 minutes after notification of the outage.

- To the extent the Seller incurs costs or receives benefits during the time when a Real Time IST for energy is effective as a result of a scheduled reduction not fully recovered through settlement of the Real Time IST from Buyer to Seller pursuant to the preceding paragraph, those costs and benefits shall be passed through to CDWR. Seller shall provide complete documentation of all such costs and credits.

- If the CAISO changes Day Ahead self-scheduled energy schedules that were the basis of a Day Ahead IST for energy, Buyer will schedule a Real Time IST for energy to Seller. Such IST will be effective at the next regular opportunity,

in accordance with CAISO protocols, after the Seller notifies Buyer. The purpose of this reverse IST is to cover imbalance charges for the Seller for the period after the Seller has notified Buyer and Real Time ISTs for energy can be effective. To the extent the Seller incurs costs or receives benefits as a result of such CAISO schedule changes not fully recovered through settlement of the Real Time IST from Buyer to Seller, those costs and benefits shall be passed through to CDWR. Seller shall provide complete documentation of all such costs and credits.

4. Load Uplift Obligation

Seller shall schedule and accept Load Uplift Obligation trades using an IST with Buyer that corresponds with, and is of equal quantity to the awarded Day-Ahead self-scheduled energy. In the event that Day Ahead self scheduled energy is less than the Load Uplift Obligation IST, CDWR shall be financially responsible for the difference. Seller shall provide complete documentation of all such costs. The Parties agree the intent of the preceding sentence is to make Seller indifferent to entering into the Load Uplift Obligation IST.

5. Resource Adequacy

- Seller shall file monthly supply plans to the CAISO for the applicable Net Demonstrated Dependable Capacity ("NDDC") for Resource Adequacy requirements, in accordance with the CAISO Tariff. Seller shall submit a copy of these plans to Buyer, at least 48 hours before they are due to the CAISO for review and comments. If Buyer does not comment within 24 hours, Buyer will be deemed to have approved the plan(s). Any CAISO charges or credits incurred by Seller as the result of providing Resource Adequacy capacity to Buyer will be fully reimbursed by CDWR.

- The Seller will not be entitled to receive Residual Unit Capacity ("RUC") capacity payments from CAISO for the NDDC submitted for Resource Adequacy. Notwithstanding anything to the contrary, Seller will be entitled to receive payments associated with its unrestricted use of the Unit in accordance with Section 3.2(i) except for the previously cited RUC payments from CAISO. CDWR shall be liable for any CAISO costs or charges associated with Resource Adequacy.

- Hours related to a dispatch of the Unit by CAISO shall not count towards the hours limit specified in Attachment 1, Section P(a) of the PPA, unless the CAISO dispatch occurs during the times coinciding with CDWR/ PG&E Day Ahead scheduling. Fresno shall be responsible for all costs and credits related to CAISO dispatches outside of CDWR Day Ahead reservation/scheduling.

6. Settlements Data

Seller shall continue to issue to CDWR and PG&E, acting as CDWR's limited agent, the CAISO invoice by the 10th day of the month following the month the Seller is invoiced by the CAISO. Seller shall include all applicable costs and credits from the CAISO invoice as separate line items in the PPA monthly invoice. Seller shall provide copies of the appropriate sections of the CAISO invoices and any other data necessary for CDWR and its agent to validate the CAISO charges. This support data may include, but is not limited to: CMRI self schedule energy awards and volumes, bid cost recovery credits, and SaMC billing details. The Seller shall provide CAISO data to the Buyer to the extent it is needed to validate any invoice and/or it is needed to ensure compliance with the contract. Any charge or credit of the CAISO invoice passed from the Seller to CDWR shall be considered preliminary and subject to true up until CDWR has received and validated all of the necessary supporting data. In the event that the CAISO invoice data is combined with data for other generators, Seller shall disaggregate and provide CDWR the relevant data. As soon as the CAISO allows for third party read-only access to validation data, including but not limited to all data listed above, Seller shall immediately provide approval to the CAISO for CDWR to obtain direct access to such data, provided that access to such data can be limited to data necessary to validate the CDWR transactions.

7. Other Changes

- Seller shall credit CDWR all CAISO bid cost recovery credits associated with CDWR's Day Ahead dispatch.

- In the event Seller receives charges and/or credits from CAISO resulting from post market adjustment of Locational Marginal Prices, changes in the market structure, new cost/credit allocations, or congestion revenues related to the delivery of the Products scheduled by Buyer under the PPA, such charges and/or credits shall be transferred to CDWR.

8. Additional Changes to Address MRTU

Because of the likelihood of either (1) the emergence of unforeseen effects of MRTU upon the administration of the PPA which do not become apparent until after the MRTU Start Date, and/or (2) changes made to MRTU by CAISO after the MRTU Start Date, within six (6) months from the MRTU Start Date the Parties shall meet to negotiate mutually agreeable changes to the PPA, which address these issues. In addition, the Parties agree to meet and confer on any MRTU-related issues which arise throughout the term of the PPA, as the Parties become aware of such issues.

The changes to the PPA enumerated above shall become effective on the MRTU Start Date ("the Effective Date"). Based on the latest information available from CAISO, the

Parties currently expect the MRTU Start Date to be March 31, 2009 for deliveries on April 1, 2009. However, the Parties understand that this date is subject to change at CAISO's discretion. This MRTU Agreement shall terminate upon termination of the PPA.

The Parties agree that the changes to the PPA contained in this MRTU Agreement shall amend the PPA upon the Effective Date. In the event there is any inconsistency or conflict between any terms herein and the PPA, the terms of this MRTU Agreement shall control.

The Parties agree that if CAISO reverts to the market systems in place prior to implementation of MRTU, then the terms of this MRTU Agreement shall be suspended during the period of reversion. When CAISO resumes MRTU, this MRTU Agreement will again be in full force and effect.

By entering into this MRTU Agreement, the Parties agree that neither CDWR nor Fresno waives or releases any claim or right it may have under the PPA except for those expressly waived by this MRTU Agreement.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this MRTU Agreement on the respective dates set forth below and made it effective as of the Effective Date set forth above, notwithstanding the date of their execution of this MRTU Agreement.

CALIFORNIA DEPARTMENT OF WATER RESOURCES, a department of the California Resources Agency, an agency of the State of California, with respect to its responsibilities pursuant to California Water Code Section 80000, et seq., regarding the Department of Water Resources Electric Power Fund, separate and apart from its powers and responsibilities with respect to the State Water Resources Development Systems

By: John Pacheco

Name: ~~Chief~~ John Pacheco

Title: Chief, Contracts Management Office

Date: 3-27-09

Acknowledged and Agreed:

FRESNO COGENERATION PARTNERS, L.P.
by: FRESNO COGEN, INC, its general partner

By: Harold E Dittmer

Name: HAROLD E DITTMER

Title: PRESIDENT

Date: MARCH 24, 2009