

Master Power Purchase and Sale Agreement

REDACTED

Attachment 3 to
ARES Application

Exhibit 1.1

**MASTER POWER PURCHASE AND SALE AGREEMENT
COVER SHEET**

This *Master Power Purchase and Sale Agreement*, based on the Edison Electric Institute's Version 2.1 (modified 4/25/00) ("Master Agreement") is made as of the following date: August 11, 2011 (the "Effective Date") and effective as of the Effective Date. The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "Agreement." The Parties to this Master Agreement are the following:

Name: Verde Energy USA, Inc. ("Verde Energy" or "Party A")	Name: Shell Energy North America (US), L.P. ("Shell Energy" or "Party B")
All Notices:	All Notices:
Street: 101 Merritt 7, Third Floor	Street: 909 Fannin, Plaza Level 1
City: Norwalk, CT Zip: 06851	City: Houston, Texas Zip: 77010

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff: FERC Market-Based Rate Tariff, Approved and Effective on September 15, 2009, Docket Numbers: ER09-1423-001 and ER09-1423-002, as amended from time to time.

Party B Tariff: First Revised Rate Schedule FERC No. 1, Approved on May 8, 2008, effective April 25, 2008, Docket Number ER08-656-000, as amended from time to time.

Article Two		
Transaction Terms and Conditions	<input checked="" type="checkbox"/> Optional provision in <u>Section 2.4</u> . If not checked, inapplicable.	
Article Four		
Remedies for Failure to Deliver/Receive	<input checked="" type="checkbox"/> Accelerated Payment of Damages. If not checked, inapplicable.	
Article Five	<input checked="" type="checkbox"/> Cross Default for Party A:	
Events of Default; Remedies	<input checked="" type="checkbox"/> Party A: _____	Cross Default Amount
	<input type="checkbox"/> Other Entity: _____	Cross Default Amount \$ _____
	<input type="checkbox"/> Cross Default for Party B:	
	<input type="checkbox"/> Party B: Shell Energy	Cross Default Amount \$NIL
	<input type="checkbox"/> Other Entity:	Cross Default Amount \$ _____
	5.6 Closeout Setoff	
	<input type="checkbox"/> Option A (Applicable if no other selection is made.)	
	<input checked="" type="checkbox"/> Option B - Affiliates shall mean with respect to Party A, the Verde Energy Parties (other than Party A)	
	<input type="checkbox"/> Option C (No Setoff)	
Article 8	8.1 Party A Credit Protection:	
Credit and Collateral Requirements	(a) Financial Information:	
	<input type="checkbox"/> Option A	
	<input type="checkbox"/> Option B Specify: _____	
	<input checked="" type="checkbox"/> Option C Specify: None	

	(b) Credit Assurances:
	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Applicable
	(c) Collateral Threshold:
	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Applicable
	Party B Independent Amount: _____
	Party B Rounding Amount: _____
	(d) Downgrade Event:
	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Applicable
	If applicable, complete the following:
	<input type="checkbox"/> It shall be a Downgrade Event for Party B if Party B's Credit Rating falls to BBB- Credit Watch or lower from S&P or Baa3 Credit Watch or lower from Moody's or if Party B is not rated by either S&P or Moody's.
	<input type="checkbox"/> Other: Specify: _____
	(e) Guarantor for Party B: Not Applicable
	Guarantee Amount: Not Applicable
	8.2 Party B Credit Protection:
	(a) Financial Information:
	<input type="checkbox"/> Option A <input type="checkbox"/> Option B Specify: _____ <input checked="" type="checkbox"/> Option C Specify: Reporting Requirements as defined in the Global Agreement
	(b) Credit Assurances:
	<input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Applicable
	(c) Collateral Threshold:
	<input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Applicable
	If applicable, complete the following:
	Party A Collateral Threshold: With respect to Party A, as of any valuation date shall mean the lowest of:

	(iii) "Threshold Amount" shall mean
	Party A Independent Amount: _____
	Party A Rounding Amount: _____
	(d) Downgrade Event: _____

	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Applicable	
	(e) Guarantor for Party A: Verde Energy USA Holdings, LLC	
Article 10		
Confidentiality	<input checked="" type="checkbox"/> Confidentiality Applicable	If not checked, inapplicable.
Schedule M	<input type="checkbox"/> Party A is a Governmental Entity or Public Power System	
	<input type="checkbox"/> Party B is a Governmental Entity or Public Power System	
	<input type="checkbox"/> Add Section 3.6. If not checked, inapplicable	
	<input type="checkbox"/> Add Section 8.4. If not checked, inapplicable	
Other Changes	Specify, if any: See additional provisions set forth below.	

ADDITIONAL PROVISIONS. The following provisions are amended, added or deleted as indicated:

Article One – General Definitions

Insert the following introductory paragraph immediately before Section 1.1: Capitalized terms used in the Agreement, but not defined in this Article 1 (or not otherwise defined within the body of the Agreement), shall have the meanings set forth in the Global Agreement.

1.1 “Affiliates” Delete in its entirety and replace as follows: With respect to Party A, the term “Affiliates” shall mean the Verde Energy Parties (other than Party A) and with respect to Shell Energy, the term “Affiliates” shall mean the

1.3 “Bankrupt” Delete in its entirety.

1.4 “Business Day” Delete in its entirety.

1.12 “Credit Rating” Delete in its entirety.

1.19 “Effective Date” Delete in its entirety.

1.26 “Interest Rate” means Default Interest Rate.

1.27 “Letter(s) of Credit” Delete in its entirety.

1.30 “Moody’s” Delete in its entirety.

1.50 “Recording” Delete the reference to “Section 2.4” and replace it with “Section 2.5”.

1.51 “Replacement Price” Delete in line 5 “at Buyer’s option” and replace it with “absent a purchase”.

1.52 “S&P” Delete in its entirety.

1.53 "Sales Price" Delete in line 5 "at Seller's option" and replace it with "absent a sale".

Article Two - Transactions Terms and Conditions

2.4 Additional Confirmation Terms. Delete from line 7, after the words "unless agreed to", the words "either orally or".

Article Three – Obligations and Deliveries

3.2 Transmission and Scheduling. Transmission and Scheduling of the Master Agreement shall be amended by adding the following at the end thereof:

3.3 Force Majeure. Delete from the last sentence "resume performance of" and replace it with "make-up".

Article Four – Remedies For Failure to Deliver

4.1 Seller Failure. Relabel as 4.1(a) and a new Section 4.1(b) shall be added to deal with Seller Failure with respect to Firm (LD) Transactions and Firm (No Force Majeure) Transactions in ERCOT:

4.2 Buyer Failure. Relabel as Section 4.2(a) and a new Section 4.2(b) shall be added to deal with Buyer Failure with respect to Firm (LD) Transactions and Firm (No Force Majeure) Transactions in ERCOT:

4.3 Suspension of Performance. Notwithstanding, and in addition to the remedies provided pursuant to Sections 4.1 and 4.2, if Seller or Buyer fails to schedule and/or deliver/receive all or part of the Product pursuant to a Transaction for a period of _____ or more consecutive days during any Delivery Period, and such failure is not excused under the terms of the Product, by the other Party's failure to perform or by agreement of the Parties, then upon _____ prior notice, and for so long as the non-performing Party fails to perform, the performing Party shall have the right to suspend its performance under such Transaction. In the event the performing Party suspends performance pursuant to this Section 4.3, it shall not be obligated to resume performance until it has received notice from the non-performing Party at least one _____ prior to the date upon which the non-performing Party intends to resume its performance.

Article Five – Events of Default; Remedies

5.1(e) Add the words “and to provide or maintain Performance Assurance as required herein.”

5.1(g) Delete from line 8 “or becoming capable of at such time of being declared”.

5.1 (h)(v) Add to the last sentence “made in connection with this Agreement” immediately after the words “any guaranty”.

5.1(i) Add as a new subsection: “an Additional Event of Default occurs.”

5.2 Declaration of an Early Termination Date and Calculation of Settlement Amount. Delete the last sentence and replace it with the following:

5.3 Net Out of Settlement Accounts. Add the following sentence as the new last sentence of this paragraph: "For the avoidance of doubt, notwithstanding any provision of this Agreement that may be interpreted to the contrary, the Defaulting Party shall not be entitled to recover any Losses upon Termination pursuant to Section 5.2."

5.4 Notice of Payment of Termination Payment. Add the following at the end: "The Termination Payment shall bear interest at the Default Interest Rate from the date upon which notice is effective until paid. Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay to the Defaulting Party any amount under Article 5 until the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party or any of its Affiliates under this Agreement or otherwise which are due and payable as of the Early Termination Date (including for these purposes amounts payable pursuant to Excluded Transactions) have been fully and finally performed and that the Defaulting Party has returned any Performance Assurance of the Non-Defaulting Party's that is held simultaneously or before the Non-Defaulting Party makes any Termination Payment hereunder.

5.7 Suspension of Performance. Delete from line 5 "ten (10)" and replace it with "twenty (20)".

Article Six – Payment and Netting

6.4 Netting of Payments. Delete from line 2 "on the same date" and add in line 3 "during any given month" immediately after "all Transactions".

Article Seven – Limitations

7.1 Limitation of Remedies, Liability and Damages. (i) Delete in line 15 "UNLESS EXPRESSLY HEREIN PROVIDED". (ii) Add in line 19 "PROVIDED, HOWEVER, NOTHING IN THIS SECTION SHALL AFFECT THE ENFORCEABILITY OF THE PROVISIONS OF THIS AGREEMENT RELATING TO REMEDIES FOR FAILURE TO DELIVER/RECEIVE IN SECTIONS 4.1 AND 4.2, AND CALCULATION AND PAYMENT OF THE TERMINATION PAYMENT IN SECTIONS 5.2 AND 5.3." immediately after the words "ANY INDEMNITY PROVISION OR OTHERWISE". Add to the end of the last sentence "AND ARE NOT PENALTIES".

Article Eight – Credit and Collateral Requirements

8.1 Party A Credit Protection

8.2(d) Downgrade Event. Add in line 5 “or fails to maintain such Performance Assurance or guaranty or other credit assurance for so long as the Downgrade Event is continuing” immediately after “receipt of notice”.

The following new provisions are added to Article Eight:

8.4 UCC Waiver. Add the following as Section 8.4: **[Subject to Credit Agreement]**

“Section 8.4: Section 8 of the Agreement and, if applicable, the Transaction Agreements, set forth the entirety of the agreement of the Parties regarding credit, collateral and adequate assurances. Except as expressly set forth in the options elected by the Parties in respect of Sections 8.1 and 8.2, in Section 8.3 and in the relevant portions of the other Transaction Agreements, neither Party:

(a) has or will have any obligation to post margin, provide letters of credit, pay deposits, make any other prepayments or provide any other financial assurances, in any form whatsoever, or

(b) will have reasonable grounds for insecurity with respect to the creditworthiness of a Party that is complying with the relevant provisions of Section 8 of this Agreement;

and all implied rights relating to financial assurances arising from Section 2-609 of the Uniform Commercial Code or case law applying similar doctrines, are hereby waived.”

8.5 Disputed Calculations.

(a) If the Pledging Party disputes the amount of Performance Assurance requested by the Secured Party and such dispute relates to the amount of the Contract Exposure claimed by the Secured Party, then the Pledging Party shall:

(i) notify the Secured Party of the existence and nature of the dispute not later than the 12:00 p.m. Central Prevailing Time on the first Business Day following the date that the demand for Performance Assurance is made by the Secured Party, and

(ii) provide Performance Assurance to or for the benefit of the Secured Party in an amount equal to the Pledging Party's own estimate, made in good faith and in a commercially reasonable manner, of the Pledging Party's Collateral Requirement. In all such cases, the Parties thereafter shall promptly consult with each other in order to reconcile the two conflicting amounts.

If the Parties have not been able to resolve their dispute on or before the second Business Day following the date that the demand is made by the Secured Party, then the Secured Party shall obtain market quotations from two Reference Market Makers within two (2) Business Days (taking the

arithmetic average of those obtained to obtain the average Current Mark-to-Market Value; provided, that, if only one (1) quotation can be obtained, then that quotation shall be used and if no quotations can be obtained, Secured Party's original calculation shall be applicable) for the purpose of recalculating the Current Mark-to-Market Value of each Transaction in respect of which the Parties disagree as to the Current Mark-to-Market Value thereof, and the Secured Party shall inform the Pledging Party of the results of such recalculation (in reasonable detail). Performance Assurance shall thereupon be provided, returned, or reduced, if necessary, on the next Business Day in accordance with the results of such recalculation.

(b) If the Secured Party disputes the amount of Performance Assurance to be reduced by the Secured Party and such dispute relates to the amount of the Contract Exposure claimed by the Secured Party, then the Secured Party shall

(i) notify the Pledging Party of the existence and nature of the dispute not later than the 12:00 Central Prevailing Time on the first Business Day following the date that the demand to reduce Performance Assurance is made by the Pledging Party and

(ii) effect the reduction of Performance Assurance to or for the benefit of the Pledging Party in an amount equal to the Secured Party's own estimate, made in good faith and in a commercially reasonable manner, of the Pledging Party's Collateral Requirement.

In all such cases, the Parties thereafter shall promptly consult with each other in order to reconcile the two conflicting amounts. If the Parties have not been able to resolve their dispute on or before the second Business Day following the date that the demand is made by the Pledging Party, then the Secured Party's Contract Exposure shall be recalculated by Secured Party requesting quotations from two (2) Reference Market-Maker within two (2) Business Days (taking the arithmetic average of those obtained to obtain the average Current Mark-to-Market Value; provided, that, if only one (1) quotation can be obtained, then that quotation shall be used and if no quotation can be obtained, Secured Party's original calculation shall be applicable) for the purpose of recalculating the Current Mark-to-Market Value of each Transaction in respect of which the Parties disagree as to the Current Mark-to-Market Value thereof, and the Secured Party shall inform the Pledging Party of the results of such recalculation (in reasonable detail). Performance Assurance shall thereupon be provided, returned, or reduced, if necessary, on the next Business Day in accordance with the results of such recalculation.

(c) Definitions. With respect to this Section 8.5 the following definitions will apply.

"Calculation Date" means any Business Day on which a Party chooses or is requested by the other Party to make the determinations referred to in Sections 8.1(c), 8.2 (c) and this Section 8.5.

"Collateral Requirement" means the Secured Party's Contract Exposure minus the amount of Performance Assurance transferred to the Secured Party.

"Contract Exposure" means an amount equal to (x) the Termination Payment that would be payable from the Providing Party to the Requesting Party, as if an Early Termination Date had been declared pursuant to Article 5 of this Agreement (notwithstanding whether or not an Event of Default has occurred) and all Transactions had been terminated; (y) plus the net amount of all other

payments owed but not yet paid between the Parties, whether or not such amounts are then due, for performance already provided pursuant to any and all Transactions conducted under the Agreement; (z) less the amount of any Performance Assurance then held by the Requesting Party.

“Current Mark-to-Market Value” of an outstanding Transaction, on any Calculation Date, means the amount, as calculated in good faith and in a commercially reasonable manner, which a Party to the Agreement would pay to (a negative Current Mark-to-Market Value) or receive from (a positive Current Mark-to-Market Value) the other Party as the Settlement Amount (calculated, only for purposes of establishing Contract Exposure in connection with setting Performance Assurance levels, at the mid-point between the bid price and the offer price) for such Transaction.

“Pledging Party” means either Party, when that Party receives a demand for or is required to transfer Performance Assurance.

“Reference Market-maker” means a leading dealer in the relevant market selected by a Party determining its Contract Exposure in good faith from among dealers which satisfy all the criteria that such Party applies generally at the time in deciding whether to offer or to make an extension of credit.

“Secured Party” means either Party, when that Party makes a demand for or is entitled to receive Performance Assurance.

“Settlement Amount” means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs expressed in U.S. Dollars, which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Article 5 of this Agreement.

8.6 Letter of Credit.

As used herein, a “Letter of Credit Default” shall be deemed to have occurred if, without Shell Energy’s prior written approval,

Drawing Conditions:

(A) A Letter of Credit shall provide that a drawing may be made on the Letter of Credit in an amount (up to the face amount for which the Letter of Credit has been issued, less any drawing

previously made, if any,) that is equal to all amounts that are due and owing from the Pledging Party but have not been paid to the Secured Party within the time allowed for such payments under this Agreement (including any related notice or grace period or both). A drawing may be made on the Letter of Credit in this instance upon submission to the bank issuing the Letter of Credit of one or more certificates specifying the amounts due and owing to the Secured Party in accordance with the specific requirements of the Letter of Credit. Partial drawing and multiple drawings shall be allowed. The Pledging Party shall remain liable for any amounts due and owing to the Secured Party and remaining unpaid after the application of the amounts so drawn by the Secured Party.

(B) A Letter of Credit shall also provide that a drawing may be made of the entire, undrawn portion of such Letter of Credit if the Pledging Party shall fail to renew or cause the renewal of each outstanding Letter of Credit at least ten (10) Business Days prior to the expiration of the relevant Letter of Credit. A drawing may be made on the Letter of Credit in this instance upon submission to the bank issuing such Letter of Credit of one or more certificates that such failure has occurred in accordance with the specific requirements of the Letter of Credit. The cash proceeds from any such draw on a Letter of Credit shall be held by the Secured Party as Performance Assurance under the Agreement. Notwithstanding the foregoing, the Secured Party shall not be entitled to make such a drawing unless the Collateral Requirement applicable to the Pledging Party at such time equals or exceeds the Pledging Party's Minimum Transfer Amount. "Minimum Transfer Amount" shall mean and shall be applicable only to Party A.

(C) Notwithstanding the Secured Party's receipt of cash proceeds of a drawing under the Letter of Credit, the Pledging Party shall remain liable (y) for any failure to transfer sufficient Performance Assurance or (z) for any amounts owing to the Secured Party and remaining unpaid after the application of the amounts so drawn by the Secured Party.

(D) If a Pledging Party's Guarantor shall furnish a Letter of Credit hereunder, the amount otherwise required under such Letter of Credit may at the option of such Guarantor be reduced by the amount of any Letter of Credit established by such Pledging Party, which complies with the terms herein of this Agreement (but only for such time as such Pledging Party's Letter of Credit shall be in effect). In the event a Pledging Party shall be required to furnish a Letter of Credit hereunder, the amount otherwise required under such Letter of Credit may at the option of such Party be reduced by the amount of any Letter of Credit established by such Pledging Party's Guarantor, which complies with the terms herein of this Agreement (but only for such time as such Guarantor's Letter of Credit shall be in effect).

(E) In all cases, the costs and expenses (including but not limited to the reasonable costs, expenses, and attorneys' fees of the Secured Party) of establishing, renewing, substituting, canceling, and increasing the amount of a Letter of Credit shall be borne by the Pledging Party.

8.7 Administration of Cash.

(A) The Secured Party shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party and (2), the Secured Party or its Guarantor has a Credit Rating from S&P or Moody's and the lowest Credit Rating for the Secured Party or its Guarantor is BBB or Baa2 or higher from S&P or Moody's. Notwithstanding the

provisions of applicable law, the Secured Party shall have the right to sell, pledge, assign, invest, commingle or otherwise dispose of or use in its business any cash that it holds as Performance Assurance hereunder, free from any claim or right of any nature whatsoever of the Pledging Party, including any equity or right of redemption by the Pledging Party. If the Secured Party has elected to sell, pledge, assign, invest, use, commingle or otherwise dispose of such cash, Secured Party shall be deemed to be holding such Performance Assurance for the purpose of exercising (i) any right to request or obligation to return Performance Assurance under the Agreement or (ii) its rights or remedies as a secured party hereunder. To the extent the Secured Party is entitled to hold Cash, the Interest Amount payable to the Pledging Party on Cash shall be calculated using the Performance Assurance Interest Rate set forth below.

(B) If such Party is entitled to hold Cash, then it will be entitled to hold Cash or to appoint an agent which is a Qualified Institution (a "Custodian") to hold Cash for it provided that the conditions for holding Cash that are set forth in the above Section 8.7 (A) are satisfied. If such Secured Party or its Custodian fails to satisfy any conditions for holding cash or if Secured Party is not entitled to hold cash at any time, then the Secured Party will Transfer, or cause its Custodian to Transfer the cash to a segregated, safe keeping or custody account with a Qualified Institution no later than the close of business on the next Business Day following such non-compliance.

In the event that the Secured Party or its Custodian is holding Cash and upon request, the Secured Party will Transfer (or caused to be Transferred) to the Pledging Party, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which may be retained by the Secured Party or its Custodian), the Interest Amount. The Pledging Party shall invoice the Secured Party monthly setting forth the calculation of the Interest Amount due, and the Secured Party shall make payment thereof by the later of (A) the third Local Business Day of the first month after the last month to which such invoice relates or (B) the third Local Business Day after the day on which such invoice is received. On or after the occurrence of a Event of Default with respect to the Pledging Party or an Early Termination Date as a result of an Event of Default with respect to the Pledging Party, the Secured Party or its Custodian shall retain any such Interest Amount as additional Performance Assurance hereunder until the obligations of the Pledging Party under the Agreement have been satisfied in the case of an Early Termination Date or for so long as such Event of Default is continuing in the case of an Event of Default.

Definitions. With respect to this Section 8.7 the following definitions will apply.

"Interest Amount" means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all days in such Interest Period; each daily interest amount to be determined by such Party as follows: (a) the amount of Cash held by such Party on that day; multiplied by (b) the Performance Assurance Interest Rate for that day, divided by (c) 360.

"Interest Period" means the period from (and including) the last Local Business Day on which an Interest Amount was Transferred by a Party (or if no Interest Amount has yet been Transferred by such Party, the Local Business Day on which Cash was Transferred to such Party) to (but excluding) the Local Business Day on which the current Interest Amount is to be Transferred.

“Qualified Institution” means (i) the U.S. office of a commercial bank or trust company (which is not an Affiliate of either party) organized under the laws of the United States (or any state or a political subdivision thereof), or (ii) the U.S. branch of a foreign bank (which is not an Affiliate of either party), in each case having assets of at least \$10 billion, and having Credit Ratings of at least A3 by Moody's and at least A- by S & P.

“Transfer” means, with respect to any Performance Assurance or Interest Amount, and in accordance with the instructions of the Party entitled thereto (a) in the case of Cash, payment or transfer by wire transfer into one or more bank accounts specified by the recipient (b) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to the recipient.

Article Ten – Miscellaneous

10.1 **Term of Agreement.** Delete in its entirety and replace with the following: “Subject to Article 5, the term of this Master Agreement shall commence on the Effective Date and continue through the Primary Term Date whereupon thereafter this Master Agreement shall remain in effect until terminated by either Party upon thirty (30) days’ prior written notice; provided, however, that such termination shall not affect or excuse the performance of either Party under any provisions of this Master Agreement that by its terms survives any such termination and, provided further, that this Master Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all obligations with respect to such Transaction(s), or such Transaction(s) have been terminated under Section 5.2 of this Agreement.

10.5 **Assignment.** As set forth in Global Agreement.

10.6 **Governing Law.** As set forth in Global Agreement.

10.7 **Notices.** As set forth in Global Agreement.

10.8 **General.** Add at the end of the second to last sentence: “and the rights of either Party pursuant to (i) Article 5, (ii) Section 7.1, (iii) Section 10.11 (iv) Waiver of Jury Trial provisions, if applicable, (v) Arbitration provisions, if applicable, (vi) the obligation of either Party to make payments hereunder shall also survive the termination of the Agreement or any Transaction.”

10.10 **Bankruptcy Issues.** Delete Section 10.10 in its entirety and replace with the following: “The Parties intend that (i) all Transactions constitute a “forward contract” within the meaning of the United States Bankruptcy Code (the “Bankruptcy Code”) or a “swap agreement” within the meaning of the Bankruptcy Code; (ii) all payments made or to be made by one Party to the other Party pursuant to this Agreement constitute “settlement payments” within the meaning of the Bankruptcy Code; (iii) all

transfers of Performance Assurance by one Party to the other Party under this Agreement constitute "margin payments" within the meaning of the Bankruptcy Code; and (iv) this Agreement constitutes a "master netting agreement" within the meaning of the Bankruptcy Code."

10.11 Confidentiality.

- (i) Add to the first sentence "the existence of this Master Agreement or any non-public financial statements disclosed by a Party" after the phrase "conditions of a Transaction".
- (ii) Add to the first sentence "or the Party's Affiliates" between "other than the Party's" and "employees".
- (iii) Add to the first sentence "insurers," between "accountants," and "or".
- (iv) Add to the first sentence "or to the extent such information is delivered to such third party for the sole purpose of calculating a published index" after the phrase "or regulatory proceeding".
- (v) Add at the end of the section: "With respect to information provided in connection with a Transaction, this obligation shall survive for a period of _____ following the expiration or termination of such Transaction. With respect to financial statements provided in connection with the Agreement, this obligation shall survive for a period of _____ following the date such financial statements were provided to a Party"

The following new provisions are added to Article Ten:

10.12 Market Disruption.

Index Transactions. If the Contract Price for a Transaction is determined by reference to a third-party information source, then the following provisions shall be applicable to such Transaction.

(b) Corrections to Published Prices. For purposes of determining a Floating Price for any day, if the price published or announced on a given day and used or to be used to determine a relevant price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than three (3) Business Days after the effectiveness of that notice, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at the Default Interest Rate for the period from and including the day on which payment originally

was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

10.13. No Challenges; Defense of Agreement. Neither Party will exercise any of its respective rights under Section 205 or Section 206 of the Federal Power Acts to challenge or seek to modify any of the rates or other terms and conditions of this Agreement.

10.14 FERC Standard of Review; Mobile-Sierra Waiver. The following is added to the Agreement as Section 10.14: FERC Standard of Review; Mobile-Sierra Waiver.

(a) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any waiver in subsection (b) below is unenforceable or ineffective as to such Party), a non-party or FERC acting sua sponte, shall solely be the "public interest" application of the "just and reasonable" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) and clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*, 554 U.S. 527, 128 S.Ct. 2733 (2008) (the "Mobile-Sierra" doctrine).

(b) In addition, and notwithstanding the foregoing subsection (a), to the fullest extent permitted by applicable law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under §§ 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Agreement specifying the rate, charge, classification, or other term or condition agreed to by the Parties, it being the express intent of the Parties that, to the fullest extent permitted by applicable law, neither Party shall unilaterally seek to obtain from FERC any relief changing the rate, charge, classification, or other term or condition of this Agreement, notwithstanding any subsequent changes in applicable law or market conditions that may occur. In the event it were to be determined that applicable law precludes the Parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this subsection (b) shall not apply, provided that, consistent with the foregoing subsection (a), neither Party shall seek any such changes except solely under the "public interest" application of the "just and reasonable" standard of review and otherwise as set forth in the foregoing section (a).

10.16 Utility Disclaimer. Each Party further agrees that, for purposes of this Agreement, the other Party is not a "utility" as such term is used in 11 U.S.C. Section 366, and each Party waives and agrees

not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding wherein such Party is a debtor. In any such proceeding, each Party further waives the right to assert that the other Party is a provider of last resort.

10.17. WAIVER OF THE BENEFIT OF NEW YORK UNFAIR TRADE LAWS. IF NEW YORK LAW GOVERNS, BOTH PARTIES WAIVE THEIR RIGHTS, IF ANY, UNDER THE NEW YORK CONSUMER PROTECTION LAW, N.Y. Gen. Bus. Law §22-A-349 ET SEQ., WHICH GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF PARTY A'S OWN SELECTION, PARTY A HAS VOLUNTARILY CONSENTED TO THIS WAIVER.

10.20. California Direct Access Provisions. Not applicable.

10.21. Sleeving Services. In the event that Shell Energy is unable or unwilling to offer products or services to Party A at a desired location or at a mutually acceptable price, then Shell Energy will consider acting as a "sleeve" for Party A in accordance with the Sleeving Procedure in exchange for the Sleeving Fee.

10.22. Supply Limits. To assist the parties in planning and forecasting and without imposing a duty on either party to purchase and/or sell any particular quantity of Product, Party A understands that Shell Energy is not obligated to supply any Product or enter into any financial derivatives to or with Party A where at any one time Shell Energy's obligations under the aggregate of all outstanding

Transactions between Shell Energy and Party A requires Shell Energy to deliver Product, products or have any exposure from financial derivatives to or with Party A in excess of the amounts specified in the Supply Buckets. Party A is not obligated to purchase any quantity of Product from Shell Energy.

10.23. Program Fee. Subject to the provisions hereof and in addition to the Contract Price and any other expense, cost, or fee described in this Agreement, Party A, as Buyer, shall pay Shell Energy, as Seller, a Program Fee. Such Program Fee shall be due and payable as of the Effective Date.

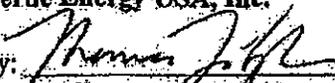
10.24. Global Agreement. Shell Energy and Party A agree that except as otherwise expressly provided to the contrary herein, the terms of the Global Agreement entered into between the Parties on August 11, 2011 as may be amended, supplemented, modified and restated from time to time, are incorporated herein and shall apply to this Agreement *mutatis mutandis*.

SCHEDULE P – PRODUCTS AND RELATED DEFINITIONS: ADD THE FOLLOWING:

“Other Products” If the Parties agree to a service level/product defined by reference to a different agreement (for example, the WSPP Agreement) for a particular Transaction, then, unless the Parties expressly state and agree that all the terms and conditions of such other agreement will apply, such reference to a service level/product shall be as defined by such other agreement, including if applicable, the regional reliability requirements and guidelines as well as the specific excuses for performance, Force Majeure, Uncontrollable Forces, or other such excuses applicable to such other agreement, to the extent inconsistent with the terms of this Agreement, but all other terms and conditions of this Agreement remain applicable.”

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

Verde Energy USA, Inc.

By: 
Name: Thomas Fitzgerald
Title: Chief Executive Officer

Shell Energy North America (US), L.P.

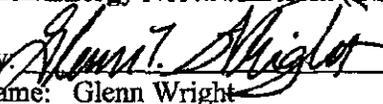
By: _____
Name: Glenn Wright
Title: Senior Vice President

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

Verde Energy USA, Inc.

By: _____
Name: Thomas FitzGerald
Title: Chief Executive Officer

Shell Energy North America (US), L.P.

By:  _____
Name: Glenn Wright
Title: Senior Vice President