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Pamela Grace Lesh
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October 20, 2006

Public Utility Commission of Oregon
Attn: Filing Center
550 Capitol Street, N.E., Suite 215
Salem, OR 97301-2551

RE: Advice No. 06-26, UM 1129 Compliance Filing to Order No. 06-538

In addition to the electronic filing, enclosed is the original with a requested effective date of **November 20, 2006**:

Second Revision of Sheet No. 201-1	First Revision of Sheet No. 201-12
Sixth Revision of Sheet No. 201-2	First Revision of Sheet No. 201-13
Third Revision of Sheet No. 201-3	First Revision of Sheet No. 201-14
First Revision of Sheet No. 201-4	First Revision of Sheet No. 201-15
First Revision of Sheet No. 201-5	First Revision of Sheet No. 201-16
First Revision of Sheet No. 201-6	Original Sheet No. 201-17
First Revision of Sheet No. 201-7	Original Sheet No. 201-18
First Revision of Sheet No. 201-8	Original Sheet No. 201-19
First Revision of Sheet No. 201-9	Original Sheet No. 201-20
First Revision of Sheet No. 201-10	Original Sheet No. 201-21
First Revision of Sheet No. 201-11	

Appendix 1 to Schedule 201, Standard Contract
Off System Standard Contract

This filing is being made in compliance with OPUC Order No. 06-538 in Docket No. UM 1129. Pursuant to Order No. 06-538, Schedule 201 is modified to incorporate additional information about the process and requirements for entering into a standard or negotiated power purchase agreement for power from a qualifying facility (QF).

Also, two Standard Contracts are included in this filing. The first, the Standard Contract for QFs located in PGE's service territory is incorporated into Schedule 201 as Appendix 1. A comparable Off System Standard Contract is also included in this filing for Commission review and approval. Schedule 201 indicates that the Off System Standard Contract is available from PGE on request. Both Standard Contracts incorporate changes to provisions required by the Order. When effective, both Standard Contracts will be available through the Company's website.

Please direct any questions regarding this filing to Doug Kuns at (503) 464-7891.

Please direct all formal correspondence and requests to the following email address
pge.opuc.filings@pgn.com

Sincerely,



Pamela G. Lesh
for

/s/ Pamela G. Lesh
Vice President, Regulatory Affairs & Strategic Planning

**SCHEDULE 201
QUALIFYING FACILITY
POWER PURCHASE INFORMATION**

PURPOSE

To provide information about Avoided Costs, Standard Contracts and negotiated Power Purchase Agreements, power purchase prices and price options for power delivered by a Qualifying Facility (QF) to the Company.

AVAILABLE

In all territory served by the Company.

APPLICABLE

Applicable to Sellers of generation from small power production or cogeneration facilities that are QFs as defined in 18 Code of Federal Regulations (CFR) Section 292, the energy is delivered to the Company's system and made available for Company purchase, and the Seller meets all requirements herein described including establishing credit, providing proof of insurance, executing an interconnection agreement, a transmission agreement and a Power Purchase Agreement, where applicable.

ESTABLISHING CREDITWORTHINESS

The Seller must establish creditworthiness prior to service under this schedule. For a Standard Contract Power Purchase Agreement (Standard Contract), a Seller may establish creditworthiness with a written acknowledgment that it is current on all existing debt obligations and that it was not a debtor in a bankruptcy proceeding within the preceding 24 months. If the Seller is not able to establish creditworthiness, the Seller must provide security as deemed sufficient by the Company as set out in the Standard Contract.

(T)

POWER PURCHASE INFORMATION

A Seller may call the Power Production Coordinator at (503) 464-8000 to obtain more information about being a Seller or how to apply for service under this schedule.

SCHEDULE 201 (Continued)

POWER PURCHASE PROPOSALS AND AGREEMENT

In accordance with terms set out in this schedule and the Commission's Rules as applicable, the Company shall purchase any energy in excess of station service (power necessary to produce generation) and amounts attributable to conversion losses, which are made available from the Seller.

A Seller must execute a Power Purchase Agreement with the Company prior to delivery of power to the Company. The agreement shall have a term of up to 20 years as selected by the QF.

A Seller with a QF nameplate capacity rating of 10 MW or less as defined herein may elect the option of a Standard Contract. (T)
(T)

Any Seller may elect to negotiate a Power Purchase Agreement with the Company. Such negotiation will comply with the requirements of the Federal Energy Regulatory Commission (FERC) and the Commission. Negotiations for power purchase pricing shall be based on the filed Avoided Costs in effect at that time. (D)

STANDARD CONTRACT (Nameplate capacity of 10 MW or less)

A Seller choosing a Standard Contract shall complete all informational and price option selection requirements in the Standard Contract (Appendix 1 to this schedule) and submit the executed agreement to the Company prior to service under this schedule. The Standard Contract is available at www.portlandgeneral.com. (T)
(C)
(C)

GUIDELINES FOR LESS THAN 10 MW FACILITIES (N)

In order to execute the Standard Contract the Seller must complete all of the general project information requested in the Standard Contract.

When all information required in the Standard Contract has been received in writing from the Seller, the Company shall respond within 15 business days with a draft Standard Contract.

If the Seller desires to proceed with the Standard Contract after reviewing the Company's draft agreement, the Seller may request in writing that the Company prepare a final draft Standard Contract. The Company shall respond to this request within 15 business days. In connection with such request, the Seller must provide the Company with any additional or clarified project information that the Company reasonably determines to be necessary for the preparation of a final draft Standard Contract. (N)

SCHEDULE 201 (Continued)

GUIDELINES FOR LESS THAN 10 MW FACILITIES (Continued)

(N)

When both parties are in full agreement as to all terms and conditions of the draft Standard Contract, the Company shall prepare and forward to the Seller a final executable version of the agreement within 15 business days. Following the Company's execution, a completely executed copy shall be returned to the Seller. Prices and other terms and conditions in the power purchase agreement shall not be final and binding until the Standard Contract has been executed by both parties.

NEGOTIATED CONTRACT (Nameplate capacity of greater than 10 MW)

A negotiated power purchase agreement is required for a QF with a nameplate capacity greater than 10 MW. A Seller with a QF with a nameplate capacity that is greater than 10 MW shall provide all the preliminary information requested under GUIDELINES FOR FACILITIES GREATER THAN 10 MW. A Seller with a facility that is less than 10 MW has the option to enter into a negotiated contract and shall provide all the preliminary information requested under GUIDELINES FOR FACILITIES GREATER THAN 10 MW.

GUIDELINES FOR GREATER THAN 10 MW FACILITIES

The Company shall provide a form power purchase agreement upon request to the Company. The Company shall send the form agreement to the Seller within seven business days of the request.

The Seller may request indicative power purchase prices. To obtain an indicative pricing proposal for a proposed project, the Seller must provide in writing, general project information reasonably required for the development of indicative pricing, including, but not limited to:

- demonstration of ability to obtain QF status
- design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system.
- generation technology and other related technology applicable to the site
- quantity and timing of monthly power deliveries (including project ability to respond to dispatch orders from the Company)
- proposed site location and electrical interconnection point
- status of interconnection and transmission arrangements
- proposed on-line date and outstanding permitting requirements
- motive force or fuel plan consisting of fuel type(s) and source(s)
- proposed contract term and pricing provisions

(N)

SCHEDULE 201 (Continued)

GUIDELINES FOR GREATER THAN 10 MW FACILITIES (Continued)

(N)

The Company shall not be obligated to provide an indicative pricing proposal until all the information described above has been received in writing from the Seller. Within 30 business days following receipt of all required information, the Company shall provide the Seller with an indicative pricing proposal, which may include other indicative terms and conditions, tailored to the individual characteristics of the proposed project. Such proposal may be used by the Seller to make determinations regarding project planning, financing and feasibility. However, such prices are indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties. The Company shall provide with the indicative prices a description of the methodology used to develop the prices.

The Avoided Cost Prices and pricing options specified in this schedule provides a starting point for negotiated prices, and shall be modified to address specific factors mandated by federal and state law, including the following factors found under 18 § CFR 292.304(e);

- (e) *Factors affecting rates for purchases. In determining avoided costs, the following factors shall, to the extent practicable, be taken into account.*
 - (1) *The data provided pursuant to 18 CFR § 292.302(b), (c), or (d), including State review of any such data;*
 - (2) *The availability of capacity or energy from a qualifying facility during the system daily and seasonal peak periods, including:*
 - (i) *The ability of the Company to dispatch the qualifying facility;*
 - (ii) *The expected or demonstrated reliability of the qualifying facility;*
 - (iii) *The terms of any contract or other legally enforceable obligation, including the duration of the obligation, termination notice requirement and sanctions for non-compliance;*
 - (iv) *The extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the Company's facilities;*
 - (v) *The usefulness of energy and capacity supplied from a qualifying facility during system emergencies, including its ability to separate its load from its generation;*
 - (vi) *The individual and aggregate value of energy and capacity from qualifying facilities on the Company's system; and*
 - (vii) *The smaller capacity increments and the shorter lead time available with additions of capacity from qualifying facilities; and*

(N)

SCHEDULE 201 (Continued)

GUIDELINES FOR GREATER THAN 10 MW FACILITIES (Continued)

(N)

- (3) *The relationship of the availability of energy or capacity from the qualifying facility as derived in part (e) (2) of this section, to the ability of the Company to avoid costs, including the deferral of capacity additions and the reduction of fossil fuel use; and*
- (4) *The costs or savings resulting from variations in line losses from those that would have existed in the absence of purchases from a qualifying facility, if the Company generated an equivalent amount of energy itself or purchased an equivalent amount of electric energy or capacity.*

If the Seller desires to proceed with the project after reviewing the Company's indicative price proposal, the Seller must request in writing that the Company prepare a draft power purchase agreement to serve as the basis for negotiations between the parties. In connection with such request, the Seller must provide the Company with any additional project information that the Company reasonably determines to be necessary for the preparation of a draft power purchase agreement, which may include, but shall not be limited to:

- Updated information for the general project information categories listed above
- Evidence of adequate control of proposed site
- Timelines for obtaining any necessary governmental permits, approvals or authorizations
- Assurance of fuel supply or motive force
- Anticipated timelines for completion of key project milestones
- Evidence that any necessary interconnection studies have been completed and assurance that the necessary interconnection arrangements are under negotiation.

The Company shall not be obligated to provide the Seller with a draft power purchase agreement until all the relevant QF project information listed above has been received by the Company in writing. Within 30 business days following receipt of all required information, the Company shall provide the Seller with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions, including a specific pricing proposal for power purchased from the project. The draft agreement shall serve as the basis for subsequent negotiations between the parties and unless clearly indicated, shall not be construed as a binding proposal by the Company.

(N)

SCHEDULE 201 (Continued)

GUIDELINES FOR GREATER THAN 10 MW FACILITIES (Continued)

(N)

After reviewing the draft power purchase agreement, the Seller may prepare an initial set of written comments and proposals regarding the agreement and forward them to the Company. The Company shall not be obligated to begin negotiations with a Seller until the Company has received an initial set of written comments. After the Company's receipt of comments and proposals, the Seller may contact the Company to schedule contract negotiations at such times and places as are mutually agreeable to the parties. In connection with such negotiations, the Company:

- Shall not unreasonably delay negotiations and shall respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the Seller
- May request to visit the site of the proposed project if such a visit has not previously occurred
- Shall update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed project or proposed terms of the draft power purchase agreement
- May request any additional information from the Seller necessary to finalize the terms of the power purchase agreement and satisfy the Company's due diligence regarding the QF project.

When both parties are in full agreement as to all terms and conditions of the power purchase agreement, the Company shall prepare and forward to the Seller a final, executable version of the agreement. Prices and other terms and conditions in the power purchase agreement shall not be final and binding until the agreement has been executed by both parties.

OFF SYSTEM POWER PURCHASE AGREEMENT

A Seller with a facility that interconnects with an electric system other than the Company's electric system may enter into a power purchase agreement with the Company after following the applicable standard or negotiated contract guidelines and making the arrangements necessary for transmission of power to the Company's system. A Standard Contract for Off System QFs is available upon request to the Company.

(N)

SCHEDULE 201 (Continued)

BASIS FOR POWER PURCHASE PRICE

(M)

Avoided Cost Summary

The power purchase rates are based on the Company's Avoided Costs. Avoided Costs are defined in 18 CFR 292.101(6) as "the incremental costs to an electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source."

The Avoided Costs as listed in Tables 1 and 2 below include monthly On- and Off-Peak prices.

ON-PEAK PERIOD

The On-Peak period is 6 a.m. until 10 p.m., Monday through Saturday.

OFF-PEAK PERIOD

The Off-Peak period is 10 p.m. until 6 a.m., Monday through Saturday, and all 24 hours on Sunday.

Avoided Costs are based on forward market price estimates through December 2008, the period of time during which the Company's Avoided Costs are associated with incremental purchases of energy and capacity from the market. For the period 2009 through 2025, the Avoided Costs reflect the fully allocated costs of a natural gas fueled combined cycle combustion turbine (CCCT) including fuel and capital costs. The CCCT Avoided Costs are based on the variable cost of energy plus capitalized energy costs at a 93% capacity factor based on a natural gas price forecast, with prices modified for shrinkage and transportation costs.

The CCCT Avoided Cost estimates beginning in 2009 include the avoidable power supply costs assumed to be represented by new generating capacity consistent with the Company's Integrated Resource Plan's Final Action Plan Acknowledged in Commission Order No. 04-375.

(M)

SCHEDULE 201 (Continued)

PRICING OPTIONS FOR STANDARD CONTRACTS

(M)

Pricing options represent the purchase price per MWh the Company will pay for electricity delivered to a Point of Delivery within the Company's Service Territory pursuant to a Standard Contract up to the nameplate rating of the QF in any hour. Any energy delivered in excess of the nameplate rating shall be purchased at the applicable Off-Peak Prices for the selected pricing option.

The Standard Contract pricing shall be based on the Avoided Cost in effect at the time the agreement is executed.

Four pricing options are available for Standard Contracts. The pricing options include one Fixed Rate Option and three Market Based Options.

1) Fixed Price Option

The Fixed Price Option is based on Avoided Costs including forecasted natural gas prices.

This option is available for a maximum term of 15 years. Sellers with contracts exceeding 15 years will make a one time election at execution to select a market-based option for all years up to five in excess of the initial 15. Under the Fixed Price Option, prices will be as established at the time the Standard Contract is executed and shall be equal to the Avoided Costs in Tables 1 and 2 effective at execution for a term of up to 15 years.

(M)

SCHEDULE 201 (Continued)

PRICING OPTIONS FOR STANDARD CONTRACTS (Continued)
FIXED PRICE OPTION (Continued)

(M)

TABLE 1												
Avoided Costs												
Fixed Price Option												
On-Peak Forecast (\$/MWH)												
Month												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	N/A	67.97	66.95	64.20	69.29	74.39						
2006	77.96	74.39	69.29	59.10	49.42	50.44	69.04	75.92	72.40	69.04	71.08	74.13
2007	76.43	72.86	67.77	57.58	47.90	48.91	68.02	74.90	71.38	68.02	70.06	73.12
2008	74.90	71.33	66.23	56.04	46.36	47.38	66.49	73.37	69.85	66.49	68.53	71.58
2009	64.40	64.36	63.78	59.56	59.02	59.18	59.33	59.47	59.40	59.50	60.84	62.17
2010	60.39	60.33	59.78	56.25	55.77	55.90	56.03	56.14	56.10	56.19	57.41	58.58
2011	66.34	66.28	65.62	61.46	60.89	61.04	61.20	61.33	61.28	61.38	62.82	64.20
2012	69.28	69.21	68.51	64.09	63.48	63.65	63.81	63.95	63.90	64.01	65.54	67.01
2013	75.03	74.95	74.16	69.13	68.45	68.63	68.82	68.97	68.92	69.04	70.78	72.45
2014	80.36	80.28	79.40	73.82	73.06	73.26	73.47	73.64	73.59	73.72	75.65	77.50
2015	81.36	81.27	80.40	74.80	74.04	74.24	74.45	74.62	74.56	74.70	76.63	78.49
2016	73.15	73.08	72.37	67.88	67.27	67.43	67.60	67.74	67.69	67.80	69.35	70.85
2017	77.09	77.01	76.25	71.42	70.76	70.93	71.11	71.26	71.21	71.33	73.00	74.61
2018	84.84	84.75	83.86	78.17	77.40	77.61	77.81	77.99	77.93	78.07	80.04	81.92
2019	92.90	92.79	91.76	85.21	84.31	84.55	84.79	85.00	84.93	85.09	87.35	89.53
2020	98.17	98.06	96.94	89.85	88.88	89.14	89.40	89.62	89.55	89.72	92.17	94.53
2021	100.74	100.63	99.48	92.21	91.22	91.48	91.75	91.98	91.90	92.08	94.59	97.01
2022	103.25	103.14	101.97	94.51	93.49	93.77	94.04	94.27	94.20	94.38	96.95	99.43
2023	105.95	105.83	104.63	96.98	95.94	96.22	96.50	96.74	96.66	96.85	99.49	102.03
2024	108.35	108.23	106.99	99.16	98.09	98.38	98.67	98.91	98.83	99.02	101.73	104.33
2025	111.18	111.06	109.80	101.77	100.67	100.97	101.26	101.51	101.43	101.62	104.40	107.06

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SCHEDULE 201 (Continued)

PRICING OPTIONS FOR STANDARD CONTRACTS (Continued)
FIXED PRICE OPTION (Continued)

(M)

TABLE 2												
Avoided Costs												
Fixed Price Option												
Off-Peak Forecast (\$/MWH)												
Month												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	N/A	56.76	55.74	54.01	58.59	64.45						
2006	65.98	62.93	59.87	49.93	42.29	39.23	58.59	61.14	59.61	57.58	59.61	63.18
2007	63.43	60.38	57.32	47.90	40.25	37.20	57.83	60.38	58.85	56.81	58.85	62.42
2008	61.90	58.85	55.79	46.36	38.72	35.66	56.30	58.85	57.32	55.28	57.32	60.88
2009	38.83	38.79	38.21	33.98	33.44	33.61	33.75	33.90	33.83	33.92	35.27	36.59
2010	34.18	34.12	33.57	30.03	29.55	29.68	29.81	29.92	29.89	29.97	31.19	32.36
2011	39.47	39.41	38.75	34.59	34.02	34.17	34.33	34.46	34.41	34.51	35.95	37.34
2012	41.74	41.67	40.97	36.55	35.94	36.10	36.27	36.41	36.36	36.47	38.00	39.47
2013	46.80	46.72	45.93	40.90	40.22	40.40	40.59	40.74	40.69	40.81	42.55	44.22
2014	51.43	51.34	50.46	44.88	44.12	44.33	44.53	44.71	44.65	44.78	46.71	48.57
2015	51.70	51.62	50.74	45.14	44.38	44.58	44.79	44.96	44.91	45.04	46.97	48.83
2016	42.85	42.78	42.07	37.58	36.97	37.13	37.30	37.44	37.39	37.50	39.05	40.54
2017	45.83	45.75	44.99	40.16	39.50	39.67	39.85	40.00	39.95	40.07	41.74	43.35
2018	52.90	52.81	51.92	46.23	45.46	45.67	45.88	46.05	45.99	46.13	48.10	49.98
2019	60.16	60.06	59.03	52.47	51.58	51.82	52.06	52.26	52.19	52.35	54.62	56.79
2020	64.72	64.61	63.50	56.40	55.43	55.69	55.95	56.17	56.10	56.27	58.72	61.08
2021	66.34	66.23	65.09	57.81	56.82	57.09	57.35	57.58	57.51	57.68	60.20	62.61
2022	68.00	67.88	66.71	59.25	58.24	58.51	58.79	59.02	58.94	59.12	61.70	64.17
2023	69.70	69.58	68.38	60.73	59.69	59.97	60.25	60.49	60.41	60.60	63.24	65.77
2024	71.43	71.30	70.07	62.24	61.17	61.46	61.75	61.99	61.91	62.10	64.81	67.41
2025	73.22	73.09	71.83	63.80	62.71	63.00	63.30	63.55	63.46	63.66	66.43	69.10

Under the Fixed Price Option, the Company shall pay Seller the Off-Peak Avoided Cost pursuant to Table 1 for: (a) all Net Output delivered prior to the Commercial Operation Date; (b) all Net Output deliveries greater than Maximum Net Output in any Contract Year; (c) any generation subject to the provisions of Section 4.3 of the Standard Contract; (d) Net Output delivered in the Off-Peak Period; and (e) deliveries above the nameplate capacity in any hour. All other purchases shall be at On-Peak prices. (See Appendix 1, the Standard Contract for defined terms.)

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SCHEDULE 201 (Continued)

PRICING OPTIONS FOR STANDARD CONTRACTS (Continued)

(M)

MARKET BASED PRICE OPTIONS:

Market Based Price Options include Option 2, Deadband Index Gas Price; Option 3, Index Gas Price; and Option 4, Dow Jones Mid-Columbia Daily On- and Off-Peak Electricity Firm Price Index (DJ-Mid-C Firm Index). The price components for pricing Options 2 and 3 are defined as follows:

On Peak Price:	P_{Peak}
Off Peak Price:	P_{Off}
Variable Operating and Maintenance, Fixed Costs, and Gas Transportation (Table 6):	VFG
Capacity Value (Table 7):	C
Heat Rate:	HR = 6,776 BTU/kWh
Losses:	1.9%
Forecasted Gas Price (Table 5):	GP_F
First of Month* Northwest Pipeline Corp. Canadian Border Index as Reported in <u>Platts</u> <u>Inside FERC's Gas Market Report</u>	GP_{Sumas}
First of Month* one-month spot price averages for AECO/NIT transactions as Reported in <u>Canadian Gas Price Reporter</u> <u>Natural Gas Market Report</u> (in US dollars):	GP_{AECO}
Monthly Indexed Gas Price:	$GP_{MI} = (GP_{Sumas} + GP_{AECO})/2$
Deadband Gas Index:	GP_{DB}
Where:	
If $GP_{MI} > GP_F$	
$GP_{DB} =$ Minimum of (GP_{MI} or $1.1 * GP_F$)	
Otherwise	
$GP_{DB} =$ Maximum of (GP_{MI} or $.9 * GP_F$)	

* "First of Month" means the first such monthly issuance.

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SCHEDULE 201 (Continued)

PRICING OPTIONS FOR STANDARD CONTRACTS (Continued)
MARKET BASED PRICE OPTIONS (Continued)

(M)

Tables 3 and 4 below list applicable rates for Options 2 (Deadband Index Gas Price Option) and 3 (Index Gas Price Option) for the period through 2008. The monthly On- and Off-Peak prices will be applied for all Market Based Price Options.

TABLE 3												
On-Peak Resource Sufficiency Rate (\$/MWH)												
Month												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	N/A	67.97	66.95	64.20	69.29	74.39						
2006	77.96	74.39	69.29	59.10	49.42	50.44	69.04	75.92	72.40	69.04	71.08	74.13
2007	76.43	72.86	67.77	57.58	47.90	48.91	68.02	74.90	71.38	68.02	70.06	73.12
2008	74.90	71.33	66.23	56.04	46.36	47.38	66.49	73.37	69.85	66.49	68.53	71.58

TABLE 4												
Off-Peak Resource Sufficiency Rate (\$/MWH)												
Month												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	N/A	56.76	55.74	54.01	58.59	64.45						
2006	65.98	62.93	59.87	49.93	42.29	39.23	58.59	61.14	59.61	57.58	59.61	63.18
2007	63.43	60.38	57.32	47.90	40.25	37.20	57.83	60.38	58.85	56.81	58.85	62.42
2008	61.90	58.85	55.79	46.36	38.72	35.66	56.30	58.85	57.32	55.28	57.32	60.88

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SCHEDULE 201 (Continued)

PRICING OPTIONS FOR STANDARD CONTRACTS (Continued)
MARKET BASED PRICE OPTIONS (Continued)

(M)

2) Deadband Index Gas Price Option

The Deadband Index Gas Price Option bases the fuel price component of the energy rate on comparisons between the Forecast Gas Price (Table 5) and the simple average of the First of Month gas indices for Sumas and AECO trading hubs. The Northwest Pipeline Gas Index (Sumas) will be as reported in Platts Inside FERC's Gas Market Report. The AECO/NIT (AECO) Gas Index will be as reported in Canadian Gas Price Reporter Natural Gas Market Report (in US dollars). The fuel price component used will be bound between 90 percent and 110 percent of the natural gas price forecast but based on the then current gas price.

The price paid per MWh will be:

$$\begin{aligned} P_{\text{Peak}} &= GP_{\text{DB}} * HR / 1,000 / (1 - \text{Losses}) + VFG + C \\ P_{\text{Off}} &= GP_{\text{DB}} * HR / 1,000 / (1 - \text{Losses}) + VFG \end{aligned}$$

Under the Deadband method, the Company shall pay Seller the Off-Peak prices for: (a) all Net Output delivered prior to the Commercial Operation Date; (b) all Net Output deliveries greater than Maximum Net Output in any Contract Year; (c) any generation subject to the provisions of Section 4.3 of the Standard Contract; (d) Net Output delivered in the Off-Peak Period; and (e) deliveries above the nameplate capacity in any hour. All other purchases shall be at On-Peak prices. (See Appendix 1, the Standard Contract for defined terms.)

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SCHEDULE 201 (Continued)

PRICING OPTIONS FOR STANDARD CONTRACTS (Continued)
MARKET BASED PRICE OPTIONS (Continued)

(M)

3) Index Gas Price Option

The Index Gas Price Option is the simple average of the First of Month gas indices for Sumas and AECO trading hubs used in establishing the Avoided Costs. The Sumas Gas Index will be as reported in Platts Inside FERC's Gas Market Report. The AECO Gas Index will be as reported in the Canadian Gas Price Reporter Natural Gas Market Report (in US dollars).

The price paid per MWh will be:

$$\begin{aligned} P_{\text{Peak}} &= GP_{\text{MI}} * \text{HR} / 1,000 / (1 - \text{Losses}) + \text{VFG} + \text{C} \\ P_{\text{Off}} &= GP_{\text{MI}} * \text{HR} / 1,000 / (1 - \text{Losses}) + \text{VFG} \end{aligned}$$

Under the Index Gas Price, the Company shall pay Seller the Off-Peak Prices for: (a) for all Net Output delivered prior to the Commercial Operation Date; (b) all Net Output deliveries greater than Maximum Net Output in any Contract Year; (c) any generation subject to the provisions of Section 4.3 of the Standard Contract; (d) for Net Output delivered in the Off-Peak Period; and (e) deliveries above the nameplate capacity in any hour. All other purchases shall be at On-Peak prices. (See Appendix 1, the Standard Contract for defined terms.)

4) Mid-C Index Price Option

Under this option, prices paid per MWh will be based on the DJ-Mid-C Firm Index plus 0.204 ¢ per kWh for wholesale wheeling.

(M)

SCHEDULE 201 (Continued)

PRICING OPTIONS FOR STANDARD CONTRACTS (Continued)
MARKET BASED PRICE OPTIONS (Continued)

(M)

The tables below contain the pricing components for Option 1 (Fixed Price Option) Option 2 (Deadband Index Gas Price Option) and Option 3 (Index Gas Price Option).

TABLE 5												
Forecasted Gas Price - GP_F(\$/MMBTU)												
Month												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	4.778	4.772	4.689	4.088	4.011	4.035	4.056	4.076	4.066	4.079	4.271	4.459
2010	4.097	4.089	4.011	3.508	3.440	3.458	3.476	3.492	3.487	3.499	3.673	3.840
2011	4.832	4.823	4.730	4.137	4.057	4.078	4.100	4.119	4.112	4.127	4.332	4.528
2012	5.136	5.126	5.027	4.398	4.312	4.335	4.358	4.378	4.371	4.386	4.604	4.813
2013	5.836	5.825	5.713	4.997	4.900	4.926	4.952	4.974	4.967	4.984	5.232	5.469
2014	6.475	6.462	6.337	5.543	5.435	5.464	5.494	5.518	5.510	5.529	5.804	6.067
2015	6.493	6.481	6.356	5.559	5.451	5.480	5.509	5.534	5.526	5.545	5.820	6.085
2016	5.213	5.203	5.103	4.463	4.376	4.400	4.423	4.443	4.436	4.452	4.673	4.885
2017	5.615	5.604	5.496	4.807	4.713	4.739	4.764	4.785	4.778	4.795	5.033	5.261
2018	6.599	6.586	6.459	5.650	5.540	5.569	5.599	5.624	5.616	5.635	5.915	6.184
2019	7.608	7.594	7.447	6.514	6.387	6.421	6.456	6.485	6.475	6.498	6.820	7.130
2020	8.236	8.220	8.061	7.051	6.914	6.951	6.988	7.019	7.009	7.033	7.382	7.717
2021	8.441	8.425	8.263	7.227	7.086	7.124	7.162	7.195	7.184	7.209	7.567	7.910
2022	8.653	8.636	8.469	7.408	7.264	7.302	7.341	7.375	7.364	7.389	7.756	8.108
2023	8.869	8.852	8.681	7.593	7.445	7.485	7.525	7.559	7.548	7.574	7.950	8.311
2024	9.091	9.073	8.898	7.783	7.631	7.672	7.713	7.748	7.736	7.763	8.148	8.519
2025	9.318	9.300	9.120	7.978	7.822	7.864	7.906	7.942	7.930	7.957	8.352	8.731

(M)

SCHEDULE 201 (Continued)

(T)

PRICING OPTIONS FOR STANDARD CONTRACTS (Continued)
MARKET BASED PRICE OPTIONS (Continued)

(M)

Table 6 contains the Variable O&M and Fixed Costs that are derived from a natural gas-fired CCCT as identified in the Company's 2004 Integrated Resource Plan.

TABLE 6												
Variable O &M, Fixed Costs and Gas Transportation Forecast – VFG (\$/MWH)												
Year	Month											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	5.83	5.83	5.82	5.75	5.74	5.74	5.74	5.74	5.74	5.74	5.77	5.79
2010	5.87	5.87	5.86	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.82	5.84
2011	6.09	6.09	6.08	6.01	6.00	6.00	6.01	6.01	6.01	6.01	6.03	6.06
2012	6.26	6.26	6.25	6.17	6.16	6.16	6.17	6.17	6.17	6.17	6.20	6.22
2013	6.49	6.49	6.47	6.39	6.38	6.38	6.38	6.38	6.38	6.39	6.42	6.44
2014	6.71	6.70	6.69	6.59	6.58	6.58	6.59	6.59	6.59	6.59	6.63	6.66
2015	6.85	6.85	6.84	6.74	6.73	6.73	6.73	6.74	6.74	6.74	6.77	6.80
2016	6.84	6.84	6.83	6.75	6.74	6.74	6.74	6.75	6.75	6.75	6.77	6.80
2017	7.05	7.05	7.03	6.95	6.94	6.94	6.95	6.95	6.95	6.95	6.98	7.01
2018	7.32	7.32	7.31	7.21	7.20	7.20	7.20	7.21	7.20	7.21	7.24	7.27
2019	7.61	7.60	7.59	7.47	7.46	7.46	7.47	7.47	7.47	7.47	7.51	7.55
2020	7.84	7.83	7.82	7.69	7.68	7.68	7.69	7.69	7.69	7.69	7.73	7.77
2021	8.04	8.04	8.02	7.89	7.87	7.88	7.88	7.89	7.89	7.89	7.93	7.97
2022	8.24	8.23	8.21	8.09	8.07	8.07	8.08	8.08	8.08	8.08	8.13	8.17
2023	8.44	8.44	8.42	8.28	8.27	8.27	8.28	8.28	8.28	8.28	8.33	8.37
2024	8.64	8.63	8.61	8.48	8.46	8.47	8.47	8.47	8.47	8.48	8.52	8.57
2025	8.86	8.86	8.83	8.70	8.68	8.68	8.69	8.69	8.69	8.69	8.74	8.79

(M)

SCHEDULE 201 (Continued)

PRICING OPTIONS FOR STANDARD CONTRACTS (Continued)
MARKET BASED PRICE OPTIONS (Continued)

(M)

Table 7 represents the variable C in the formulas for the Option 2 (Deadband Index Gas Price Option) and Option 3 (Index Gas Price Option).

TABLE 7												
Capacity Value - C (\$/MWH)												
<u>Month</u>												
<u>Year</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
2009	25.57	25.57	25.57	25.57	25.57	25.57	25.57	25.57	25.57	25.57	25.57	25.57
2010	26.21	26.21	26.21	26.21	26.21	26.21	26.21	26.21	26.21	26.21	26.21	26.21
2011	26.87	26.87	26.87	26.87	26.87	26.87	26.87	26.87	26.87	26.87	26.87	26.87
2012	27.54	27.54	27.54	27.54	27.54	27.54	27.54	27.54	27.54	27.54	27.54	27.54
2013	28.23	28.23	28.23	28.23	28.23	28.23	28.23	28.23	28.23	28.23	28.23	28.23
2014	28.94	28.94	28.94	28.94	28.94	28.94	28.94	28.94	28.94	28.94	28.94	28.94
2015	29.66	29.66	29.66	29.66	29.66	29.66	29.66	29.66	29.66	29.66	29.66	29.66
2016	30.30	30.30	30.30	30.30	30.30	30.30	30.30	30.30	30.30	30.30	30.30	30.30
2017	31.26	31.26	31.26	31.26	31.26	31.26	31.26	31.26	31.26	31.26	31.26	31.26
2018	31.94	31.94	31.94	31.94	31.94	31.94	31.94	31.94	31.94	31.94	31.94	31.94
2019	32.74	32.74	32.74	32.74	32.74	32.74	32.74	32.74	32.74	32.74	32.74	32.74
2020	33.45	33.45	33.45	33.45	33.45	33.45	33.45	33.45	33.45	33.45	33.45	33.45
2021	34.39	34.39	34.39	34.39	34.39	34.39	34.39	34.39	34.39	34.39	34.39	34.39
2022	35.25	35.25	35.25	35.25	35.25	35.25	35.25	35.25	35.25	35.25	35.25	35.25
2023	36.25	36.25	36.25	36.25	36.25	36.25	36.25	36.25	36.25	36.25	36.25	36.25
2024	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92
2025	37.97	37.97	37.97	37.97	37.97	37.97	37.97	37.97	37.97	37.97	37.97	37.97

(M)

SCHEDULE 201 (Continued)

MONTHLY SERVICE CHARGE

Each separately metered QF not associated with a retail Consumer account shall be charged \$10.00 per month.

INSURANCE REQUIREMENTS

The following insurance requirements are applicable to Sellers with a Standard Contract:

QFs with nameplate capacity ratings greater than 200 kW are required to secure and maintain a prudent amount of general liability insurance. The Seller must certify to the Company that it is maintaining general liability insurance coverage for each QF at prudent amounts. A prudent amount shall be deemed to mean liability insurance coverage for both bodily injury and property damage liability in the amount of not less than \$1,000,000 each occurrence combined single limit, which limits may be required to be increased or decreased by the Company as the Company determines in its reasonable judgment economic conditions or claims experience may warrant.

Such insurance shall include an endorsement naming the Company as an additional insured insofar as liability arising out of operations under this schedule and a provision that such liability policies shall not be canceled or their limits reduced without 30 days' written notice to the Company. The Seller shall furnish the Company with certificates of insurance together with the endorsements required herein. The Company shall have the right to inspect the original policies of such insurance.

QFs with a design capacity of 200 kW or less are encouraged to pursue liability insurance on their own. The Oregon Public Utility Commission in Order No. 05-584 determined that it is inappropriate to require QFs that have a design capacity of 200 kW or less to obtain general liability insurance.

TRANSMISSION AGREEMENTS

If the QF is located outside the Company's Service Territory, the Seller is responsible for the transmission of power at its cost to the Company's Service Territory.

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SCHEDULE 201 (Continued)

INTERCONNECTION REQUIREMENTS

Except as otherwise provided in a generation interconnection agreement between the Company and Seller, if the QF is located within the Company's Service Territory, switching equipment capable of isolating the QF from the Company's system shall be accessible to the Company at all times. At the Company's option, the Company may operate the switching equipment described above if, in the sole opinion of the Company, continued operation of the QF in connection with the utility's system may create or contribute to a system emergency.

The QF project interconnecting with the Company's distribution system must comply with all requirements for interconnection as established in Rule C or the Company's Interconnection Procedures contained in its FERC Open Access Transmission Tariff, as applicable. The Seller shall bear full responsibility for the installation and safe operation of the interconnection facilities.

DEFINITION OF A SMALL COGENERATION FACILITY OR SMALL POWER PRODUCTION FACILITY ELIGIBLE TO RECEIVE THE STANDARD RATES AND STANDARD CONTRACT

A QF will be eligible to receive the standard rates and Standard Contract if the nameplate capacity of the QF, together with any other electric generating facility using the same motive force, owned or controlled by the same person(s) or affiliated person(s), and located at the same site, does not exceed 10 MW.

Definition of Person(s) or Affiliated Person(s)

As used above, the term "same person(s)" or "affiliated person(s)" means a natural person or persons or any legal entity or entities sharing common ownership, management or acting jointly or in concert with or exercising influence over the policies or actions of another person or entity. However, two facilities will not be held to be owned or controlled by the same person(s) or affiliated person(s) solely because they are developed by a single entity.

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SCHEDULE 201 (Continued)

**DEFINITION OF A SMALL COGENERATION FACILITY OR SMALL POWER
PRODUCTION FACILITY ELIGIBLE TO RECEIVE THE STANDARD RATES
AND STANDARD CONTRACT (Continued)**

Definition of Person(s) or Affiliated Person(s) (Continued)

Furthermore, two facilities will not be held to be owned or controlled by the same person(s) or affiliated person(s) if such common person or persons is a “passive investor” whose ownership interest in the QF is primarily related to utilizing production tax credits, green tag values and MACRS depreciation as the primary ownership benefit. A unit of Oregon local government may also be a “passive investor” if the local governmental unit demonstrates that it will not have an equity ownership interest in or exercise any control over the management of the QF and that its only interest is a share of the cash flow from the QF, which share will not exceed 20%. The 20% cash flow share limit may only be exceeded for good cause shown and only with the prior approval of the Commission.

Definition of Same Site

For purposes of the foregoing, generating facilities are considered to be located at the same site as the QF for which qualification for the standard rates and Standard Contract is sought if they are located within a five-mile radius of any generating facilities or equipment providing fuel or motive force associated with the QF for which qualification for the standard rates and standard contract is sought.

Shared Interconnection and Infrastructure

QFs otherwise meeting the above-described separate ownership test and thereby qualified for entitlement to the standard rates and Standard Contract will not be disqualified by utilizing an interconnection or other infrastructure not providing motive force or fuel that is shared with other QFs qualifying for the standard rates and Standard Contract so long as the use of the shared interconnection complies with the interconnecting utility’s safety and reliability standards, interconnection contract requirements and Prudent Electrical Practices as that term is defined in the interconnecting utility’s approved Standard Contract.

SCHEDULE 201 (Concluded)

DEFINITION OF A SMALL COGENERATION FACILITY OR SMALL POWER
PRODUCTION FACILITY ELIGIBLE TO RECEIVE THE STANDARD RATES
AND STANDARD CONTRACT (Continued)

Dispute Resolution

Upon request, the QF will provide the purchasing utility with documentation verifying the ownership, management and financial structure of the QF in reasonably sufficient detail to allow the utility to make an initial determination of whether or not the QF meets the above-described criteria for entitlement to the standard rates and Standard Contract. Any dispute concerning a QF's entitlement to the standard rates and Standard Contract shall be presented to the Commission for resolution.

SPECIAL CONDITIONS

1. Delivery of energy by Seller shall be at a voltage, phase, frequency, and power factor as specified by the Company. (D)
(T)
2. If the Seller also receives retail Electricity Service from the Company at the same location, any payments under this schedule will be credited to the Seller's retail Electricity Service bill. At the option of the Consumer, any net credit over \$10.00 shall be paid by check to the Consumer. (T)
3. Contracts entered into pursuant to this schedule shall not terminate prior to the Standard or negotiated contract's termination date if the 1978 Public Utility Regulatory Policies act (PURPA) is repealed. (T)

TERM OF AGREEMENT

Not less than one year and not to exceed 20 years.

RULES AND REGULATIONS

Service and rates under this schedule are subject to all applicable General Rules and Regulations contained in the Tariff of which this schedule is a part. (M)

Advice No. 06-26
Appendix 1, Schedule 201
Standard Contract Power Purchase Agreement

STANDARD CONTRACT POWER PURCHASE AGREEMENT

THIS AGREEMENT, entered into this _____ day, _____ 200____, is between _____ ("Seller") and Portland General Electric Company ("PGE") (hereinafter each a "Party" or collectively, "Parties").

RECITALS

Seller intends to construct, own, operate and maintain a _____ facility for the generation of electric power located in _____ County, _____ with a Nameplate Capacity Rating of _____ kilowatt ("kW"), as further described in Exhibit B ("Facility"); and

Seller intends to operate the Facility as a "Qualifying Facility," as such term is defined in Section 3.1.3, below.

Seller shall sell and PGE shall purchase the entire Net Output, as such term is defined in Section 1.19, below, from the Facility in accordance with the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1. "As-built Supplement" means the supplement to Exhibit B provided by Seller in accordance with Section 4.4 following completion of construction of the Facility, describing the Facility as actually built.

1.2. "Billing Period" means a period between PGE's readings of its power purchase billing meter at the Facility in the normal course of PGE's business. Such periods typically vary and may not coincide with calendar months.

1.3. "Capacity Value" has the meaning provided for in the Tariff (as defined below).

1.4. "Cash Escrow" means an agreement by two parties to place money into the custody of a third party for delivery to a grantee only after the fulfillment of the conditions specified.

1.5. "Commercial Operation Date" means the date that the Facility is deemed by PGE to be fully operational and reliable which shall require, among other things, that all of the following events have occurred:

1.5.1. PGE has received a certificate addressed to PGE from a Licensed Professional Engineer ("LPE") acceptable to PGE in its reasonable judgment stating that the Facility is able to generate electric power reliably in amounts required by this Agreement and in accordance with all other terms and conditions of this Agreement (certifications required under this Section 1.5 can be provided by one or more LPEs);

1.5.2. Start-Up Testing of the Facility has been completed in accordance with Section 1.27;

1.5.3. After PGE has received notice of completion of Start-Up Testing, PGE has received a certificate addressed to PGE from an LPE stating that the Facility has operated for testing purposes under this Agreement uninterrupted for a Test Period at a rate in kW of at least 75 percent of average annual Net Output divided by 8,760 based upon any sixty (60) minute period for the entire testing period. The Facility must provide ten (10) working days written notice to PGE prior to the start of the initial testing period. If the operation of the Facility is interrupted during this initial testing period or any subsequent testing period, the Facility shall promptly start a new Test Period and provide PGE forty-eight (48) hours written notice prior to the start of such testing period;

1.5.4. PGE has received a certificate addressed to PGE from an LPE stating that in accordance with the Generation Interconnection Agreement, all required interconnection facilities have been constructed, all required interconnection tests have been completed; and the Facility is physically interconnected with PGE's electric system.

1.5.5. PGE has received a certificate addressed to PGE from an LPE stating that Seller has obtained all Required Facility Documents and, if requested by PGE in writing, has provided copies of any or all such requested Required Facility Documents;

1.6. "Contract Price" means the applicable price as selected by Seller in Section 5.

1.7. "Contract Year" means each twelve (12) month period commencing at 00:00 hours on January 1 and ending on 24:00 hours on December 31 falling at least partially in the Term of this Agreement.

1.8. "Effective Date" has the meaning set forth in Section 2.1.

1.9. "Environmental Attributes" means any and all current or future credits, benefits, emissions reductions, environmental air quality credits, emissions reduction credits, offsets and allowances, howsoever entitled, resulting from the avoidance of the emission of any gas, chemical or other substance attributable to the Facility during the Term, or otherwise attributable to the generation, purchase, sale or use of energy from or by the Facility during the Term, including without limitation any of the same arising

out of legislation or regulation concerned with oxides of nitrogen, sulfur or carbon, with particulate matter, soot or mercury, or implementing the United Nations Framework Convention on Climate Change (the "UNFCCC") or the Kyoto Protocol to the UNFCCC or crediting "early action" emissions reduction, or laws or regulations involving or administered by the Clean Air Markets Division of the Environmental Protection Agency or successor administrator, or any State or federal entity given jurisdiction over a program involving transferability of Environmental Attributes, and any Green Tag Reporting Rights to such Environmental Attributes.

1.10. "Facility" has the meaning set forth in the Recitals.

1.11. "Forward Replacement Price" means the price at which PGE, acting in a commercially reasonable manner, purchases for delivery at the Point of Receipt a replacement for any Net Output that Seller is required to deliver under this Agreement plus (i) costs reasonably incurred by PGE in purchasing such replacement Net Output, and (ii) additional transmission charges, if any, reasonably incurred by PGE in causing replacement energy to be delivered to the Point of Delivery.

1.12. "Generation Interconnection Agreement" means the generation interconnection agreement to be entered into separately between Seller and PGE, providing for the construction, operation, and maintenance of PGE's interconnection facilities required to accommodate deliveries of Seller's Net Output.

1.13. "Letter of Credit" means an engagement by a bank or other person made at the request of a customer that the issuer will honor drafts or other demands for payment upon compliance with the conditions specified in the letter of credit.

1.14. "Licensed Professional Engineer" or "LPE" means a person who is licensed to practice engineering in the state where the Facility is located, who has no economic relationship, association, or nexus with the Seller, and who is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility. Such Licensed Professional Engineer shall be licensed in an appropriate engineering discipline for the required certification being made and be acceptable to PGE in its reasonable judgment.

1.15. "Lost Energy Value" means for a Contract Year: zero, unless the Net Output is less than Minimum Net Output and the mean Dow Jones Mid C Index Price is greater than the Contract Price, in which case Lost Energy Value equals: (Minimum Net Output - Net Output) X (the lower of the mean Contract Price or the Mean Dow Jones Mid C Index Price – mean Contract Price).

1.16. "Mid-Columbia" means an area which includes points at any of the switchyards associated with the following four hydro projects: Rocky Reach, Rock Island, Wanapum and Priest Rapids. These switchyards include: Rocky Reach, Rock Island, Wanapum, McKenzie, Valhalla, Columbia, Midway and Vantage. Mid-Columbia shall also include points in the "Northwest Hub," as defined by Bonneville Power Administration. For scheduling purposes, the footprint described above shall dictate the

delivery point name for the then current Western Electricity Coordinating Council ("WECC") scheduling protocols. If the footprint changes during the Term, a mutually agreed upon footprint that describes an area containing the most liquidity for trading purposes shall apply.

1.17. "Nameplate Capacity Rating" means the maximum capacity of the Facility as stated by the manufacturer, expressed in kW, which shall not exceed 10,000 kW.

1.18. "Net Dependable Capacity" means the maximum capacity the Facility can sustain over a specified period modified for seasonal limitations, if any, and reduced by the capacity required for station service or auxiliaries.

1.19. "Net Output" means all energy expressed in kWhs produced by the Facility, less station and other onsite use and less transformation and transmission losses and other Net Output does not include any environmental attributes.

1.20. "Off-Peak Hours" has the meaning provided in the Tariff.

1.21. "On-Peak Hours" has the meaning provided in the Tariff.

1.22. "Point of Delivery" means the high side of the generation step up transformer(s) located at the point of interconnection between the Facility and PGE's distribution or transmission system, as specified in the Generation Interconnection Agreement.

1.23. "Prime Rate" means the publicly announced prime rate or reference rate for commercial loans to large businesses with the highest credit rating in the United States in effect from time to time quoted by Citibank, N.A. If a Citibank, N.A. prime rate is not available, the applicable Prime Rate shall be the announced prime rate or reference rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, N.Y., selected by the Party to whom interest based on the prime rate is being paid.

1.24. "Prudent Electrical Practices" means those practices, methods, standards and acts engaged in or approved by a significant portion of the electric power industry in the Western Electricity Coordinating Council 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 applicable equipment suppliers and manufacturers, operational limits, and all applicable laws and regulations. Prudent Electrical Practices are 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.

1.25. "Required Facility Documents" means all licenses, permits, authorizations, and agreements necessary for construction, operation, interconnection, and maintenance of the Facility including without limitation those set forth in Exhibit C.

1.26. "Senior lien" means a prior lien which has precedence as to the property under the lien over another lien or encumbrance.

1.27. "Start-Up Testing" means the completion of applicable required factory and start-up tests as set forth in Exhibit D.

1.28. "Step-in rights" means the right of one party to assume an intervening position to satisfy all terms of an agreement in the event the other party fails to perform its obligations under the agreement.

1.29. "Tariff" shall mean PGE rate Schedule 201 filed with the Oregon Public Utilities Commission in effect on the Effective Date of this Agreement and attached hereto as Exhibit E.

1.30. "Term" shall mean the period beginning on the Effective Date and ending on the Termination Date.

1.31. "Test Period" shall mean a period of sixty (60) days or a commercially reasonable period determined by the Seller.

1.32. References to Recitals, Sections, and Exhibits are to be the recitals, sections and exhibits of this Agreement.

SECTION 2: TERM; COMMERCIAL OPERATION DATE

2.1 This Agreement shall become effective upon execution by both Parties ("Effective Date").

2.2 Time is of the essence of this Agreement, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to complete all requirements to establish the Commercial Operation Date is critically important. Therefore,

2.2.1 By _____ [*date to be determined by the Seller*] Seller shall begin initial deliveries of Net Output; and

2.2.2 By _____ [*date to be determined by the Seller*] Seller shall have completed all requirements under Section 1.5 and shall have established the Commercial Operation Date.

2.2.3 In the event Seller is unable to meet the requirements of Sections 2.2.1 and 2.2.2, Seller shall pay damages equal to the Lost Energy Value. In calculating the Lost Energy Value for use in this section, the Minimum Net Output shall be prorated to account for any operational delay.

2.3 This Agreement shall terminate on _____, ____ [date to be chosen by Seller], up to 20 years from the Effective Date, or the date the Agreement is terminated in accordance with Section 10 or 12.2, whichever is earlier ("Termination Date").

SECTION 3: REPRESENTATIONS AND WARRANTIES

3.1 Seller and PGE represent, covenant, and warrant as follows:

3.1.1 Seller warrants it is a _____ duly organized under the laws of _____.

3.1.2 Seller warrants that the execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.

3.1.3 Seller warrants that the Facility is and shall for the Term of this Agreement continue to be a "Qualifying Facility" ("QF") as that term is defined in the version of 18 C.F.R. Part 292 in effect on the Effective Date. Seller has provided the appropriate QF certification, which may include a Federal Energy Regulatory Commission ("FERC") self-certification to PGE prior to PGE's execution of this Agreement. At any time during the Term of this Agreement, PGE may require Seller to provide PGE with evidence satisfactory to PGE in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements.

3.1.4 Seller warrants that it has not within the past two (2) years been the debtor in any bankruptcy proceeding, and Seller is and will continue to be for the Term of this Agreement current on all of its financial obligations.

3.1.5 Seller warrants that during the Term of this Agreement, all of Seller's right, title and interest in and to the Facility shall be free and clear of all liens and encumbrances other than liens and encumbrances arising from third-party financing of the Facility other than workers', mechanics', suppliers' or similar liens, or tax liens, in each case arising in the ordinary course of business that are either not yet due and payable or that have been released by means of a performance bond acceptable to PGE posted within eight (8) calendar days of the commencement of any proceeding to foreclose the lien.

3.1.6 Seller warrants that it will design and operate the Facility consistent with Prudent Electrical Practices.

3.1.7 Seller warrants that the Facility has a Nameplate Capacity Rating not greater than 10,000 kW.

3.1.8 Seller warrants that Net Dependable Capacity of the Facility is _____ kW.

3.1.9 Seller estimates that the average annual Net Output to be delivered by the Facility to PGE is _____ kilowatt-hours ("kWh"), which amount PGE will include in its resource planning.

3.1.10 Seller will deliver from the Facility to PGE at the Point of Delivery Net Output not to exceed a maximum of _____ kWh of Net Output during each Contract Year ("Maximum Net Output").

3.1.11 Seller has entered into a Generation Interconnection Agreement for a term not less than the term of this Agreement.

3.1.12 PGE warrants that it has not within the past two (2) years been the debtor in any bankruptcy proceeding, and PGE is and will continue to be for the Term of this Agreement current on all of its financial obligations.

3.1.13 Seller will not make any changes in its ownership, control or management during the term of this Agreement that would cause it to not be in compliance with the Definition of a Small Cogeneration Facility or Small Power Production Facility Eligible to Receive the Standard Rates and Standard Contract approved by the Commission at the time this Agreement is executed. Seller will provide, upon request by Buyer not more frequently than every 36 months, such documentation and information as may be reasonably required to establish Seller's continued compliance with such Definition. Buyer agrees to take reasonable steps to maintain the confidentiality of any portion of the above described documentation and information that the Seller identifies as confidential except Buyer will provide all such confidential information to the Public Utility Commission of Oregon upon the Commission's request.

SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Effective Date and continuing through the Term of this Agreement, Seller shall sell to PGE the entire Net Output delivered from the Facility at the Point of Delivery.

4.2 Provided Seller has elected the Contract Price options in Section 5.1, 5.2, or 5.3, Seller shall deliver to PGE from the Facility either a) a minimum of seventy-five percent (75%) of its average annual Net Output or b) the Alternative Minimum Amount as defined in Exhibit A during each Contract Year (hereinafter "Minimum Net Output"), provided that such Minimum Net Output for the first or last Contract Year during which Commercial Operations begins shall be reduced pro rata to reflect the Commercial Operation Date, and further provided that such Minimum Net Output shall be reduced on a pro-rata basis for any periods during a Contract Year that the Facility was prevented from generating electricity for reasons of Force Majeure. PGE shall pay Seller the Contract Price for all delivered Net Output.

4.3 Provided Seller has elected the Contract Price options in Section 5.1, 5.2, or 5.3, Seller agrees that if Seller does not deliver the Minimum Net Output each Contract Year, PGE will suffer losses equal to the Lost Energy Value. As damages for Seller's failure to deliver the Minimum Net Output (subject to adjustment for reasons of Force Majeure as provided in Section 4.2) in any Contract Year, notwithstanding any other provision of this Agreement, the purchase price payable by PGE for future deliveries shall be reduced until Lost Energy Value is recovered. PGE and Seller shall work together in good faith to establish the period, in monthly amounts, of such reduction so as to avoid Seller's default on its commercial or financing agreements necessary for its continued operation of the Facility. For QF Facilities sized at 100 kW or smaller, the provisions of this section shall only apply to a failure to deliver the Minimum Net Output in any two Contract Years.

4.4 Upon completion of construction of the Facility, Seller shall provide PGE an As-built Supplement to specify the actual Facility as built. Seller shall not increase the Nameplate Capacity Rating above that specified in Exhibit B or increase the ability of the Facility to deliver Net Output in quantities in excess of the Net Dependable Capacity, or the Maximum Net Output as described in Section 3.1.10 above, through any means including, but not limited to, replacement, modification, or addition of existing equipment, except with the written consent of PGE. In the event Seller increases the Nameplate Capacity Rating of the Facility to no more than 10,000 kW pursuant to this section, PGE shall pay the Contract Price for the additional delivered Net Output. In the event Seller increases the Nameplate Capacity Rating to greater than 10,000 kW, then Seller shall be required to enter into a new power purchase agreement for all delivered Net Output proportionally related to the increase of Nameplate Capacity above 10,000kW.

4.5 To the extent not otherwise provided in the Generation Interconnection Agreement, all costs associated with the modifications to PGE's interconnection facilities or electric system occasioned by or related to the interconnection of the Facility with PGE's system, or any increase in generating capability of the Facility, or any increase of delivery of Net Dependable Capacity from the Facility, shall be borne by Seller.

4.6 Seller may report under §1605(b) of the Energy Policy Act of 1992 or under any applicable program as belonging to Seller any of the Environmental Attributes produced with respect to the Facility, and PGE shall not report under such program that such Environmental Attributes belong to it.

SECTION 5: CONTRACT PRICE

PGE shall pay Seller for the price options 5.1, 5.2, 5.3 or 5.4, as selected below, pursuant to the Tariff. Seller shall indicate which price option it chooses by marking its choice below with an X. If Seller chooses the option in Section 5.1, it must mark below a single second option from Section 5.2, 5.3, or 5.4 for all Contract Years in excess of 15 until the remainder of the Term. Except as provided herein, Seller's selection is for the Term and shall not be changed during the Term.

- 5.1 _____ Fixed Price
- 5.2 _____ Deadband Index Gas Price
- 5.3 _____ Index Gas Price
- 5.4 _____ Mid-C Index Rate Price

SECTION 6: OPERATION AND CONTROL

6.1 Seller shall operate and maintain the Facility in a safe manner in accordance with the Generation Interconnection Agreement, and Prudent Electrical Practices. PGE shall have no obligation to purchase Net Output from the Facility to the extent the interconnection of the Facility to PGE's electric system is disconnected, suspended or interrupted, in whole or in part, pursuant to the Generation Interconnection Agreement, or to the extent generation curtailment is required as a result of Seller's noncompliance with the Generation Interconnection Agreement. Seller is solely responsible for the operation and maintenance of the Facility. PGE shall not, by reason of its decision to inspect or not to inspect the Facility, or by any action or inaction taken with respect to any such inspection, assume or be held responsible for any liability or occurrence arising from the operation and maintenance by Seller of the Facility.

6.2 Seller agrees to provide sixty (60) days written advance written notice of any scheduled maintenance that would require shut down of the Facility for any period of time.

6.3 If the Facility ceases operation for unscheduled maintenance, Seller immediately shall notify PGE of the necessity of such unscheduled maintenance, the time when such maintenance has occurred or will occur, and the anticipated duration of such maintenance. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled maintenance, to limit the duration of such unscheduled maintenance, and to perform unscheduled maintenance during Off-Peak hours.

SECTION 7: CREDITWORTHINESS

In the event Seller: a) is unable to represent or warrant as required by Section 3 that it has not been a debtor in any bankruptcy proceeding within the past two (2) years; b) becomes such a debtor during the Term; or c) is not or will not be current on all its financial obligations, Seller shall immediately notify PGE and shall promptly (and in no less than 10 days after notifying PGE) provide default security in an amount reasonably acceptable to PGE in one of the following forms: Senior Lien, Step in Rights, a Cash Escrow or Letter of Credit. The amount of such default security that shall be acceptable to PGE shall be equal to: (annual On Peak Hours) X (On Peak Price – Off Peak Price) X (Minimum Net Output / 8760). Notwithstanding the foregoing, in the event Seller is not current on construction related financial obligations, Seller shall notify PGE of such delinquency and PGE may, in its discretion, grant an exception to the requirements to provide default security if the QF has negotiated financial arrangements with the construction loan lender that mitigate Seller's financial risk to PGE.

SECTION 8: METERING

8.1 PGE shall design, furnish, install, own, inspect, test, maintain and replace all metering equipment at Seller's cost and as required pursuant to the Generation Interconnection Agreement.

8.2 Metering shall be performed at the location and in a manner consistent with this Agreement and as specified in the Generation Interconnection Agreement. All Net Output purchased hereunder shall be adjusted to account for electrical losses, if any, between the point of metering and the Point of Delivery, so that the purchased amount reflects the net amount of power flowing into PGE's system at the Point of Delivery.

8.3 PGE shall periodically inspect, test, repair and replace the metering equipment as provided in the Generation Interconnection Agreement. If any of the inspections or tests discloses an error exceeding two (2%) percent of the actual energy delivery, either fast or slow, proper correction, based upon the inaccuracy found, shall be made of previous readings for the actual period during which the metering equipment rendered inaccurate measurements if that period can be ascertained. If the actual period cannot be ascertained, the proper correction shall be made to the measurements taken during the time the metering equipment was in service since last tested, but not exceeding three (3) months, in the amount the metering equipment shall have been shown to be in error by such test. Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered. Such correction, when made, shall constitute full adjustment of any claim between Seller and PGE arising out of such inaccuracy of metering equipment.

8.4 To the extent not otherwise provided in the Generation Interconnection Agreement, all of PGE's costs relating to all metering equipment installed to accommodate Seller's Facility shall be borne by Seller.

SECTION 9: BILLINGS, COMPUTATIONS AND PAYMENTS

9.1 On or before the thirtieth (30th) day following the end of each Billing Period, PGE shall send to Seller payment for Seller's deliveries of Net Output to PGE, together with computations supporting such payment. PGE may offset any such payment to reflect amounts owing from Seller to PGE pursuant to this Agreement, the Generation Interconnection Agreement, and any other agreement related to the Facility between the Parties or otherwise.

9.2 Any amounts owing after the due date thereof shall bear interest at the Prime Rate plus two percent (2%) from the date due until paid; provided, however, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

SECTION 10: DEFAULT, REMEDIES AND TERMINATION

10.1 In addition to any other event that may constitute a default under this Agreement, the following events shall constitute defaults under this Agreement:

10.1.1 Breach by Seller or PGE of a representation or warranty, except for Section 3.1.4, set forth in this Agreement.

10.1.2 Seller's failure to provide default security, if required by Section 7, prior to delivery of any Net Output to PGE or within 10 days of notice.

10.1.3 Seller's failure to deliver the Minimum Net Output for two consecutive Contract Years.

10.1.4 If Seller modifies the Facility such that the Nameplate Capacity Rating exceeds 10,000 kW.

10.1.5 If Seller is no longer a "Qualifying Facility".

10.1.6 Failure of PGE to make any required payment pursuant to Section 9.1.

10.2 In the event of a default hereunder, the non-defaulting party may immediately terminate this Agreement at its sole discretion by delivering written notice to the other Party, and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement including damages related to the need to procure replacement power. Such termination shall be effective upon the date of delivery of notice, as provided in Section 21.1. The rights provided in this Section 10 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights.

10.3 If this Agreement is terminated as provided in this Section 10 PGE shall make all payments, within thirty (30) days, that, pursuant to the terms of this Agreement, are owed to Seller as of the time of receipt of notice of default. PGE shall not be required to pay Seller for any Net Output delivered by Seller after such notice of default.

10.4 If this Agreement is terminated as a result of Seller's default, Seller shall pay PGE the positive difference, if any, obtained by subtracting the Contract Price from the sum of the Forward Replacement Price for the Minimum Net Output that Seller was otherwise obligated to provide for a period of twenty-four (24) months from the date of termination. Accounts owed by Seller pursuant to this paragraph shall be due within five (5) business days after any invoice from PGE for the same.

10.5 In the event PGE terminates this Agreement pursuant to this Section 10, and Seller wishes to again sell Net Output to PGE following such termination, PGE in its sole discretion may require that Seller shall do so subject to the terms of this Agreement, including but not limited to the Contract Price until the Term of this Agreement (as set forth in Section 2.3) would have run in due course had the Agreement remained in effect. At such time Seller and PGE agree to execute a written document ratifying the terms of this Agreement.

10.6 Sections 10.1 10.3 10.4 10.5, 11, and 20.2 shall survive termination of this Agreement.

SECTION 11: INDEMNIFICATION AND LIABILITY

11.1 Seller agrees to defend, indemnify and hold harmless PGE, its directors, officers, agents, and representatives against and from any and all loss, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with Seller's delivery of electric power to PGE or with the facilities at or prior to the Point of Delivery, or otherwise arising out of this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PGE, Seller or others, excepting to the extent such loss, claim, action or suit may be caused by the negligence of PGE, its directors, officers, employees, agents or representatives.

11.2 PGE agrees to defend, indemnify and hold harmless Seller, its directors, officers, agents, and representatives against and from any and all loss, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with PGE's receipt of electric power from Seller or with the facilities at or after the Point of Delivery, or otherwise arising out of this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PGE, Seller or others, excepting to the extent such loss, claim, action or suit may be caused by the negligence of Seller, its directors, officers, employees, agents or representatives.

11.3 Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public, nor affect the status of PGE as an independent public utility corporation or Seller as an independent individual or entity.

11.4 NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES, WHETHER ARISING FROM CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.

SECTION 12: INSURANCE

12.1 Prior to the connection of the Facility to PGE's electric system, provided such Facility has a design capacity of 200 kW or more, Seller shall secure and continuously carry for the Term hereof, with an insurance company or companies rated not lower than "B+" by the A. M. Best Company, insurance policies for bodily injury and property damage liability. Such insurance shall include provisions or endorsements naming PGE, its directors, officers and employees as additional insureds; provisions that such insurance is primary insurance with respect to the interest of PGE and that any

insurance maintained by PGE is excess and not contributory insurance with the insurance required hereunder; a cross-liability or severability of insurance interest clause; and provisions that such policies shall not be canceled or their limits of liability reduced without thirty (30) days' prior written notice to PGE. Initial limits of liability for all requirements under this section shall be \$1,000,000 million single limit, which limits may be required to be increased or decreased by PGE as PGE determines in its reasonable judgment economic conditions or claims experience may warrant.

12.2 Prior to the connection of the Facility to PGE's electric system, provided such facility has a design capacity of 200kW or more, Seller shall secure and continuously carry for the Term hereof, in an insurance company or companies rated not lower than "B+" by the A. M. Best Company, insurance acceptable to PGE against property damage or destruction in an amount not less than the cost of replacement of the Facility. Seller promptly shall notify PGE of any loss or damage to the Facility. Unless the Parties agree otherwise, Seller shall repair or replace the damaged or destroyed Facility, or if the facility is destroyed or substantially destroyed, it may terminate this Agreement. Such termination shall be effective upon receipt by PGE of written notice from Seller. Seller shall waive its insurers' rights of subrogation against PGE regarding Facility property losses.

12.3 Prior to the connection of the Facility to PGE's electric system and at all other times such insurance policies are renewed or changed, Seller shall provide PGE with a copy of each insurance policy required under this Section, certified as a true copy by an authorized representative of the issuing insurance company or, at the discretion of PGE, in lieu thereof, a certificate in a form satisfactory to PGE certifying the issuance of such insurance. If Seller fails to provide PGE with copies of such currently effective insurance policies or certificates of insurance, PGE at its sole discretion and without limitation of other remedies, may upon ten (10) days advance written notice by certified or registered mail to Seller either withhold payments due Seller until PGE has received such documents, or purchase the satisfactory insurance and offset the cost of obtaining such insurance from subsequent power purchase payments under this Agreement.

SECTION 13: FORCE MAJEURE

13.1 As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the reasonable control of the Seller or of PGE which, despite the exercise of due diligence, such Party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes, and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome, subject, in each case, to the requirements of the first sentence of this paragraph. Force Majeure, however, specifically excludes the cost or availability of resources to operate the Facility, changes in market conditions that affect the price of energy or transmission, wind or water droughts, and obligations for the payment of money when due.

13.2 If either Party is rendered wholly or in part unable to perform its obligation under this Agreement because of an event of Force Majeure, that Party shall be excused from whatever performance is affected by the event of Force Majeure to the extent and for the duration of the Force Majeure, after which such Party shall recommence performance of such obligation, provided that:

13.2.1 the non-performing Party, shall, promptly, but in any case within one (1) week after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence; and

13.2.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the Force Majeure; and

13.2.3 the non-performing Party uses its best efforts to remedy its inability to perform its obligations under this Agreement.

13.3 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the Force Majeure.

13.4 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

SECTION 14: SEVERAL OBLIGATIONS

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

SECTION 15: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the state of Oregon, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

SECTION 16: PARTIAL INVALIDITY

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 17: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

SECTION 18: GOVERNMENTAL JURISDICTION AND AUTHORIZATIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. Seller shall at all times maintain in effect all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility, and shall provide upon request copies of the same to PGE.

SECTION 19: SUCCESSORS AND ASSIGNS

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without the written consent of the other Party being first obtained and such consent shall not be unreasonably withheld. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

SECTION 20: ENTIRE AGREEMENT

20.1 This Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PGE's purchase of Net Output from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

20.2 By executing this Agreement, Seller releases PGE from any third party claims related to the Facility, known or unknown, which may have arisen prior to the Effective Date.

SECTION 21: NOTICES

All notices except as otherwise provided in this Agreement shall be in writing, shall be directed as follows and shall be considered delivered if delivered in person or when deposited in the U.S. Mail, postage prepaid by certified or registered mail and return receipt requested:

To Seller:

with a copy to: _____

To PGE: Contracts Manager
QF Contracts, 3WTCBR06
PGE - 121 SW Salmon St.
Portland, Oregon 97204

21.2 The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Section 21.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the Effective Date.

PGE

By: _____
Name: _____
Title: _____

(Name Seller)

By: _____
Name: _____
Title: _____

EXHIBIT A
MINIMUM NET OUTPUT

Seller may designate an alternative Minimum Net Output to seventy-five (75%) percent of annual Net Output in this exhibit ("Alternative Minimum Amount"). Such Alternative Minimum Amount, if provided, shall exceed zero, and shall be established in accordance with Prudent Electrical Practices and documentation supporting such a determination shall be provided to PGE upon execution of the Agreement. Such documentation shall be commercially reasonable, and may include, but is not limited to, documents used in financing the project, and data on output of similar projects operated by seller, PGE or others.

EXHIBIT B
DESCRIPTION OF SELLER'S FACILITY

[Seller to Complete]

EXHIBIT C

REQUIRED FACILITY DOCUMENTS

[Seller list all permits and authorizations required for this project]

Sellers Generation Interconnection Agreement

EXHIBIT D

START-UP TESTING

[Seller identify appropriate tests]

Required factory testing includes such checks and tests necessary to determine that the equipment systems and subsystems have been properly manufactured and installed, function properly, and are in a condition to permit safe and efficient start-up of the Facility, which may include but are not limited to (as applicable):

1. Pressure tests of all steam system equipment;
2. Calibration of all pressure, level, flow, temperature and monitoring instruments;
3. Operating tests of all valves, operators, motor starters and motor;
4. Alarms, signals, and fail-safe or system shutdown control tests;
5. Insulation resistance and point-to-point continuity tests;
6. Bench tests of all protective devices;
7. Tests required by manufacturer of equipment; and
8. Complete pre-parallel checks with PGE.

Required start-up test are those checks and tests necessary to determine that all features and equipment, systems, and subsystems have been properly designed, manufactured, installed and adjusted, function properly, and are capable of operating simultaneously in such condition that the Facility is capable of continuous delivery into PGE's electrical system, which may include but are not limited to (as applicable):

1. Turbine/generator mechanical runs including shaft, vibration, and bearing temperature measurements;
2. Running tests to establish tolerances and inspections for final adjustment of bearings, shaft run-outs;
3. Brake tests;
4. Energization of transformers;
5. Synchronizing tests (manual and auto);
6. Stator windings dielectric test;
7. Armature and field windings resistance tests;
8. Load rejection tests in incremental stages from 5, 25, 50, 75 and 100 percent load;
9. Heat runs;
10. Tests required by manufacturer of equipment;
11. Excitation and voltage regulation operation tests;
12. Open circuit and short circuit; saturation tests;
13. Governor system steady state stability test;
14. Phase angle and magnitude of all PT and CT secondary voltages and currents to protective relays, indicating instruments and metering;
15. Auto stop/start sequence;
16. Level control system tests; and
17. Completion of all state and federal environmental testing requirements.

EXHIBIT E

TARIFF

[Attach currently in-effect rate Schedule 201]

Advice No. 06-26
Off System Standard Contract

STANDARD CONTRACT OFF SYSTEM POWER PURCHASE AGREEMENT

THIS AGREEMENT, entered into this _____ day, _____ 200____, is between _____ ("Seller") and Portland General Electric Company ("PGE") (hereinafter each a "Party" or collectively, "Parties").

RECITALS

Seller intends to construct, own, operate and maintain a _____ facility for the generation of electric power located in _____ County, _____ with a Nameplate Capacity Rating of _____ kilowatt ("kW"), as further described in Exhibit B ("Facility"); and

Seller intends to operate the Facility as a "Qualifying Facility," as such term is defined in Section 3.1.3, below.

Seller shall sell and PGE shall purchase the entire Net Output, as such term is defined in Section 1.19, below, from the Facility in accordance with the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1. "As-built Supplement" means the supplement to Exhibit B provided by Seller in accordance with Section 4.4 following completion of construction of the Facility, describing the Facility as actually built.

1.2. "Billing Period" means from the start of the first day of each calendar month to the end of the last day of each calendar month.

1.3. "Capacity Value" has the meaning provided for in the Tariff (as defined below).

1.4. "Cash Escrow" means an agreement by two parties to place money into the custody of a third party for delivery to a grantee only after the fulfillment of the conditions specified.

1.5. "Commercial Operation Date" means the date that the Facility is deemed by PGE to be fully operational and reliable which shall require, among other things, that all of the following events have occurred:

1.5.1. PGE has received a certificate addressed to PGE from a Licensed Professional Engineer ("LPE") acceptable to PGE in its reasonable judgment stating that the Facility is able to generate electric power reliably in amounts required by this Agreement and in accordance with all other terms and conditions of this Agreement (certifications required under this Section 1.5 can be provided by one or more LPEs);

1.5.2. Start-Up Testing of the Facility has been completed in accordance with Section 1.27;

1.5.3. After PGE has received notice of completion of Start-Up Testing, PGE has received a certificate addressed to PGE from an LPE stating that the Facility has operated for testing purposes under this Agreement uninterrupted for a Test Period at a rate in kW of at least 75 percent of average annual Net Output divided by 8,760 based upon any sixty (60) minute period for the entire testing period. The Facility must provide ten (10) working days written notice to PGE prior to the start of the initial testing period. If the operation of the Facility is interrupted during this initial testing period or any subsequent testing period, the Facility shall promptly start a new Test Period and provide PGE forty-eight (48) hours written notice prior to the start of such testing period;

1.5.4. PGE has received a certificate addressed to PGE from an LPE stating that all required interconnection facilities have been constructed, and all required interconnection tests have been completed;

1.5.5. PGE has received a certificate addressed to PGE from an LPE stating that Seller has obtained all Required Facility Documents and, if requested by PGE in writing, has provided copies of any or all such requested Required Facility Documents;

1.5.6. PGE has received a copy of the Transmission Agreement.

1.6. "Contract Price" means the applicable price as selected by Seller in Section 5.

1.7. "Contract Year" means each twelve (12) month period commencing at 00:00 hours on January 1 and ending on 24:00 hours on December 31 falling at least partially in the Term of this Agreement.

1.8. "Effective Date" has the meaning set forth in Section 2.1.

1.9. "Environmental Attributes" means any and all current or future credits, benefits, emissions reductions, environmental air quality credits, emissions reduction credits, offsets and allowances, howsoever entitled, resulting from the avoidance of the emission of any gas, chemical or other substance attributable to the Facility during the Term, or otherwise attributable to the generation, purchase, sale or use of energy from or by the Facility during the Term, including without limitation any of the same arising

out of legislation or regulation concerned with oxides of nitrogen, sulfur or carbon, with particulate matter, soot or mercury, or implementing the United Nations Framework Convention on Climate Change (the "UNFCCC") or the Kyoto Protocol to the UNFCCC or crediting "early action" emissions reduction, or laws or regulations involving or administered by the Clean Air Markets Division of the Environmental Protection Agency or successor administrator, or any State or federal entity given jurisdiction over a program involving transferability of Environmental Attributes, and any Green Tag Reporting Rights to such Environmental Attributes.

1.10. "Facility" has the meaning set forth in the Recitals.

1.11. "Forward Replacement Price" means the price at which PGE, acting in a commercially reasonable manner, purchases for delivery at the Point of Receipt a replacement for any Net Output that Seller is required to deliver under this Agreement plus (i) costs reasonably incurred by PGE in purchasing such replacement Net Output, and (ii) additional transmission charges, if any, reasonably incurred by PGE in causing replacement energy to be delivered to the Point of Receipt. If PGE elects not to make such a purchase, costs of purchasing replacement Net Output shall be Dow Jones Mid C Index Price for such energy not delivered, plus any additional cost or expense incurred as a result of Seller's failure to deliver, as determined by PGE in a commercially reasonable manner (but not including any penalties, ratcheted demand or similar charges).

1.12. "Generation Interconnection Agreement" means an agreement governing the interconnection of the Facility with _____ electric system.

1.13. "Letter of Credit" means an engagement by a bank or other person made at the request of a customer that the issuer will honor drafts or other demands for payment upon compliance with the conditions specified in the letter of credit.

1.14. "Licensed Professional Engineer" or "LPE" means a person who is licensed to practice engineering in the state where the Facility is located, who has no economic relationship, association, or nexus with the Seller, and who is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility. Such Licensed Professional Engineer shall be licensed in an appropriate engineering discipline for the required certification being made and be acceptable to PGE in its reasonable judgment.

1.15. "Lost Energy Value" means for a Contract Year: zero, unless the Net Output is less than Minimum Net Output and the mean Dow Jones Mid C Index Price is greater than the Contract Price, in which case Lost Energy Value equals: (Minimum Net Output - Net Output) X (the lower of the mean Contract Price or the mean Dow Jones Mid C Index Price – mean Contract Price) minus Transmission Curtailment Replacement Energy Cost if any for like period.

1.16. "Mid-Columbia" means an area which includes points at any of the switchyards associated with the following four hydro projects: Rocky Reach, Rock

Island, Wanapum and Priest Rapids. These switchyards include: Rocky Reach, Rock Island, Wanapum, McKenzie, Valhalla, Columbia, Midway and Vantage. Mid-Columbia shall also include points in the "Northwest Hub," as defined by Bonneville Power Administration. For scheduling purposes, the footprint described above shall dictate the delivery point name for the then current Western Electricity Coordinating Council ("WECC") scheduling protocols. If the footprint changes during the Term, a mutually agreed upon footprint that describes an area containing the most liquidity for trading purposes shall apply.

1.17. "Nameplate Capacity Rating" means the maximum capacity of the Facility as stated by the manufacturer, expressed in kW, which shall not exceed 10,000 kW.

1.18. "Net Dependable Capacity" means the maximum capacity the Facility can sustain over a specified period modified for seasonal limitations, if any, and reduced by the capacity required for station service or auxiliaries.

1.19. "Net Output" means all energy expressed in kWhs produced by the Facility, less station and other onsite use and does not include any environmental attributes.

1.20. "Off-Peak Hours" has the meaning provided in the Tariff.

1.21. "On-Peak Hours" has the meaning provided in the Tariff.

1.22. "Point of Receipt" means the PGE System.

1.23. "Prime Rate" means the publicly announced prime rate or reference rate for commercial loans to large businesses with the highest credit rating in the United States in effect from time to time quoted by Citibank, N.A. If a Citibank, N.A. prime rate is not available, the applicable Prime Rate shall be the announced prime rate or reference rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, N.Y., selected by the Party to whom interest based on the prime rate is being paid.

1.24. "Prudent Electrical Practices" means those practices, methods, standards and acts engaged in or approved by a significant portion of the electric power industry in the Western Electricity Coordinating Council 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 applicable equipment suppliers and manufacturers, operational limits, and all applicable laws and regulations. Prudent Electrical Practices are 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.

1.25. "Required Facility Documents" means all licenses, permits, authorizations, and agreements necessary for construction, operation, interconnection, and maintenance of the Facility including without limitation those set forth in Exhibit C.

1.26. "Senior lien" means a prior lien which has precedence as to the property under the lien over another lien or encumbrance.

1.27. "Start-Up Testing" means the completion of applicable required factory and start-up tests as set forth in Exhibit D.

1.28. "Step-in rights" means the right of one party to assume an intervening position to satisfy all terms of an agreement in the event the other party fails to perform its obligations under the agreement.

1.29. "Tariff" shall mean PGE rate Schedule 201 filed with the Oregon Public Utilities Commission in effect on the Effective Date of this Agreement and attached hereto as Exhibit E.

1.30. "Term" shall mean the period beginning on the Effective Date and ending on the Termination Date.

1.31. "Test Period" shall mean a period of sixty (60) days or a commercially reasonable period determined by the Seller.

1.32. "Transmission Agreement" means an Agreement executed by the Seller and the Transmission Provider(s) for Transmission Services.

1.33. "Transmission Curtailment" means a limitation on Seller's ability to deliver any portion of the scheduled energy to PGE due to the unavailability of transmission to the Point of Receipt (for any reason other than Force Majeure)

1.34. "Transmission Curtailment Replacement Energy Cost" means the greater of zero or the difference between Dow Jones Mid C Index Price – Contract Price X curtailed energy for periods of Transmission Curtailment.

1.35. "Transmission Provider(s)" means the signatory (other than the Seller) to the Transmission Agreement.

1.36. "Transmission Services" means any and all services (including but not limited to ancillary services and control area services) required for the firm transmission and delivery of Energy from the Facility to the Point of Receipt for a term not less than the Term of this Contract.

1.37. References to Recitals, Sections, and Exhibits are to be the recitals, sections and exhibits of this Agreement.

SECTION 2: TERM; COMMERCIAL OPERATION DATE

2.1 This Agreement shall become effective upon execution by both Parties ("Effective Date").

2.2 Time is of the essence of this Agreement, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to complete all requirements to establish the Commercial Operation Date is critically important. Therefore,

2.2.1 By _____ [*date to be determined by the Seller*] Seller shall begin initial deliveries of Net Output; and

2.2.2 By _____ [*date to be determined by the Seller*] Seller shall have completed all requirements under Section 1.5 and shall have established the Commercial Operation Date.

2.2.3 In the event Seller is unable to meet the requirements of Sections 2.2.1 and 2.2.2, Seller shall pay damages equal to the Lost Energy Value. In calculating the Lost Energy Value for use in this section, the Minimum Net Output shall be prorated to account for any operational delay.

2.3 This Agreement shall terminate on _____, _____ [*date to be chosen by Seller*], up to 20 years from the Effective Date, or the date the Agreement is terminated in accordance with Section 9 or 12.2, whichever is earlier ("Termination Date").

SECTION 3: REPRESENTATIONS AND WARRANTIES

3.1 Seller and PGE represent, covenant, and warrant as follows:

3.1.1 Seller warrants it is a _____ duly organized under the laws of _____.

3.1.2 Seller warrants that the execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.

3.1.3 Seller warrants that the Facility is and shall for the Term of this Agreement continue to be a "Qualifying Facility" ("QF") as that term is defined in the version of 18 C.F.R. Part 292 in effect on the Effective Date. Seller has provided the appropriate QF certification, which may include a Federal Energy Regulatory Commission ("FERC") self-certification to PGE prior to PGE's execution of this Agreement. At any time during the Term of this Agreement, PGE may require Seller to provide PGE with evidence satisfactory to PGE in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements.

3.1.4 Seller warrants that it has not within the past two (2) years been the debtor in any bankruptcy proceeding, and Seller is and will continue to be for the Term of this Agreement current on all of its financial obligations.

3.1.5 Seller warrants that during the Term of this Agreement, all of Seller's right, title and interest in and to the Facility shall be free and clear of all liens and encumbrances other than liens and encumbrances arising from third-party financing of the Facility other than workers', mechanics', suppliers' or similar liens, or tax liens, in each case arising in the ordinary course of business that are either not yet due and payable or that have been released by means of a performance bond acceptable to PGE posted within eight (8) calendar days of the commencement of any proceeding to foreclose the lien.

3.1.6 Seller warrants that it will design and operate the Facility consistent with Prudent Electrical Practices.

3.1.7 Seller warrants that the Facility has a Nameplate Capacity Rating not greater than 10,000 kW.

3.1.8 Seller warrants that Net Dependable Capacity of the Facility is _____ kW.

3.1.9 Seller estimates that the average annual Net Output to be delivered by the Facility to PGE is _____ kilowatt-hours ("kWh"), which amount PGE will include in its resource planning.

3.1.10 Seller will schedule and deliver from the Facility to PGE at the Point of Receipt Net Output not to exceed a maximum of _____ kWh of Net Output during each Contract Year ("Maximum Net Output"). The cost of delivering energy from the Facility to PGE is the sole responsibility of the Seller.

3.1.11 Seller has entered into a Generation Interconnection Agreement for a term not less than the term of this Agreement.

3.1.12 PGE warrants that it has not within the past two (2) years been the debtor in any bankruptcy proceeding, and PGE is and will continue to be for the Term of this Agreement current on all of its financial obligations.

3.1.13 Seller will not make any changes in its ownership, control or management during the term of this Agreement that would cause it to not be in compliance with the Definition of a Small Cogeneration Facility or Small Power Production Facility Eligible to Receive the Standard Rates and Standard Contract approved by the Commission at the time this Agreement is executed. Seller will provide, upon request by Buyer not more frequently than every 36 months, such documentation and information as may be reasonably required to establish Seller's continued compliance with such Definition. Buyer agrees to take reasonable steps to maintain the confidentiality of any portion of the above described documentation and information that the Seller identifies as

confidential except Buyer will provide all such confidential information to the Public Utility Commission of Oregon upon the Commission's request.

SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Effective Date and continuing through the Term of this Agreement, Seller shall sell to PGE the entire Net Output from the Facility. Seller's Net Output shall be scheduled and delivered to PGE at the Point of Receipt in accordance with Section 4.5.

4.2 Provided Seller has elected the Contract Price options in Section 5.1, 5.2, or 5.3, Seller shall schedule and deliver to PGE from the Facility either a) a minimum of seventy-five percent (75%) of its average annual Net Output or b) the Alternative Minimum Amount as defined in Exhibit A during each Contract Year (hereinafter "Minimum Net Output"), provided that such Minimum Net Output for the first or last Contract Year during which Commercial Operations begins shall be reduced pro rata to reflect the Commercial Operation Date, and further provided that such Minimum Net Output shall be reduced on a pro-rata basis for any periods during a Contract Year that the Facility was prevented from generating electricity for reasons of Force Majeure. Scheduled and Delivered Net Output is subject to the Contract Price.

4.3 Provided Seller has elected the Contract Price options in Section 5.1, 5.2, or 5.3, Seller agrees that if Seller does not deliver the Minimum Net Output each Contract Year for reasons other than Transmission Curtailment, PGE will suffer losses equal to the Lost Energy Value. As damages for Seller's failure to deliver the Minimum Net Output (subject to adjustment for reasons of Force Majeure as provided in Section 4.2) in any Contract Year, notwithstanding any other provision of this Agreement the purchase price payable by PGE for future deliveries shall be reduced until Recoupment Value equals Lost Energy Value. If during such succeeding Contract Year Seller succeeds in delivering the Minimum Net Output for that Contract Year, then the purchase price payable by PGE for all deliveries in such Contract Year occurring after the Billing Period in which Seller first succeeds in delivering the Minimum Net Output for such Contract Year will be as set forth in Section 5.1, 5.2, or 5.3, as applicable. PGE and Seller shall work together in good faith to establish the period, in monthly amounts, of such reduction so as to avoid Seller's default on its commercial or financing agreements necessary for its continued operation of the Facility, For QF Facilities sized at 100 kW or smaller, the provisions of this section shall only apply to a failure to deliver the Minimum Net Output in any two Contract Years.

4.4 Upon completion of construction of the Facility, Seller shall provide PGE an As-built Supplement to specify the actual Facility as built. Seller shall not increase the Nameplate Capacity Rating above that specified in Exhibit B or increase the ability of the Facility to deliver Net Output in quantities in excess of the Net Dependable Capacity, or the Maximum Net Output as described in Section 3.1.10 above, through any means including, but not limited to, replacement, modification, or addition of existing equipment, except with the written consent of PGE. In the event Seller increases the Nameplate Capacity Rating to greater than 10,000 kW, then Seller shall be required to

enter into a new power purchase agreement for all delivered Net Output proportionally related to the increase of Nameplate Capacity above 10,000kW.

4.5 Seller shall provide preschedules for all deliveries of energy hereunder, including identification of receiving and generating control areas, by 10:00:00 PPT on the last Business Day prior to the scheduled date of delivery. The Parties' respective representatives shall maintain hourly real-time schedule coordination; provided, however, that in the absence of such coordination, the hourly schedule established by the exchange of preschedules shall be considered final. Seller and PGE shall maintain records of hourly energy schedules for accounting and operating purposes. The final E-Tag shall be the controlling evidence of the Parties' schedule. All energy shall be prescheduled according to customary WECC scheduling practices. Seller shall make commercially reasonable efforts to schedule in any hour an amount equal to its expected Net Output for such hour. Seller shall maintain a minimum of two years records of Net Output and shall agree to allow PGE to have access to such records and to imbalance information kept by the Transmission Provider.

4.6 Seller may report under §1605(b) of the Energy Policy Act of 1992 or under any applicable program as belonging to Seller any of the Environmental Attributes produced with respect to the Facility, and PGE shall not report under such program that such Environmental Attributes belong to it.

SECTION 5: CONTRACT PRICE

PGE shall pay Seller for the price options 5.1, 5.2, 5.3 or 5.4, as selected below, pursuant to the Tariff. Seller shall indicate which price option it chooses by marking its choice below with an X. If Seller chooses the option in Section 5.1, it must mark below a single second option from Section 5.2, 5.3, or 5.4 for all Contract Years in excess of 15 until the remainder of the Term. Except as provided herein, Seller's selection is for the Term and shall not be changed during the Term.

- 5.1 Fixed Price
- 5.2 Deadband Index Gas Price
- 5.3 Index Gas Price
- 5.4 Mid-C Index Rate Price

SECTION 6: OPERATION AND CONTROL

6.1 Seller shall operate and maintain the Facility in a safe manner in accordance with the Generation Interconnection Agreement, and Prudent Electrical Practices. PGE shall have no obligation to purchase Net Output from the Facility to the extent the interconnection of the Facility or transmission to PGE's electric system is curtailed, disconnected, suspended or interrupted, in whole or in part. Seller is solely responsible for the operation and maintenance of the Facility. PGE shall not, by reason

of its decision to inspect or not to inspect the Facility, or by any action or inaction taken with respect to any such inspection, assume or be held responsible for any liability or occurrence arising from the operation and maintenance by Seller of the Facility.

6.2 Seller agrees to provide 60 days written advance written notice of any scheduled maintenance that would require shut down of the Facility for any period of time.

6.3 If the Facility ceases operation for unscheduled maintenance, Seller immediately shall notify PGE of the necessity of such unscheduled maintenance that could affect the generation, scheduling or delivery of energy to PGE, the time when such maintenance has occurred or will occur and the anticipated duration of such maintenance. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled maintenance, to limit the duration of such unscheduled maintenance, and to perform unscheduled maintenance during Off-Peak hours.

SECTION 7: CREDITWORTHINESS

In the event Seller: a) is unable to represent or warrant as required by Section 3 that it has not been a debtor in any bankruptcy proceeding within the past two (2) years; b) becomes such a debtor during the Term; or c) is not or will not be current on all its financial obligations, Seller shall immediately notify PGE and shall promptly (and in no less than ten (10) days after notifying PGE) provide default security in an amount reasonably acceptable to PGE in one of the following forms: Senior Lien, Step in Rights, a Cash Escrow or Letter of Credit. The amount of such default security that shall be acceptable to PGE shall be equal to: $(\text{annual On Peak Hours}) \times (\text{On Peak Price} - \text{Off Peak Price}) \times (\text{Minimum Net Output} / 8760)$.). Notwithstanding the foregoing, in the event Seller is not current on construction related financial obligations, Seller shall notify PGE of such delinquency and PGE may, in its discretion, grant an exception to the requirements to provide default security if the QF has negotiated financial arrangements with the construction loan lender that mitigate Seller's financial risk to PGE.

SECTION 8: BILLINGS, COMPUTATIONS AND PAYMENTS

8.1 On or before the thirtieth (30th) day following the end of each Billing Period, PGE shall send to Seller payment for Seller's deliveries of Net Output to PGE, together with computations supporting such payment. PGE may offset any such payment to reflect amounts owing from Seller to PGE pursuant to this Agreement, and any other agreement related to the Facility between the Parties or otherwise.

8.2 Any amounts owing after the due date thereof shall bear interest at the Prime Rate plus two percent (2%) from the date due until paid; provided, however, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

SECTION 9: DEFAULT, REMEDIES AND TERMINATION

9.1 In addition to any other event that may constitute a default under this Agreement, the following events shall constitute defaults under this Agreement:

9.1.1 Seller's failure to meet the requirements as provided in Section 2.2.

9.1.2 Breach by Seller or PGE of a representation or warranty, except for Section 3.1.4, set forth in this Agreement.

9.1.3 Seller's failure to provide default security, if required by Section 7, prior to delivery of any Net Output to PGE or within ten (10) days of notice.

9.1.4 Seller's failure to deliver the Minimum Net Output for two consecutive Contract Years.

9.1.5 If Seller modifies the Facility such that the Nameplate Capacity Rating exceeds 10,000 kW.

9.1.6 If Seller is no longer a "Qualifying Facility".

9.1.7 Failure of PGE to make any required payment pursuant to Section 8.1.

9.1.8 Seller's failure to accurately schedule Net Output, as required by Section 4.5, where there is a demonstrated pattern of scheduling errors. Scheduling errors may include: scheduled energy that differs from Net Output by more than 10% for multiple monthly periods, or in cases where net deviations result in demonstrated excess payments by PGE to the Seller.

9.2 In the event of a default hereunder, the non-defaulting party may immediately terminate this Agreement at its sole discretion by delivering written notice to the other Party, and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement including damages related to the need to procure replacement power. Such termination shall be effective upon the date of delivery of notice, as provided in Section 21.1. The rights provided in this Section 9 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights.

9.3 If this Agreement is terminated by PGE as provided in this Section 9, PGE shall make all payments, within thirty (30) days, that, pursuant to the terms of this Agreement, are owed to Seller as of the time of Seller's receipt of notice of default. PGE shall not be required to pay Seller for any Net Output delivered by Seller after such notice of default.

9.4 If this Agreement is terminated as a result of Seller's default, Seller shall pay PGE the positive difference, if any, obtained by subtracting the Contract Price from the sum of the Forward Replacement Price for the Minimum Net Output that Seller was otherwise obligated to provide for a period of twenty-four (24) months from the date of termination plus any cost incurred for transmission purchased by PGE to deliver the

replacement power to the Point of Receipt and the estimated administrative cost to the utility to acquire replacement power. Accounts owed by Seller pursuant to this paragraph shall be due within five (5) business days after any invoice from PGE for the same.

9.5 In the event PGE terminates this Agreement pursuant to this Section 9, and Seller wishes to again sell Net Output to PGE following such termination, PGE in its sole discretion may require that Seller shall do so subject to the terms of this Agreement, including but not limited to the Contract Price until the Term of this Agreement (as set forth in Section 2.3) would have run in due course had the Agreement remained in effect. At such time Seller and PGE agree to execute a written document ratifying the terms of this Agreement.

9.6 Sections 9.1, 9.3, 9.4, 9.5, 11, and 20.2 shall survive termination of this Agreement.

SECTION 10: TRANSMISSION CURTAILMENTS

10.1 Seller shall give PGE notice as soon as reasonably practicable of any Transmission Curtailment that is likely to affect Seller's ability to deliver any portion of energy scheduled pursuant to Sections 4.5 of this Agreement.

10.2 If as the result of a Transmission Curtailment, Seller does not deliver any portion of energy (including real-time adjustments), scheduled pursuant to Section 4.5 of this Agreement, Seller shall pay PGE the Transmission Curtailment Replacement Energy Cost for the number of MWh of energy reasonably determined by PGE as the difference between (i) the scheduled energy that would have been delivered to PGE under this Agreement during the period of Transmission Curtailment and (ii) the actual energy, if any, that was delivered to PGE for the period.

SECTION 11: INDEMNIFICATION AND LIABILITY

11.1 Seller agrees to defend, indemnify and hold harmless PGE, its directors, officers, agents, and representatives against and from any and all loss, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with Seller's delivery of electric power to PGE or with the facilities at or prior to the Point of Receipt, or otherwise arising out of this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PGE, Seller or others, excepting to the extent such loss, claim, action or suit may be caused by the negligence of PGE, its directors, officers, employees, agents or representatives.

11.2 PGE agrees to defend, indemnify and hold harmless Seller, its directors, officers, agents, and representatives against and from any and all loss, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with PGE's receipt of electric power from Seller or with the facilities at or after the Point of Receipt, or otherwise arising out of this

Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PGE, Seller or others, excepting to the extent such loss, claim, action or suit may be caused by the negligence of Seller, its directors, officers, employees, agents or representatives.

11.3 Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public, nor affect the status of PGE as an independent public utility corporation or Seller as an independent individual or entity.

11.4 NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES, WHETHER ARISING FROM CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.

SECTION 12: INSURANCE

12.1 If the Facility has a design capacity of 200 kW or more, Seller shall secure and continuously carry for the Term hereof, with an insurance company or companies rated not lower than "B+" by the A. M. Best Company, insurance policies for bodily injury and property damage liability. Such insurance shall include provisions or endorsements naming PGE, its directors, officers and employees as additional insureds; provisions that such insurance is primary insurance with respect to the interest of PGE and that any insurance maintained by PGE is excess and not contributory insurance with the insurance required hereunder; a cross-liability or severability of insurance interest clause; and provisions that such policies shall not be canceled or their limits of liability reduced without thirty (30) days' prior written notice to PGE. Initial limits of liability for all requirements under this section shall be \$1,000,000 million single limit, which limits may be required to be increased or decreased by PGE as PGE determines in its reasonable judgment economic conditions or claims experience may warrant.

12.2 Seller shall secure and continuously carry for the Term hereof, in an insurance company or companies rated not lower than "B+" by the A. M. Best Company, insurance acceptable to PGE against property damage or destruction in an amount not less than the cost of replacement of the Facility. Seller promptly shall notify PGE of any loss or damage to the Facility. Unless the Parties agree otherwise, Seller shall repair or replace the damaged or destroyed Facility, or if the facility is destroyed or substantially destroyed, it may terminate this Agreement. Such termination shall be effective upon receipt by PGE of written notice from Seller. Seller shall waive its insurers' rights of subrogation against PGE regarding Facility property losses.

12.3 Seller shall provide PGE with a copy of each insurance policy required under this Section, certified as a true copy by an authorized representative of the issuing insurance company or, at the discretion of PGE, in lieu thereof, a certificate in a form satisfactory to PGE certifying the issuance of such insurance. If Seller fails to

provide PGE with copies of such currently effective insurance policies or certificates of insurance, PGE at its sole discretion and without limitation of other remedies, may upon ten (10) days advance written notice by certified or registered mail to Seller either withhold payments due Seller until PGE has received such documents, or purchase the satisfactory insurance and offset the cost of obtaining such insurance from subsequent power purchase payments under this Agreement.

SECTION 13: FORCE MAJEURE

13.1 As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the reasonable control of the Seller or of PGE which, despite the exercise of due diligence, such Party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes, and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome, subject, in each case, to the requirements of the first sentence of this paragraph. Force Majeure, however, specifically excludes Transmission Curtailment, the cost or availability of resources to operate the Facility, or changes in market conditions that affect the price of energy or transmission, wind or water droughts and obligations for the payment of money when due.

13.2 If either Party is rendered wholly or in part unable to perform its obligation under this Agreement because of an event of Force Majeure, that Party shall be excused from whatever performance is affected by the event of Force Majeure to the extent and for the duration of the Force Majeure, after which such Party shall recommence performance of such obligation, provided that:

13.2.1 the non-performing Party, shall, promptly, but in any case within one (1) week after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence; and

13.2.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the Force Majeure; and

13.2.3 the non-performing Party uses its best efforts to remedy its inability to perform its obligations under this Agreement.

13.3 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the Force Majeure.

13.4 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

SECTION 14: SEVERAL OBLIGATIONS

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

SECTION 15: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the state of Oregon, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

SECTION 16: PARTIAL INVALIDITY

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 17: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

SECTION 18: GOVERNMENTAL JURISDICTION AND AUTHORIZATIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. Seller shall at all times maintain in effect all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility, and shall provide upon request copies of the same to PGE.

SECTION 19: SUCCESSORS AND ASSIGNS

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without the written consent of the other Party being first obtained and such consent shall not be unreasonably withheld. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

SECTION 20: ENTIRE AGREEMENT

20.1 This Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PGE's purchase of Net Output from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

20.2 By executing this Agreement, Seller releases PGE from any third party claims related to the Facility, known or unknown, which may have arisen prior to the Effective Date.

SECTION 21: NOTICES

21.1 All notices except as otherwise provided in this Agreement shall be in writing, shall be directed as follows and shall be considered delivered if delivered in person or when deposited in the U.S. Mail, postage prepaid by certified or registered mail and return receipt requested:

To Seller: _____

with a copy to: _____

To PGE: Contracts Manager
QF Contracts, 3WTCBR06
PGE - 121 SW Salmon St.
Portland, Oregon 97204

21.2 The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Section 21.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the Effective Date.

PGE

By: _____
Name: _____
Title: _____

(Name Seller)

By: _____

Name: _____

Title: _____

EXHIBIT A
MINIMUM NET OUTPUT

Seller may designate an alternative Minimum Net Output to seventy-five (75%) percent of annual Net Output in this exhibit ("Alternative Minimum Amount"). Such Alternative Minimum Amount, if provided, shall exceed zero, and shall be established in accordance with Prudent Electrical Practices and documentation supporting such a determination shall be provided to PGE upon execution of the Agreement. Such documentation shall be commercially reasonable, and may include, but is not limited to, documents used in financing the project, and data on output of similar projects operated by seller, PGE or others.

EXHIBIT B

DESCRIPTION OF SELLER'S FACILITY

[Seller to Complete]

EXHIBIT C

REQUIRED FACILITY DOCUMENTS

[Seller list all permits and authorizations required for this project]

Sellers Generation Interconnection Agreement with interconnecting utility

Firm Transmission Agreement between Seller and Transmission Provider

Standard Contract Power Purchase Agreements Addendum between PGE and Seller

EXHIBIT D

START-UP TESTING

[Seller identify appropriate tests]

Required factory testing includes such checks and tests necessary to determine that the equipment systems and subsystems have been properly manufactured and installed, function properly, and are in a condition to permit safe and efficient start-up of the Facility, which may include but are not limited to (as applicable):

1. Pressure tests of all steam system equipment;
2. Calibration of all pressure, level, flow, temperature and monitoring instruments;
3. Operating tests of all valves, operators, motor starters and motor;
4. Alarms, signals, and fail-safe or system shutdown control tests;
5. Insulation resistance and point-to-point continuity tests;
6. Bench tests of all protective devices;
7. Tests required by manufacturer of equipment; and
8. Complete pre-parallel checks with PGE.

Required start-up test are those checks and tests necessary to determine that all features and equipment, systems, and subsystems have been properly designed, manufactured, installed and adjusted, function properly, and are capable of operating simultaneously in such condition that the Facility is capable of continuous delivery into PGE's electrical system, which may include but are not limited to (as applicable):

1. Turbine/generator mechanical runs including shaft, vibration, and bearing temperature measurements;
2. Running tests to establish tolerances and inspections for final adjustment of bearings, shaft run-outs;
3. Brake tests;
4. Energization of transformers;
5. Synchronizing tests (manual and auto);
6. Stator windings dielectric test;
7. Armature and field windings resistance tests;
8. Load rejection tests in incremental stages from 5, 25, 50, 75 and 100 percent load;
9. Heat runs;
10. Tests required by manufacturer of equipment;
11. Excitation and voltage regulation operation tests;
12. Open circuit and short circuit; saturation tests;
13. Governor system steady state stability test;
14. Phase angle and magnitude of all PT and CT secondary voltages and currents to protective relays, indicating instruments and metering;
15. Auto stop/start sequence;
16. Level control system tests; and
17. Completion of all state and federal environmental testing requirements.

EXHIBIT E

TARIFF

[Attach currently in-effect rate Schedule 201]