

**EPA Renewal Program
Term Sheet
January 2023**

Note: Revisions to the EPA Renewal Program Term Sheet included in the January 2023 version are limited to the Termination and Termination Payment terms.

Please note that this term sheet is provided solely for the purpose of advancing confidential and without prejudice discussions. It is not an offer and does not create any legally binding obligations, rights or liabilities. It is not intended to be exhaustive or include all of the terms of the Specimen EPA for the EPA Renewal Program. We do not have authority to enter into any EPAs on the basis of this term sheet, and any draft documents which may be circulated will remain subject to BC Hydro's review and approval in its absolute and unfettered discretion. No agreement will exist between us regarding these matters until we settle, and both parties have signed and delivered, final agreements reflecting or resulting from our discussions, which may be subject to additional conditions.

If there are any conflicts or inconsistencies between the Term Sheet and the Specimen EPA for the EPA Renewal Program, or to the extent that terms in the Specimen EPA are not referred to in this Term Sheet, the Specimen EPA shall prevail.

Key Terms	
Parties	<ul style="list-style-type: none"> BC Hydro Seller
Form of Agreement	<ul style="list-style-type: none"> Electricity Purchase Agreement (EPA)
Energy	<ul style="list-style-type: none"> Seller's Energy will be from a clean or renewable resource as defined by the Clean Energy Act Energy will be delivered to the Point of Interconnection (POI) of the Seller's system to the BC Hydro system
Contract Term	<ul style="list-style-type: none"> Option A (5-year term) or Option B (20-year term)
Pricing	<ul style="list-style-type: none"> Option A energy price for Delivered Energy and Deemed Energy: <ul style="list-style-type: none"> - When the Net Aggregate Power Flow during the hour is in net export position, Energy Price for each MWh: Energy Price = [((Mid C On-Peak Price or Mid C Off-Peak Price) x (1 – BC Losses) x (1 – BPA Losses)) – BPA Wheeling] x FX - When the Net Aggregate Power Flow during the hour is in net import position, Energy Price for each MWh: Energy Price = [((Mid C On-Peak Price or Mid C Off-Peak Price) x (1 + BPA Losses)) + BPA Wheeling] x FX - When the Net Aggregate Power Flow during the hour is neither in net export position nor in net import position, Energy Price for each MWh: Energy Price = [(Mid C On-Peak Price or Mid C Off-Peak Price) x (1 – BC Losses) x FX - In all cases, the maximum Energy Price is capped at \$80/MWh (USD) and the minimum Energy Price is set to \$0/MWh (USD); if Mid C is zero or negative, Energy Price is set to \$0/MWh (USD) where: <ul style="list-style-type: none"> - Net Aggregate Power Flow is based on the net actual flows for both the BC-US intertie and the BC-AB intertie (https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-system/actual-flow-data/historical-data.html) - Mid-C Off-Peak Price = the prevailing daily price for firm off-peak electricity reported on ICE for the day-ahead Mid-C index - Mid-C On-Peak Price = the prevailing daily price for firm on-peak electricity reported on ICE for the day-ahead Mid-C index - BC Losses = project specific line losses based on location in BC Hydro system (see Appendix 1) - BPA Losses = 1.95% for Sep to May and 2.31% for Jun to Aug for line losses on Bonneville Power Administration system as at October 1, 2021, updated when new rates provided by BPA - BPA Wheeling = \$5.65/MWh (USD) as at October 1, 2021, updated when new rates provided by BPA - FX = Bank of Canada daily average rate for CAD/USD - Mid-C Price is based on ICE (Intercontinental Exchange) index or Option B energy price for Delivered Energy and Deemed Energy: <ul style="list-style-type: none"> - Energy Price for each MWh: Energy Price_n = [(\$58 x {1 + 50% x (CPI_{Jan 1, n} / CPI_{Jan 1, 2023} - 1)}) x (1 – BC Losses) x TDF] where: <ul style="list-style-type: none"> - TDF = for each hour, the applicable % On-Peak or Off-Peak from the Time of Delivery Table (see Appendix 2) - n = year in which energy price is effective - CPI_{Jan 1, n} = CPI for December in the year immediately prior to the year n - BC Losses = project specific line losses based on location in BC Hydro system
Energy Profile	<ul style="list-style-type: none"> Seller may choose not to generate during freshet if EPA prices are uneconomic
Delivered Energy	<ul style="list-style-type: none"> BC Hydro will purchase and accept delivery of Energy from the Seller's Plant provided by Seller at the POI subject to limitations (eg. hourly or daily caps) BC Hydro has no obligation to accept or pay for Delivered Energy in excess of the limits (Excess Energy) BC Hydro's obligation to accept delivery is excused during certain events, including Force Majeure, Emergency Condition, BC Hydro System Constraint, Turn-Down Period, disconnection of the BC Hydro system unless attributable to BC Hydro, and failure to comply with Project Standards
Environmental Attributes	<ul style="list-style-type: none"> All environmental attributes for Delivered Energy (including Excess Energy if delivered) are transferred to BC Hydro
Exclusivity	<ul style="list-style-type: none"> Seller will not commit, sell or deliver any Energy or any environmental attributes associated with the generation output to any person other than BC Hydro, without BC Hydro's prior written consent
BC Hydro Right - Emergency Condition	<ul style="list-style-type: none"> BC Hydro may curtail for safety or system security or reliability issues (Emergency Condition) at any time, and Seller must comply with directions No payments or liability to the Seller during an Emergency Condition
Deemed Energy (Turn-Down Period and BC Hydro System Constraint)	<ul style="list-style-type: none"> BC Hydro has the right to request the Seller to turn down or shut off all or a portion of the Seller's generation for any reason (separate from BC Hydro right for Emergency Condition) A BC Hydro request for turn down or shut off (other than in an Emergency Condition) can be declined by the Seller only to the extent that any operational, technical, regulatory or fuel storage constraint prevents or limits the Seller's ability to comply BC Hydro will pay for Energy that could have been generated and delivered to the POI but for:

	<ul style="list-style-type: none"> the Seller's compliance with a Curtailment Request (Turn-Down Energy), net of avoided costs, except that if the Curtailment Request is as a result of a BC Hydro System Constraint, Energy will not be considered Turn-Down Energy (see below for Constraint Energy) a BC Hydro System Constraint (including subject to a Curtailment Request as a result of a BC Hydro System Constraint) (Constraint Energy), only after the BC Hydro System Constraint has been in effect for more than 72 hours in the aggregate in the applicable month BC Hydro will not be required to pay for any Deemed Energy (Turn-Down Energy or Constraint Energy) during any time when there is an Outage of the Seller's Plant or the Seller's Plant is not operating nor capable of operating or if a Curtailment Request is made, or a BC Hydro System Constraint is the result, of the Seller failing to operate the Seller's Plant in accordance with the Project Standards. BC Hydro will not be required to pay for Constraint Energy if the BC Hydro System Constraint is beyond the reasonable control of BC Hydro, is caused by an Emergency Condition or Force Majeure, or is caused by the Seller, the Seller's Plant or anything on the Seller's side of the POI.
Liquidated Damages	<ul style="list-style-type: none"> No liquidated damages for Seller for non-delivery
Operating Plan	<ul style="list-style-type: none"> No operating plan required [unless the Plant Capacity of the Seller's Plant is greater than 25 MW]
Outages	<ul style="list-style-type: none"> Seller to provide prompt notice of Forced Outage Seller to provide 30 day notice prior to a Planned Outage Seller required to attest Seller's Plant was operational and not in an Outage for payment for Deemed Energy
Revenue Metering	<ul style="list-style-type: none"> Seller will, at its cost: <ul style="list-style-type: none"> (i) operate and maintain the Meter at a location approved by the Buyer at the Seller's Plant; (ii) supply and install any other metering device or communications equipment required by the Buyer; (iii) supply and install current transformers and voltage transformers that have been approved by Measurement Canada on an unconditional and final basis; and (iv) ensure that the Seller's Plant is equipped with correctly commissioned SCADA and telemetry capability, in accordance with the Buyer's Technical Interconnections Requirements Seller will ensure that all such equipment and capability is functional at all times and maintained in good operating condition Without limiting the foregoing, the Seller will, at its cost, comply with all revenue metering requirements and metering guidelines published by the Buyer on its website from time to time.
Suspension of Payments	<ul style="list-style-type: none"> If the Seller has not resolved any non-compliance with the revenue metering requirements, the Seller's metering, SCADA or telecommunication system have not electronically transmitted information directly or is transmitting intermittently to BC Hydro for a continuous period of 60 days, or if the Seller has not resolved any known outstanding Interconnection deficiencies identified by BC Hydro that are required to be addressed to ensure compliance with the Interconnection Agreement, payment for Energy will be suspended by BC Hydro until the issues are resolved Interest on overdue payments will not accrue while payments are suspended
Invoices and Payment	<ul style="list-style-type: none"> By the 15th day of each month the Seller will deliver to BC Hydro separate invoices for Delivered Energy during the preceding month and for Deemed Energy for the month that precedes the preceding month, and the amounts payable for each invoice by BC Hydro The invoice will be in a format acceptable by BC Hydro with sufficient detail, as determined by BC Hydro, to be included for BC Hydro to verify Seller invoiced amounts; Seller is required to provide electronic (Excel) format of invoices and invoicing model as backup BC Hydro will pay undisputed amounts within 30 days of receipt of an invoice. If requested by BC Hydro, the Seller will reissue a new invoice for the undisputed amount. Set off against amounts owing to BC Hydro, under any other agreement and netting will apply No dispute relating to the accuracy of an invoice can be raised by either party more than 36 months after the date it is issued Interest on overdue payments on undisputed amounts will accrue at prime plus 2%
Interconnection Agreement Condition	<ul style="list-style-type: none"> Seller must have a valid and subsisting interconnection agreement in place throughout the term of the EPA
Regulatory Condition	<ul style="list-style-type: none"> EPA is to be filed with the BCUC, and is subject to BCUC acceptance If EPA is not accepted by the BCUC within specified period, BC Hydro may terminate
Termination	<ul style="list-style-type: none"> Either party can terminate the EPA due to bankruptcy/insolvency, payment defaults >60 days or material default of covenants, representations and warranties, among other circumstances specified in the Specimen EPA. BC Hydro can terminate the EPA if Seller does not deliver Energy for 730 continuous days and the Seller's inability to deliver is not caused by BC Hydro or Force Majeure events unless Seller demonstrates to the reasonable satisfaction of BC Hydro that the Seller is working diligently and expeditiously to cure the default and the default is cured within a further reasonable period of time No termination payment by BC Hydro
Termination Payment	<ul style="list-style-type: none"> In the circumstances specified in the Specimen EPA, including if Seller is in material default, and BC Hydro exercises its termination right, Seller will pay termination payment equal to the greater of: <ol style="list-style-type: none"> an amount equal to the positive amount, if any, by which BC Hydro's Economic Losses and Costs exceed the aggregate of BC Hydro's Gains and \$4,000 x plant capacity x years remaining before EPA expires Termination payment reduced to approximately 33% of remaining contract value if specific requirements are met

Appendix 1 - Project specific line losses based on location in the BC Hydro system

Region	Energy Losses
Lower Mainland	0.00%
Peace River	11.87%
Central Interior	7.70%
Selkirk	4.48%
North Coast	7.41%
Vancouver Island	-3.80%
East Kootenay	6.86%
Kelly Lake Nicola	4.27%
Revelstoke Ashton Creek	4.48%

Appendix 2 – Time of Delivery Factors

Month	On-Peak	Off-Peak
Jan	131%	99%
Feb	104%	83%
Mar	89%	74%
Apr	63%	59%
May	38%	50%
Jun	79%	67%
Jul	131%	99%
Aug	142%	108%
Sep	129%	102%
Oct	123%	93%
Nov	137%	101%
Dec	150%	109%