

**AMENDMENT NO. 2
TO
POWER PURCHASE AND OPERATING AGREEMENT
BETWEEN
ECOELECTRICA, LP.
AND
PUERTO RICO ELECTRIC POWER AUTHORITY**

THIS AMENDMENT NO. 2 to the Power Purchase and Operating Agreement (this "Amendment No.2") dated as of September 28, 2006, between **ECOELECTRICA, LP.** ("Seller") and **PUERTO RICO ELECTRIC POWER AUTHORITY** ("PREPA").

RECITALS

WHEREAS, Seller and **PREPA** entered into a Power Purchase and Operating Agreement, dated and effective as of March 10, 1995, as amended on October 31, 1997 (the "Agreement");

WHEREAS, Seller and **PREPA** have entered into a Letter Agreement, dated February 22, 2006, a copy of which is attached hereto as Exhibit A (the "Letter Agreement"), pursuant to which Seller and **PREPA** agreed to settle and release each other from various claims and disputes under the Agreement and to amend the Agreement to reflect certain agreed upon changes; and

WHEREAS, Seller and **PREPA** desire to amend the Agreement as provided herein;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements set forth herein and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Seller and **PREPA**, intending to be legally bound, hereby agree as follows:

Section 1. Definitions.

1. Capitalized terms used herein, and not otherwise defined herein, shall have the meanings set forth in the Agreement.

Any defined term herein, whose meaning is determined by reference to the Credit Agreement, shall have the meaning ascribed thereto in the Credit Agreement as in effect as of the date hereof and such meaning for purposes of this Amendment NO.2 and the Agreement shall not be altered by any subsequent amendment, supplement or other modification of the Credit Agreement unless such amendment, supplement or modification is agreed to in writing by each of the parties hereto.

Section 2. Amendments to the Agreement.

The Agreement is hereby amended as follows:

1. Section 1.37 of the Agreement, the definition of "Dependable Capacity", is hereby deleted in its entirety and replaced by the following:

"Dependable Capacity" - The net electric generating capacity for the Facility (gross electric generating capacity less station use) made available from the Facility to PREPA at the Interconnection Point, which is equal to 507 MW and includes the capacity obtained through the use of supplementary firing.

2. Section 1.48 of the Agreement, the definition of "Energy Price Index" or "EPI", is hereby deleted in its entirety and replaced with the words "[INTENTIONALLY OMITTED]."

3. Section 1.49 of the Agreement, the definition of "Energy Purchase Price" or "EPP", is hereby deleted in its entirety and replaced by the following:

"Energy Purchase Price" or "EPP" - The per kilowatt hour rate that PREPA shall pay Seller for energy delivered to PREPA as determined in accordance with Appendix K, as amended by Amendment No. 2 to the Agreement.

4. The first paragraph of Section 7.4 of the Agreement is hereby deleted in its entirety and replaced with the following:

7.4 The Facility can be dispatched during any hour from one hundred percent (100%) to approximately fifty-four percent (54%) of its Dependable Capacity, subject to the Ramp Rates and the Agreed Operating Procedures. In the event that the Facility is operating with one of the gas turbines or the steam turbine is not in operation, the Facility Dispatch levels will be reduced in accordance with Prudent Utility Practices and so as to comply with the Facility's Permits. The Facility's Fuel Cost Correction Factor will vary from unity (1.00) based on the Facility's correction curve described in the definition of Fuel Cost Correction Factor.

5. The third sentence of Section 9.1 of the Agreement is hereby deleted in its entirety.

6. Article 9 of the Agreement is hereby amended by adding the following new Section 9.8 at the end thereof:

9.8 PREPA shall expedite the transfer of title to PREPA of the PREPA Interconnection Facilities. Such transfer of title shall occur on or before February 22,2007. PREPA shall at all times be responsible for the safe and adequate operation and maintenance of the PREPA Interconnection Facilities.

7. Subsection A of Section 11.1 (a)(3) of the Agreement is hereby deleted in its entirety and replaced with the following:

A. Subject to Sections 11.1(a)(3)B and C below, in any Billing Period during the Base Period, the Energy Payment shall be equal to:

$$EP (\$) = EPP \times ACF \times (NEO - MFC)$$

Where:

EPP (\$/kWh) = Energy Purchase Price, which is calculated in accordance with Appendix K, as amended by Amendment NO.2 to the Agreement.

MFC (kWh) =Monthly Fuel Credit (relating to the utilization of a positive balance in the BTU Tracking Account), which is calculated in accordance with Appendix H.

8. Section 15.2(b) of the Agreement is hereby deleted in its entirety and replaced by the following:


15.2(b) If, on or after March 21, 2014, PREPA obtains an evaluation from an independent consulting firm reasonably acceptable to Seller (such determination of acceptability of the consulting firm to be made by Seller in a non-arbitrary manner), concluding that any continued dispatch of the Facility is no longer economic and will not be expected to become economic for the remainder of the Term, PREPA shall have the option to purchase the Seller's Complex at a purchase price (the "Dispatch Purchase Price") equal to the sum of (a) the outstanding balance of the Project Debt as of the date such purchase is consummated plus the amount of Required Capital Expenditures-Mortgage Style (calculated as of the date such purchase is consummated) and (b) the initial Equity Capital. PREPA shall give Seller sixty (60) Days notice of its intent to purchase the

Seller's Complex pursuant to the terms of this Section 15.2(b). If, within such sixty (60) Day period, Seller reduces its Capacity Purchase Price or Energy Purchase Price such that said independent consulting firm determines that any continued dispatch of the Facility is expected to be or to become economic for the remainder of the Term (it being agreed that Seller shall have the right to make such pricing adjustment) PREPA's notice of its intent to exercise its option to purchase Seller's Complex shall be deemed revoked, without prejudice to PREPA's right to exercise such option under this Section 15.2(b) at any time thereafter that the conditions giving rise to such right under this Section 15.2(b) have been satisfied.


9. Appendix K is hereby deleted in its entirety and replaced by the revised Appendix K attached hereto.

Section 3. Representations and Warranties.

1. Seller hereby represents and warrants to PREPA:



A. As of the date of this Amendment No.2, the Seller is a limited partnership duly organized, validly existing and in good standing under the laws of Bermuda, and is registered to do business in the Commonwealth of Puerto Rico and its general partner is EcoEléctrica, Ltd., the ultimate parents of which include Gas Natural SDG, SA, International Power, pic and Mitsui & Co., Ltd. Seller has all requisite power and authority to conduct its business, to own its properties, and to execute, deliver, and perform its obligations under the Agreement, as amended by this Amendment No. 2 (as so amended. the "Amended Agreement") and this Amendment No.2.



B. The execution and delivery by Seller of the Agreement and this Amendment No.2, and the performance by Seller of its obligations under the Amended Agreement and this Amendment No.2, have been duly authorized by all necessary partnership action, and do not and will not (A) require any consent or approval of Seller's partners, other than those which have been obtained and are in full force and effect, as certified by the partnership resolution dated as of the date hereof and delivered to PREPA not later than the date hereof, (B) violate any provision of Seller's partnership agreement or other organic documents, any indenture, contract or agreement to which it is a party or by which it or its properties may be bound, or any law, ordinance, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect, or (C) result in a breach of or constitute a default under Seller's partnership agreement or other organic documents or other material indentures, contracts or agreements to which it is a party or by which it or its property may be bound.

C. Seller is not in default under Seller's partnership agreement or other organic documents or in material default under other indentures, contracts or agreements to which it is a party or by which it or its property may be bound.

D. Each of the Amended Agreement and this Amendment NO.2 is a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

E. Except as previously disclosed in writing to PREPA, there is no pending (or to best knowledge of Seller, threatened or planned) action or proceeding in which Seller is a party before any court, governmental agency or arbitrator that could reasonably be expected to affect materially and adversely the financial condition or operations of Seller or the ability of Seller to perform its obligations under, or which purports to affect the legality, validity or enforceability of, the Amended Agreement or this Amendment NO.2 as in effect on the date hereof.

F. Each of the representations and warranties of Seller contained in Article 6 of the Agreement (except for the representations made in Section 6.6(a) of the Agreement) are true and correct on and as of the date of this Amendment No.2 in all material respects as if made on and as of this date (or, if stated to have been made solely as of an earlier date, were true and correct in all material respects on such earlier date).

2. PREPA hereby represents and warrants to Seller:

A. Pursuant to Act Number 83 of May 2, 1941, as amended, PREPA is a public corporation duly organized and validly existing under the laws of the Commonwealth of Puerto Rico and has all requisite power and authority to conduct its business, to own its properties, and to execute, to deliver, and to perform its obligations under the Amended Agreement and this Amendment NO.2.

B. Each of the Amended Agreement and this Amendment NO.2 is a legal, valid and binding obligation of PREPA, enforceable against PREPA in accordance with its terms.


C. Except as previously disclosed in writing to Seller, there is no pending (or, to the best knowledge of PREPA, threatened or planned) action or proceeding in which PREPA is a party before any court, governmental agency or arbitrator that could reasonably be expected to affect materially and adversely the financial condition or operations of PREPA or the ability of PREPA to perform

Two handwritten signatures in black ink are located on the left side of the page. The top signature is a cursive scribble, and the bottom signature is a more legible cursive name.

its obligations under, or which purports to affect the legality, validity or enforceability of, the Amended Agreement or this Amendment NO.2 as in effect on the date hereof.

D. Each of the representations and warranties of PREPA contained in Article 6 of the Agreement are true and correct on and as of the date of this Amendment NO.2 in all material respects as if made on and as of this date (or, if stated to have been made solely as of an earlier date, were true and correct in all material respects on such earlier date).

Section 4. Effectiveness.



This Amendment No. 2 shall become effective as of the date first above written when and if the Seller and PREPA shall have executed and delivered this Amendment NO.2. Upon the effectiveness of this Amendment No.2, each reference in the Agreement to "this Agreement," "hereunder," "hereof" or words of like import, each reference to any "Appendix" or "Exhibit," and each reference to the Agreement by the words "thereunder," "thereof" or words of like import in any document, certificate or instrument executed and delivered in connection with the Agreement, shall mean and be a reference to the Agreement or such Appendix or Exhibit, as amended or otherwise modified by this Amendment NO.2. The Agreement (as amended or otherwise modified by this Amendment No.2) shall continue to be in full force and effect and is hereby ratified and confirmed in all respects.



Section 5. Letter Agreement.

Seller and PREPA acknowledge and agree that the Letter Agreement has become effective as of January 1, 2006 and hereby ratify and confirm the terms of the Letter Agreement, the provisions of which will survive the execution of this Amendment NO.2. In the event of any inconsistency between the terms of this Amendment No.2 and the terms of the Letter Agreement, the terms hereof shall be controlling, but otherwise and as to any matters not expressly covered by this Amendment No.2, the provisions of the Letter Agreement shall be controlling.

Section 6. Governing Law.

THIS AMENDMENT NO. 2 SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PUERTO RICO AND, TO THE EXTENT APPLICABLE, THE LAWS OF THE UNITED STATES OF AMERICA. THE VENUE OF ALL

DISPUTES HEREUNDER SHALL BE IN A COURT OF COMPETENT JURISDICTION.

Section 7. Filing with the Office of the Controller of Puerto Rico.

In accordance with Act No. 18, October 30, 1975, as amended, the parties hereby include the following notice: "Ninguna prestación o contraprestación objeto de este contrato podrá exigirse hasta tanto el mismo se haya presentado para registro en la Oficina del Contralor a tenor con lo dispuesto en la Ley Núm. 18 de 30 de octubre de 1975, según enmendada." PREPA hereby agrees to file this Amendment No.2, together with the Letter Agreement attached hereto, with the Office of the Controller immediately after its execution but in no event later than five (5) days after the date of this Amendment No.2.

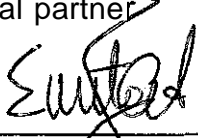
Section 8. Counterparts.

This Amendment No.2 may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Seller and PREPA have caused this Amendment No.2 to be executed as of the date first above written.

ECOELECTRICA, LP.

By: ECOELECTRICA, LTD.,
its general partner

By: 
Name: Ernesto Córdova
Title: General Manager

~~PUERTO RICO ELECTRIC POWER
AUTHORITY~~

By: _____
Name: Edwin Rivera Serrano
Title: Executive Director

APPENDIX K - CALCULATION OF ENERGY PURCHASE PRICE

The Energy Purchase Price, or "EPP," will be calculated and adjusted, commencing as of January 1, 2006 and as of the first day of each subsequent Calendar Year during the Term to apply to the next *twelve* (12) Billing Periods subsequent to such calculation, in accordance with the following formula:

$$\text{EPP (\$/kWh)} = [(0.01957 \times g_i / g_o) \times 0.5] + [(0.033725 \times z_j / z_o) \times 0.5]$$

Where: g_i = U.S. Spot Gas Price for prior Year, which is the *average* of the thirty-six (36) *values* representing the New York Mercantile Exchange ("NYMEX") closing prices on the last three (3) trading days of the NYMEX natural gas futures contracts for each of the *twelve* (12) months of the prior Year or, if such *values* are not available, an *equivalent* measure agreed by the Parties which *averages* U.S. monthly spot gas prices traded on a national objectively verifiable market, or such other index as the Parties may agree.

$$g_o = 1.99930695.$$

z_j = *Average* of the *twelve* monthly *values* of the US-CPI for the *twelve* months ending on December 31 of the Year immediately prior to the date of the adjustment. For purposes of this calculation, "US-CPI" means the All Items, U.S. City *Average*, Not Seasonally Adjusted, Base: 1982-84=100, All Urban Consumers (CPI-U) Consumer Price Index as reported by the U.S. Bureau of Labor Statistics. If the Consumer Price Index ceases to be published, or the method of calculation of that index substantially alters, then the nearest *equivalent* index to the Consumer Price Index published by the Bureau of Labor Statistics for the Labor Department of the *Government* of the United States of America shall be used as a replacement for the Consumer Price Index in this definition.

z_o = 184 (which is the *average* of the *twelve* monthly *values* of the US-CPI for the *twelve* months ending on December 31, 2003).

As an example, the EPP applicable for 2006 is calculated as set forth below:

$$EPP = [(\$0.01957/\text{kWh} * g_i/g_o) * 0.5] + [(\$0.033725 * z_i/z_o) * 0.5]$$

Assuming that: g_i for 2005 = \$8.552667

and z_i for 2005 = 195.3

$$EPP = [(\$0.01957/\text{kWh} * 8.552667/1.99930695) * 0.5] + [(\$0.033725 * 195.3/184) * 0.5]$$

$$= [(\$0.01957 * 4.277816) * 0.5] + [(\$0.033725 * 1.061413) * 0.5]$$

$$= \$0.041858 + \$0.017898$$

$$= \$0.0597561 \text{ kWh}$$

Ecolocrica

Un mejor ambiente con gas natural


February 22, 2006



Mr. Edwin Rivera
Executive Director
Puerto Rico Electric Power Authority
1110 Ponce de Leon Avenue
Stop 16, Eight Floor
NEOS Building
Santurce, Puerto Rico 00909

RE: Settlement of Disputes with EcoElectrica, L.P. under
Power Purchase and Operating Agreement

Dear Mr. Rivera:




This letter sets forth the terms under which EcoElectrica, L.P. ("we," "us" or "EE") and Puerto Rico Electric Power Authority ("you" or "PREPA") (EE and PREPA are also individually referred to as a "Party" and collectively as the "Parties") have agreed to settle, and release each other fully from, all claims and disputes (the "Disputes") which have arisen to date under the Power Purchase and Operating Agreement dated as of March 10, 1995, as amended by Amendment No. 1 dated as of October 31, 1997 (the "PPA"). Capitalized terms used but not defined herein are used as defined in the PPA.



We have agreed as follows:

A. Settlement of Disputes

1. *Determination of Energy Price Index*

- 
- a) Determination of US Spot Gas Price base value (NYMEX!. The US Spot Gas Price base value, identified as "go" in the formula set forth in Appendix K of the PPA, which is used to determine the changes in

the US Spot Gas Price as part of the determination of the Energy Price Index, shall be set at 1.99930695 for the life of the PPA. For purposes of the formula set forth in Appendix K, this number shall be considered the US Spot Gas Price base value in 1994. This amendment will have retroactive effect; accordingly, this new base value will be used to calculate the change in the US Spot Gas Price since March 2000.

Based on this change, we have agreed that PREPA owes EE \$27,263,961 as of December 31, 2005, to be paid in accordance with section B of this letter.

- b) Substitution of CPI Index. Beginning with the determination required to be made on January 1, 2006, the inflation adjustment component of the formula set forth in Appendix K of the PPA, which is used to determine the Energy Price Index, shall now be determined based on how the US-CPI changes from year to year relative to a new base value which the parties have agreed to. This new base value, which is 0.033725 ("NBV"), reflects the aggregate adjustments to the original January 1994 PR-CPI thru December 31, 2003 as a result of the changes in the PR-CPI during that period.

In order to effect this change, the formula appearing in Section 11.1 (a)(3)A of the PPA used to determine the Energy Purchase Price shall be modified as follows:

$$\text{EPP (\$/kWh)} = [0.01957 \times g_i / g_o \times 0.5] + [\text{NBV} \times r_i / r_a \times 0.5]$$

Accordingly, effective on January 1, 2006, the reference to the PR-CPI base value for 1994 or "r_o" will be substituted with a reference to the average of the twelve monthly values of the US-CPI for the twelve months ending on December 31, 2003 and the reference to the "PR-CPI" in "r_i" will be substituted with a reference to the average of the twelve monthly values of the US-CPI for the twelve months ending on December 31 of the year immediately prior to the date of the adjustment.

2. ***Dependable Capacity***

PREPA agrees that the Dependable Capacity is 507MW and renounces any future claims with respect to the capacity obtained through the use of supplementary firing.

3. ***Unsolicited Energy***

The Parties have agreed that PREPA does not have to pay EE the amounts claimed by EE with respect to unsolicited energy.

4. ***Lowest/ Minimum Dispatch Level***

The Parties have agreed that the lowest dispatch level included in Section 7.4 of the PPA and the Minimum Dispatch Level as defined in Section 1.90 of the PPA shall be the same, namely, (i) the same percentage that is utilized for purposes of determining the Minimum Dispatch Level, multiplied by (ii) the sum for all hours in the period of the Available Capacity. Section 7.4 of the PPA will be modified to reflect that the Facility can be dispatched during any hour from one hundred percent (100%) to approximately fifty four percent (54%) of its Dependable Capacity, subject to the Ramp Rates and the Agreed Operating Procedures.

5. ***Automatic Generation Control***

PREPA and EE agree to work together on how EE's facility will be operated on Automatic Generation Control in the dispatch range of 90% to 100% of Dependable Capacity. EE will complete the testing program by the end of April 2006, subject to PREPA's approval of the testing schedule.

6. ***LNG Fuel Cost Correction Curves***

PREPA has agreed that it is inappropriate to use the design LPG Fuel Cost Correction Curves as the basis for the calculation of the Fuel Cost Correction Factors.

The Parties have agreed to conduct LNG Operational Fuel Cost Correction Curves testing in accordance with Appendix D of the PPA.

Additionally, the Parties have agreed to conduct such testing at the point where both gas turbines are operating at base load in pure combined cycle mode (i.e. the point of maximum capacity without the use of supplementary firing). This testing will be completed no later than 60 days from the date of this Letter Agreement.

Once this testing is completed, the Fuel Cost Correction Factor will be adjusted and used for all future payments the PPA. The Parties have agreed that PREPA does not have to make any retroactive payments to EE for any amount resulting from the revised Operational Fuel Cost Correction Curves.

7. Development Cost

The Parties have agreed that EE does not owe any amount to PREPA with respect to PREPA's financial and legal consulting costs relating to the development of the Facility.

8. Construction Costs

The Parties have agreed that PREPA is entitled to recover \$875,000 to cover PREPA's cost of supervising the construction of EE's facility. This amount has already been deducted by PREPA from the amounts due to EE.

The Parties have agreed that PREPA does not have to pay the \$425,000 related to work performed by EE on PREPA Interconnection Facilities.

9. Underfrequency Events

PREPA has agreed to accept the Protocol attached hereto as Attachment 1. The implementation of this Protocol will be completed no later than three (3) months after the date of this Letter Agreement.

10. *Revenue Meters*

PREPA accepts that the revenue meters are working properly and it no longer has any claim with respect to the revenue meters.

11. *Transfer of PREPA Interconnection Facilities Title*

PREPA agrees to expedite the transfer of title of PREPA Interconnection Facilities. PREPA further agrees to accept O&M responsibility for PREPA Interconnection Facilities. The period for transferring the title should not exceed 12 months from the execution of this Letter Agreement.

12. *Reactive Power Support and Power Factor*

PREPA waives its claim with respect to the reactive power support to the grid and the required power factor, specifically associated with the generator rotor failure that occurred during the years 2000 through 2002, up to the date the generator rotor was replaced.

13. *Tropical Storm Jeanne*

The Parties agree that PREPA will not be required to pay EE for withholdings related exclusively to the period from September 15, 2004 to September 18, 2004.

14. *Discrepancies on Declared Available Capacity*

The parties have agreed that PREPA does not have to pay EE all amounts withheld to date relating to alleged discrepancies in declared Available Capacity.

15. *Water Contract*

PREPA will assist EE to cause Puerto Rico Aqueduct and Sewer Authority ("PRASA") to comply with its obligations under the contract among PREPA, PRASA and EE dated May 6, 1997, as amended on October 17, 1997, in order for

EE to receive payment from PRASA for water delivered to PREPA.


16. *PREPA's Option to Purchase Seller's Complex*

The Parties have agreed that PREPA's option to purchase Seller's Complex pursuant to Section 15.2(b) of the PPA shall not be exercisable prior to March 21, 2014.


 B. Payments by PREPA to EE

Based on the foregoing stipulations, PREPA agrees to pay EE the amount of \$27,263,961, interest free with respect to the adjustment to the US Spot Gas Price base value. Twenty five percent of this amount will be paid on December 22, 2006, twenty five percent will be paid on January 30, 2007, and the remaining fifty percent will be paid on January 30, 2008.


C. Amendments to PPA and Agreed Operating Procedures

 PREPA and EE will amend the PPA by executing Amendment No. 2 ("Amendment No.2") which will incorporate all the changes required to be made to the PPA to reflect the agreements set forth in Section A above. The Parties will use their best efforts to execute Amendment No.2 no later than ninety (90) days after the date of execution of this Letter Agreement. The Agreed Operating Procedures will be modified to reflect the operational changes to be incorporated to the PPA no later than (3) months after the execution of Amendment NO.2.

 D. Mutual Release

 This Agreement Letter reflects our compromise and settlement of all Disputes. No action taken by the Parties, either previously or in connection with the compromise reflected in this Letter Agreement shall be deemed or construed to be an admission of the truth or falsity of any matter pertaining to any claim, demand, or cause of action referred to herein or relating to the subject matter of this Agreement Letter, or any acknowledgment by them, or any of them,


of any fault or liability to any party or to any person in connection with any matter or thing,




In exchange for good and valuable consideration received, the Parties hereby agree, effective as of the Effective Date (as defined below) that except as to such rights or claims created by this Letter Agreement, each Party, as to the other Party, and each such other Party's present and former agents, servants, privies, officers, directors, employees, shareholders, principals, predecessors, subsidiaries, affiliates, alter egos, partners, parents, attorneys, consultants, sureties, heirs, executors, administrators, trustees, successors and assigns (collectively, the "Releasing Party"), hereby release, remise, and discharge the other Party, and such other Party's present and former agents, servants, privies, officers, directors, employees, shareholders, principals, predecessors, subsidiaries, affiliates, alter egos, partners, parents, attorneys, consultants, sureties, heirs, executors, administrators, trustees, successors and assigns (collectively, the "Released Party"), from any and all claims, demands and causes of action that the Releasing Party may have or may have had against the Released Party, known or unknown, arising out of or relating to any facts and circumstances related to the PPA or EE's operation thereunder, including but not limited to those facts and circumstances giving rise to the Disputes, from the date of execution of the PPA until the date of this Letter Agreement.



E. Approval of Lenders



The Parties represent to each other that the terms and conditions of this Letter Agreement have been approved by EE's Board of Directors and PREPA's Governing Board. The Parties acknowledge, however, that EE will require the approval of the lenders under the Credit Agreement dated October 31, 1997, by and among ABN AMRO Bank N.v., Banque Paribas and EE, as amended (the "Lenders") to this Letter Agreement.



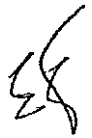


This Letter Agreement is subject to the approval of the Lenders within ninety (90) days following the execution by the Parties. If approved within said 90 day period, EE shall immediately notify PREPA of such approval. In such event, this Letter

Agreement and the obligations of each Party hereunder shall be effective as of January 1, 2006 (the "Effective Date").

In the event EE does not obtain the approval of the Lenders within said 90 day period, this Letter Agreement shall terminate. If termination occurs, it shall not be understood that the Parties have waived their respective claims and arguments with respect to the Disputes.



F. Other Agreements

1. This Letter Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements and understandings, both written and oral, with respect to the subject matter hereof.
 2. The Parties confirm: (a) that they are not relying on any representations from any person or party; and (b) that each Party has the power and authority to enter into this Agreement.
 3. No changes in, additions to, or modifications of this Letter Agreement shall be valid unless set forth in writing and executed by both Parties.
 4. This Letter Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico. The Parties shall submit to a court of competent jurisdiction in the Commonwealth of Puerto Rico any and all controversies, disputes, or claims arising between them out of or related to: (a) this Letter Agreement, or any provision thereof; or (b) the validity of this Letter Agreement, any related agreements, or any provision thereof.
 5. This Letter Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The delivery of the executed Letter Agreement may be accomplished via facsimile, and the signature transmitted via facsimile shall have the same force and effect as the original.
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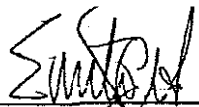
Mr. Edwin Rivera
February 22, 2006
Page 9

Please acknowledge your agreement with and acceptance of all the terms and provisions of this Letter Agreement by executing on the space provided below.



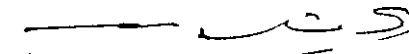
Very truly yours,

ECOELECTRICA, L.P.

By: 
Name: Ernesto Córdova
Title: General Manager

AGREED TO AND ACCEPTED:

PUERTO RICO ELECTRIC POWER AUTHORITY

By: 
Name: Edwin Rivera
Title: Executive Director




COMMONWEALTH OF PUERTO RICO
Puerto Rico Electric Power Authority

Edwin Rivera Serrano, P.E.
Executive Director



13 de marzo de 2006



Mr. Ernesto Cordova
General Manager
EcoElectrica, L.P.
273 Ponce de Leon Avenue
Suite 902
San Juan, PR 00918

Dear Mr. Cordova:

Re: Letter Agreement Siemens-Westinghouse Work Order to Improve Primary Frequency Response

The attached Work Order reflects the agreements reached by EcoElectrica and the Puerto Rico Electric Power Authority (PREPA) to improve the primary frequency response of the 501F combustion turbines. The procedures mentioned in this Work Order are the ones witnessed by PREPA personnel during the visit to Siemens-Westinghouse facilities in August of 2005.

Sincerely,



Edwin Rivera Serrano
Executive Director

Enclosures

WORK REQUEST AND INFORMATION TRANSMITTAL

Writ No: AJON-6F4PLS

Paper Writ No:

GEN Log No:

Writ Status: Answered

Date Created: 08/09/2005

Date Resp. Required: 08/12/2005

Charge Status: Valid

Charge #: negtcomps

PD2 Inquiry #:

eMP Sales Order:

Initiator Name: Alexander Johnson

Mail Code:

Writ Destination: External to Department Phone No: 407-736-3266

FAX No: 407-736-5086

Customer/Product Information

Customer Name: Ecoelectrica Station: Penuelas (CT) 1

Customer#: 51045 AEIC#: 755155

Unit#: 1 Unit Type: CT Station Type: Combined

Turbine SO#: 37A8027-1 Turbine Frame: W501FC

Generator SO#: 93P0903-! Generator Frame: 2-097X122

Exciter SO#: NOT FOUND Exciter Frame:

General Order#: Building Block:

Request Subject: Primary Frequency Response

Request Detail: (Text Only)

Via this Work Request, engineering is requested to review and propose control system changes that will improve the primary frequency response (Droop) of the EcoElectrica W501FC units located in Penuelas, Puerto Rico.

It has been noted by EcoElectrica that with the current settings, the Droop response is limited during events where the line frequency drops. Data has been provided to G6 Engineering for analysis of such typical events. A review by G6 Engineering has noted that the W501F Megawatt Jump Rate Limiter is taking control and it is limiting the megawatt pickup that would be typically expected during a frequency excursion.

Via this Work Request, review the MW Jump Rate Limiter logic and determine what settings need to be changed to allow the droop response to increase the gas turbine megawatts with reduced or eliminated interference from the MW Jump Rate limiter protection.

Referenced Drawing(s) :

Attachments/Reference Documents: (Attachments/Graphics)

Response Section

Promise Date:

Remarks:

Additional Info Required:

Additional Info Provided:

Response To Writ: (Text Only)

Customer and Prepa visited Orlando Office on 8/8/2005 to review improved MW Jump Rate Limiter (MWJRL) and Droop Response in case of major grid disturbance. Simulator was setup for conventional 501D5 in Q3. Customer was satisfied with improved jump rate limiter response. Improvements were achieved by tuning PID controller (MWJRL) for typical (for this project) grid frequency disturbance. Currently during any grid disturbance MWJRL would take over the CT control and CT MW wouldn't follow droop response. By changing tuning settings for prD controller, MWJRL will temporarily limit fuel for any MW jump greater than max CT load rate then quickly handover CT control to MW controller.

site to modify following control settings:

SAMA SHEET #54, ALGORITHM # X122, MODIFY PID GAIN 0.05 (currently set at 0.55), PIn RESET= 7 (currently set at 40).

site to provide feedback about droop response after implementing above control settings.

Response To Writ Attachments: (Attachments/Graphics)

Responders Actual ManHours: Others Involved (Y/N) :No

Responder Name: Jatinder Singh/Orlando/PGBU/WEC/US Response Date: 08/10/2005

Accept the Response?: Date Accepted:

Activity Phase: Business Type: Product:

Equipment / Component: For all product lines (CT, ST, Generator, TG Records)

Combustion Turbine :Auxiliary Systems:Engine Operations:Controls

Interface: :

send To Resp Mgr: Scott Freeman

cc: Jatinder Singh/Orlando/PGBU/WEC/US, Anibal

Rivera/Orlando/PGBU/WEC/US,

Richard Bollas

Edit History

Last Edited By Date/Time Status

Alexander Johnson/Orlando/PGBU/WEC/US 08/09/2005 02:29 PM Open/Sent

Scott Freeman/Orlando/PGBU/WEC/US 08/09/2005 02:50 PM Open/Sent

Scott Freeman/Orlando/PGBU/WEC/US 08/09/2005 02:52 PM Open/Assigned to Engineer

Jatinder Singh/Orlando/PGBU/WEC/US 08/10/2005 09:43 AM Open/Assigned to Engineer

Jatinder Singh/Orlando/PGBU/WEC/US 08/10/2005 04:16 PM Answered/Response Sent