

- e) Significant changes affecting this Agreement may occur after its execution by the Parties.
 - i) If this Agreement is executed at Generator's request prior to ERCOT's review and approval of the System Security Study and ERCOT makes a recommendation of the required TIF and/or System Upgrades different from that identified in this Agreement, the Parties agree to revise the results of the System Security Study and amend or terminate this Agreement in accordance with the terms herein.
- f) Generator may not commence parallel operation of the Plant until consent has been given by TSP, which consent shall not be unreasonably withheld. TSP reserves the right to inspect the GIF and witness testing of any equipment or devices associated with the Point of Interconnection.
- g) The Plant and GIF shall not cause objectionable interference with the electric service provided to other customers by TSP nor jeopardize the security of the ERCOT power system. In order to minimize objectionable interference of the Plant and GIF, the Plant and GIF shall meet the following criteria:
 - i) Voltage - The Plant and GIF shall not cause excessive voltage excursions. Generator shall operate its Plant and GIF in such manner that the voltage levels on the TSP System are in the same range as if the Plant and GIF were not connected to the TSP System. Generator shall provide an automatic method of disconnecting its Plant and GIF from the TIF to protect against excessive voltage excursions.
 - ii) Flicker - The Plant and GIF shall not cause excessive voltage flicker on the TSP System. Flicker is to be measured at the Point of Interconnection and shall not exceed 1.5% or the Borderline of Visibility Curve Voltage Flicker Chart of ANSI/IEEE Standard 141-1993, whichever is less.
 - iii) Frequency - The operating frequency of the Plant shall not deviate from the frequency of the TSP System. Plant under frequency relays shall be set the same as TSP's under frequency relays, so that the Plant will not separate from the TSP System during under frequency conditions until all of TSP's under frequency load shedding equipment has operated.
 - iv) Harmonics, Telephone Interference and Carrier Interference - The Plant and GIF shall not introduce excessive distortion of the TSP System waveforms; voltage and current; telephone interference; or carrier interference at the Point of Interconnection. IEEE Standard 519 shall be used as a guide.
 - v) Fault and Line Clearing - The Plant and GIF shall be disconnected from the TSP System on occurrence of an outage or fault on the TIF serving the Plant radially. Generator is responsible for the electrical stability of its Plant and providing adequate facilities so that critical fault clearing times are met.
 - vi) Power Factor - The power factor of synchronous generators will be at least 0.85 lag and 0.95 lead. The generator voltage-var schedule, voltage

regulator, and transformer ratio settings will be jointly determined by TSP and Generator to ensure proper coordination of voltages and regulator action. The Plant must generate reactive requirements for the Plant and GIF. TSP may, in order to maintain security of the ERCOT power system, request Generator to adjust voltage schedule to accept or supply reactive power. The power factor of induction generators of renewable resources will be limited by the design of the generator and the quantity of reactive power that the Plant will be required to supply will be limited to that which it can produce at its rated capability using procedures and criteria as described by ERCOT Requirements. Current ERCOT Requirements require induction generators shall operate at least 0.95 lag and 0.95 lead at the Point of Interconnection.

- vii) Excitation System and Automatic Voltage Regulation – Depending on ERCOT Requirements or the results of small signal stability studies (subject to ERCOT review), it may be necessary for Generator to install power system stabilizers (PSS) on the Plant exciter system. If so, TSP, in a non-discriminatory manner, will require Generator to install such PSS. Each generator's exciter and exciter controls shall have a ride-through capability for significant system voltage disturbances (i.e., utilize UPS or DC design). Generator shall maintain the automatic voltage regulator (AVR) of each generating unit in service and operable at all times. If the AVR is removed from service for maintenance or repair, TSP shall be notified.
- viii) Governor System – Plant governors shall be able to respond to interconnection frequency deviations and help return interconnection frequency to normal following an upset on the ERCOT system to assist in maintaining interconnection stability.

h) Generator shall not energize a de-energized TIF circuit, unless under direction of TSP.

i) Generator shall maintain an operating log at each generating unit at the Plant that at a minimum will indicate changes in operating status (available or unavailable), maintenance outages, trip indications or other unusual conditions found upon inspection. For generators that are "block-loaded" to a specific MW level, changes in this setting shall also be logged. TSP may waive this requirement at its discretion. Reliability information, as required by ERCOT Requirements, will be maintained by Generator.

j) The TSP considers the energy and power that the Plant and GIF may from time to time consume from the transmission grid through the Point of Interconnection to be a retail transaction and as such, the TSP does not intend to be the provider of this retail service. Generator shall make necessary arrangements with the appropriate retail supplier for the energy and power that the Plant and GIF may consume from the transmission grid through the Point of Interconnection.

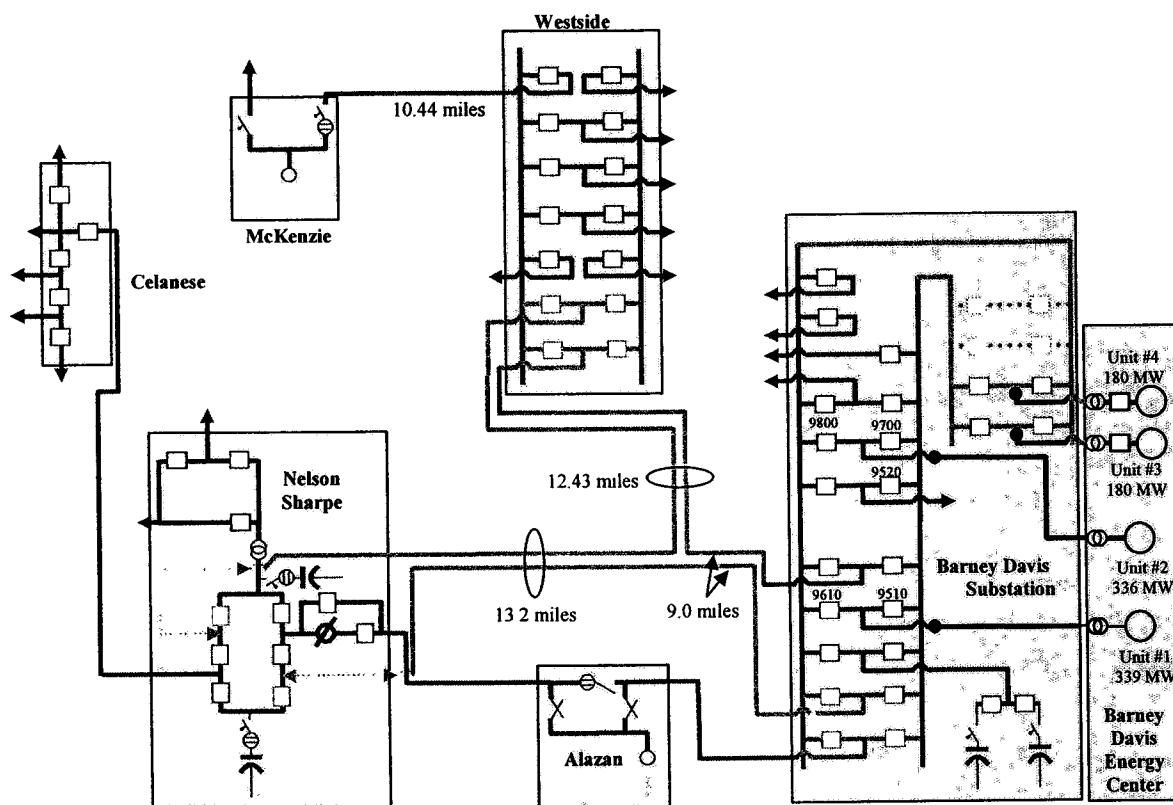
- k) Generator shall notify ERCOT in writing as to which initial ERCOT Qualified Scheduling Entity the Plant will be scheduling through and any changes made thereafter.
- l) Upon written request from TSP, Generator shall supply notification to the TSP identifying their retail service provider.
- m) Upon written request from either Party, the other Party shall provide the requesting Party any necessary land easements required for the construction, operation and maintenance of the Plant, TIF or GIF at no cost to the requesting Party.
- n) Generator shall use Reasonable Efforts to change the GIF as may be reasonably required by TSP to meet future changes in the TSP System provided that: (a) the change to the GIF is necessary to maintain or upgrade the GIF consistent with Good Utility Practice; (b) Generator receives reasonable notice from TSP of the requested change and sufficient information regarding the requested change so that Generator may evaluate the potential impact of that change prior to the commencement of the work; and (c) Generator has the right to terminate this Agreement under Section 2.1 (A) if the cost of such change will have, in the Generator's reasonable determination, a materially adverse impact on the Generator or its performance under this Agreement.

13. Special Operating Terms and Conditions:

- a) Under normal conditions and upon advance notification to TSP, Generator may operate the 138 kV circuit breakers (# 9510, #9610, #9700, #9800 and #9520) inside the Barney Davis Substation to synchronize Unit #1, Unit #2 and the reserve auxillary transformer for Units 1 and 2 of the Plant to the TSP System.
- b) Generator will comply with Reliability Standard VAR-002-1 Requirement 3 of the National Electric Reliability Corporation and any future changes to this standard. Generator will notify ERCOT and ERCOT's designee if applicable, as soon as practical, but within 30 minutes of any of the following:
 - i.) A status or capability change on any generator reactive power resource, including the status of each automatic voltage regulator and power system stabilizer and the expected duration of the change in status or capability.
 - ii.) A status or capability change on any other reactive power resources under the generator operator's control and the expected duration of the change in status or capability.
- c) Exhibit D of this Agreement provides for operational notices to be provided to American Electric Power Service Corporation who acts as the transmission operator of the TSP System.
- d) If required by TSP, TSP shall perform a test of the effectiveness of the SPS prior to putting it into service. Such test shall be scheduled at a time agreeable with Generator.

EXHIBIT "C-1"

Conceptual One-Line Drawing of the Transmission Interconnection Facilities and System Upgrades



Legend

- Double Circuit
- Underground Cable
- Existing 138 kV TSP Facilities
- Existing 69 kV TSP Facilities
- Existing Below 69 kV TSP Facilities
- Future(solid)/Removed(dashed) TSP Facilities
- Future Generator Facilities

EXHIBIT "D"
NOTICE INFORMATION OF THE INTERCONNECTION
AGREEMENT

(a) All notices of an operational nature shall be in writing and/or may be sent between the Parties via electronic means including facsimile as follows:

If to Generator:

BarneyDavis WLE, LP
4301 Waldron Road
Corpus Christi, TX 78418
Attn: Plant Manager
Telephone: 361-937-1491
Fax: 361-939-5080
Control Room: 361-939-5056

If to Transmission Service Provider:

AEP Texas Central Company
c/o American Electric Power Service Corp.
Manager, Transmission Dispatching
5502 Corporate Dr.
Corpus Christi, TX 78403
(361) 289-4003
dkkunkel@AEP.com

(b) Notices of an administrative nature:

If to Generator:

Barney Davis WLE, LP
2705 Bee Caves Road
Suite 340
Austin, TX 78746
Attn: Commercial Relations
Telephone: (512) 314-8600
Fax: (512) 314-8699

If to Transmission Service Provider:

AEP Texas Central Company
c/o American Electric Power Service Corp.
Manager, Transmission & Interconnection
Services
P.O. Box 201
212 E. 6th St.
Tulsa, OK 74102
(918) 599-2723
(918) 594-3579
rlpennybaker@aep.com

(c) Notice for statement and billing purposes:

If to Generator:

Barney Davis WLE, LP
2705 Bee Caves Road
Suite 340
Austin, TX 78746
Attn: Commercial Relations
Telephone: (512) 314-8600
Fax: (512) 314-8699

If to Transmission Service Provider:

AEP Texas Central Company
c/o American Electric Power Service Corp.
Accounts Receivable
301 Cleveland Ave SW
Canton, OH 44702

(d) Information concerning Electronic Funds Transfers:

	If to Generator:	If to Transmission Service Provider:
Bank Name:	Union Bank of California, N.A	Citibank, N.A.
Address:	551 Madison Avenue - 11th Floor	399 Park Ave
City, State:	New York, NY 10022	New York, NY 10043
ABA No.	122000496	21000089
For credit to:	Topaz Power Holdings for Barney M. Davis Transmission	AEP Texas Central Company
Account No.	6711847302	30489767

EXHIBIT "E"

SECURITY ARRANGEMENT DETAILS

1. As a condition to TSP's obligation to plan, license, engineer, design, procure equipment and materials, and construct the TIF and System Upgrades described in Item 8 of Exhibit "C", Generator will provide a financial security (Security) either as a letter of credit (LOC), corporate guaranty or other form of collateral security reasonably acceptable to TSP in an amount totaling up to \$77.1 million, as required pursuant to Section 8.3 of this Agreement. Such Security may be provided in up to as many as 4 installments where the first installment \$3.2 million shall be provided within 10 business days of execution of this Agreement. A second installment of \$10.9 million (for a total combined amount up to \$14.1 million) or the remaining amount, whichever is less, shall be provided within 9 months of execution of this Agreement; a third installment of \$34.5 million (for a total combined amount up to \$48.6 million) or the remaining amount, whichever is less, shall be provided within 18 months of execution of this Agreement; and a fourth installment of \$28.5 million (for a total combined amount up to \$77.1 million) or the remaining amount, whichever is less, shall be provided within 24 months of execution of this Agreement. Generator shall not be obligated to make a required installment of Security if the Plant is completed and the Generator begins to take the requested transmission service prior to the date that the installment payment would otherwise be due.
2. If it is determined by TSP that the portion of TIF described in item 8 of Exhibit "C" is not required to meet the TIF In-Service Date, the total Security described above shall be \$76.1 million with the second installment of such Security to be \$9.9 million. All other amounts and schedules of security shall be the same as described above.
3. Depending upon the creditworthiness of Generator, a corporate guaranty may or may not be reasonably acceptable Security. If Generator chooses to provide a corporate guaranty, it shall provide any financial reports reasonably requested by TSP. If creditworthiness of Generator is acceptable to TSP, the corporate guaranty shall be in a form substantially similar to that shown in Exhibit "E-1".
4. LOC means an irrevocable, transferable standby LOC issued by a U.S. commercial bank or a foreign bank with a U.S. branch, with a credit rating of at least A- from Standard & Poor's or A3 from Moody's Investors Services. Such LOC shall be in a form substantially similar to that shown in Exhibit "E-2", or, if not in a form similar to that shown in Exhibit "E-2", in a form reasonably acceptable to TSP. Such LOC shall state that it is issued in favor of TSP. The cost of the LOC shall be borne by the applicant for such LOC.
5. Upon receipt of the Security, TSP will promptly proceed with the work required to meet the In-Service Date. Failure of Generator to provide any installment of such Security by the dated specified in the schedule may be deemed a Default under Section 10.6 of this Agreement.

6. Per PUC Substantive Rule §25.195(c)(1) (B) TSP shall return all Security to Generator or its parent when Generator begins to take the requested transmission service.

EXHIBIT "E-1"
FORM OF CORPORATE GUARANTY

GUARANTY

THIS GUARANTY is executed as of the ____ day of _____, 2008 between _____, a _____ corporation (the "Guarantor"), and AEP Texas Central Company (the "Counterparty")

RECITAL

Barney Davis WLE, LP (the "Company"), and the Counterparty have entered into an Interconnection Agreement, dated as of _____ hereof (the "Agreement"). As an inducement to the Counterparty to enter into the Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor covenants and agrees as follows:

1. **Guaranty of Payment.** The Guarantor hereby irrevocably and unconditionally guarantees the due punctual and full payment of any and all obligations of the Company to the Counterparty now or hereafter due pursuant to the Agreement (the "Guaranteed Obligation"), subject to the limits set forth herein. Upon any failure by the Company to pay any of the Guaranteed Obligation, the Guarantor agrees that it will forthwith on demand pay any amounts which the Company has failed to pay the Counterparty, at the place and in the manner specified in the Agreement. This Guaranty is a guaranty of payment and not merely a guaranty of collection. The Guarantor agrees that the Counterparty may resort to the Guarantor for payment of any of the Guaranteed Obligation, whether or not the Counterparty shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the Guaranteed Obligation. Guarantor reserves the right to assert defenses which the Company may have to payment of any Guaranteed Obligation other than defenses arising from the bankruptcy, insolvency or similar proceeding of the Company and other defenses expressly waived hereby.

2. **Guaranty Unconditional and Absolute.** The obligations of the Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any extension, renewal, settlement, compromise, waiver, discharge or release in respect of any Guaranteed Obligation of the Company;

(ii) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligation;

(iii) any modification, amendment, waiver, extension of or supplement to the Agreement or any of the Guaranteed Obligation agreed to from time to time by the Company and the Counterparty;

(iv) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Company or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets, the Guarantor or any other guarantor of any of the Guaranteed Obligation;

(v) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Company, the Counterparty or any other corporation or person, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim if such claim, set off or other right arose in connection with the Guaranteed Obligation.

3. Term: Reinstatement in Certain Circumstances. This Guaranty shall remain in full force and effect until the earlier of (i) expiration or termination of the Agreement, (ii) _____. Such termination shall not release Guarantor from liability for any Guaranteed Obligation arising prior to the effective date of such termination. If at any time any payment of any of the Guaranteed Obligation is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Company, the Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had not been made.

4. Waiver by the Guarantor. The Guarantor irrevocably waives acceptance hereof, diligence, presentment, demand, protest, notice of dishonor, notice of any sale of collateral and any notice not provided for herein, and any requirement that at any time any person exhaust any right to take any action against the Company or its assets or any other guarantor or person.

5. Subrogation. Upon making any payment hereunder, the Guarantor shall be subrogated to the rights of the Counterparty against the Company with respect to such payment; provided that the Guarantor shall not enforce any right or receive any payment by way of subrogation until all of the Guaranteed Obligation then due shall have been paid in full and Counterparty agrees to take at Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. Stay of Acceleration Ineffective with Respect to Guarantor. In the event that acceleration of the time for payment of any amount payable by the Company under the Agreement is stayed upon the insolvency, bankruptcy or reorganization of the Company, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the Agreement shall nonetheless be payable by the Guarantor hereunder forthwith on demand by the Counterparty.

7. Assignment: Successors and Assigns. The Guaranty shall be binding upon and inure to the benefit of the Guarantor and its successors and assigns and the Counterparty and its successors and assigns. Guarantor may not assign its rights and obligations hereunder without the prior written consent of the Counterparty, and any such purported assignment without such written consent will be void.

8. Amendments and Waivers. No provision of this Guaranty may be amended, supplemented or modified, nor any of the terms and conditions hereof waived, except by a written instrument executed by the Guarantor and the Counterparty.

9. Remedies Cumulative. The rights, powers, remedies and privileges provided in this Guaranty are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law and any other agreement.

10. Limitation. Notwithstanding anything in this Guaranty to the contrary, Guarantor's liability under this Guaranty and the Counterparty's right of recovery under the same shall be limited to an aggregate amount of _____ Dollars (\$_____). Guarantor's liability hereunder shall be and is specifically limited to payments expressly required to be made under the Agreement (even if such payments are deemed to be damages); and in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, or any other damages, except to the extent specifically provided in the Agreement to be due from Company. In the event Counterparty engages in litigation to enforce this Guaranty, Guarantor agrees to pay, in addition to any amounts of Debtor which Guarantor has otherwise guaranteed to pay hereunder, any and all costs and expenses incurred by Counterparty (including reasonable attorney's fees) in enforcing this Guaranty provided Counterparty is successful in such litigation.

11. Representations and Warranties.

(A) The Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full corporate power to execute, deliver and perform this Guaranty.

(B) The execution, delivery and performance of the Guaranty have been and remain duly authorized by all necessary corporate action and do not contravene any provision of law or of the Guarantor's constitutional documents or any contractual restriction binding on the Guarantor or its assets.

(C) All consents, authorizations and approvals of, and registrations and declarations with, any governmental authority necessary for the due execution, delivery and performance of this Guaranty have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by and no notice to or filing with, any governmental authority is required in connection with the execution, delivery or performance of this Guaranty.

(D) This Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

12. Notices. All notices or communications to the other party may be faxed and shall be followed in writing by registered or certified mail or overnight delivery service to:

To Guarantor:

Attn: _____

Fax: () _____

To Counterparty:

AEP Texas Central Company
c/o American Electric Power Service Corporation
Attention: Lisa Groff
One Riverside Plaza
Columbus, OH 43215

or such other address as each party shall from time to time specify.

13. GOVERNING LAW AND JURISDICTION. THIS GUARANTY WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE.

14. Third Party Beneficiaries. This Guaranty shall not be construed to create any third party beneficiary relationship as to or with any person or entity other than the Counterparty.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed as of the date first above written.

(_____)

By: _____
Name:
Title:

EXHIBIT "E-2"

FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

DATE OF ISSUANCE: _____

[Address]

RE: Credit No. _____

We hereby establish our Irrevocable Standby Letter of Credit in your favor for the account of _____ (the "Account Party"), for the aggregate amount not exceeding _____ United States Dollars (\$ _____), available to you for payment at sight upon demand at our counters at (Location) on or before the expiration hereof against presentation to us of the following document, dated and signed by a representative of the beneficiary:

The Account Party has not performed in accordance with the "Interconnection Agreement between AEP Texas Central Company and Barney Davis WLE, LP" (the "IA") and is in Default under the IA. Wherefore, the undersigned does hereby demand payment of USD [Beneficiary fills in the amount not to exceed the full value of the letter of credit]

Partial and multiple drawings are permitted hereunder.

We hereby agree with you that documents drawn under and in compliance with the terms of this Letter of Credit shall be duly honored upon presentation as specified. This Letter of Credit is being provided in connection with the IA.

This Letter of Credit shall be governed by the Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500 (the "UCP"), except that should an event of the type referred to in Article 17 of the UCP interrupts our business (each, an "Interruption Event") and causes the place for presentation of this Letter of Credit to be closed for business on the last day for presentation, the expiry date of this Letter of Credit will be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

This Letter of Credit shall be deemed automatically extended without an amendment for one year period beginning on the present expiration date hereof, and upon each anniversary of such date, unless at least 90 days prior to any such expiration date we have sent you notice by courier service or overnight mail that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

All commissions, expenses and charges incurred with this Letter of Credit are for the account of the Account Party.

{Note: Must note the Expiry Date in the format}
[BANK SIGNATURE]

Issued by: J. Craig Baker, Senior Vice President
Regulatory Services
Issued on: July 8, 2008

Effective Date: June 18, 2008

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