

BC HYDRO CLEAN POWER CALL
ELECTRICITY PURCHASE AGREEMENT TERM SHEET
COMPARISON TO NOVEMBER 14, 2007 VERSION

July 8, 2008

*On November 14, 2007, BC Hydro issued a draft EPA Term Sheet (the “**Draft Term Sheet**”) relative to the proposed Clean Power Call. BC Hydro solicited stakeholder comment. Many comments were received and all were reviewed and assessed. On June 11, 2008, BC Hydro issued the Clean Power Call Request for Proposals, which included an updated EPA Term Sheet (the “**Final Term Sheet**”).*

This document summarizes material changes from the Draft Term Sheet to the Final Term Sheet. This is a summary only, and Proponents should refer to the Draft Term Sheet and Final Term Sheet for a detailed and comprehensive comparison.

ISSUE

CHANGE

Time for fulfillment of regulatory condition:

- The time for fulfillment of the regulatory condition (BCUC filing and acceptance) is 150 days after EPA signing (rather than 120 days after EPA filing as included in the Draft Term Sheet).

Liability for failure to support filing application:

- The liability of both parties for a failure to support the BCUC filing application is reduced from an amount equal to \$3.00/MWh of annual firm energy to \$2.50/MWh of annual firm energy. This corresponds to a reduction in the initial amount of the performance security.

Additional Regulatory Conditions:

- The Final Term Sheet indicates that the regulatory condition may need revision to recognize the potential impact of current regulatory proceedings relative to BC Hydro’s recently filed Long Term Acquisition Plan. This issue will be addressed further in the Specimen EPA.

Early COD:

- Seller may achieve COD up to 180 days (rather than 90 days) before guaranteed COD, without BC Hydro consent. However, acceleration of completion of interconnection network upgrades requires consent of BC Hydro, as Buyer, as well as BCTC (T-connected) or BC Hydro Distribution (D-connected).

COD Test for Seasonally Firm Projects:

- Availability test - minimum 54 hours operation over a period of 72 continuous hours, with zero output limited to a maximum of 18 hours. This replaces the previous requirement for 72 continuous hours at the greater of (i) 20% of plant capacity, and (ii) 90% of

the seasonal firm energy delivery rate.

System Freshet Limitation:

- Delivery of firm energy in system freshet may not exceed 25% of total annual firm energy contracted. Subject to plant capacity, excess energy may be delivered and is priced as non-firm energy. In the Draft Term Sheet, the delivery of system freshet energy was limited by a total energy cap.

Firm Energy/Plant Capacity:

- All material changes in Seller’s plant, including changes in plant capacity and otherwise as specified in EPA or for purposes of initial interconnection study, to require BC Hydro consent. In the Draft Term Sheet, Seller has a one-time pre-COD right to change plant capacity without BC Hydro consent provided the change is within the limits set in the EPA.
- Plant capacity changes not to exceed the greater of 1MW and 10% (rather than 5MW and 10%, with a 10 MW cap as included in the Draft Term Sheet).

Firm Energy Changes:

- Seller may change annual firm energy quantity by up to 10% (rather than 5% as included in the Draft Term Sheet) for each season or hour – a one-time right. Change capped at plant capacity and system freshet limitation applies. Change triggers adjustment in performance security amount.

5-Year Firm Energy Adjustments:

- At 5 year intervals firm energy amount to be adjusted to reflect the level of energy delivery met or exceeded at least 80% of the time, and adjusted amount to be capped at 110% of original firm energy amount. The 5-year adjustment replaces the performance-based “rerating” provisions of the Draft Term Sheet.

Pre-COD Price:

- Pre-COD generation during a successful 72-hour COD test priced at \$50/MWh (rather than \$25/MWh as included in the Draft Term Sheet).

Post COD Pricing – Time of Delivery Table:

- A new 3 x 12 time of delivery table incorporating “super-peak”, “peak” and “off-peak” hours (3 daily periods per month x 12 months) has replaced the earlier 2 x 12 table (2 daily periods per month x 12 months) in the Draft Term Sheet.

Price Escalation:

- Proponents can elect 0% to 300% (rather than 0% to 200% as included in the Draft Term Sheet) of bid price to escalate at CPI until earlier of COD or guaranteed COD.
- Proponents can elect 0% to 50% (rather than 0% to

100% as included in the Draft Term Sheet) of bid price to escalate at CPI thereafter.

Non-Firm Energy Pricing:

- Fixed and market-based pricing options may be “mixed” in increments of 10% (rather than more limited mix of 50/50 as included in the Draft Term Sheet).

Performance Security Amounts:

- Initial security equal to 2.50/MWh (rather than \$3.00/MWh) x annual firm energy amount.
- In the Draft Term Sheet, after Seller’s “permit out” right expires, security increases to \$6.00/MWh (adjusted at CPI) for the duration of the EPA term. In the Final Term Sheet, performance security is increased after the Seller’s “permit out” right expires to \$8.00/MWh x annual firm energy amount, and is reduced to \$6.00/MWh (adjusted at CPI) at first anniversary of COD. Thereafter, Seller is eligible at 5-year intervals for performance-based reduction in security to \$4.00/MWh (adjusted at CPI).

Early Interconnection Security Return:

- Performance-based early return of interconnection security to be based on 95% threshold (rather than 90% as included in the Draft Term Sheet).

Interconnection Security Priced:

- Seller has the option to price the cost of interconnection security separately with Proposal and add to firm energy price. In the Draft Term Sheet, cost of interconnection security is embedded in the quoted firm energy price.

LDs Deferred:

- Shortfall LDs to apply from the first anniversary of COD (rather than from COD as included in the Draft Term Sheet).

LD Calculation:

- Shortfall LDs calculated on “mark to market” basis, with a minimum of \$5.00/MWh (rather than at fixed rate of \$25.00/MWh, escalated at CPI as included in the Draft Term Sheet).

Transmission Interruptions:

- No constraints on payment for energy not delivered due to transmission/distribution interruptions. In the Draft Term Sheet, payment for energy not delivered commences after 24 hours of interruption and does not include interruptions under 30 minutes.

Termination Payments:

- Termination by Seller under “permit out” subject to payment of \$2.50/MWh (rather than \$3.00/MWh) x annual firm energy amount.
- Termination by Seller before COD for BC Hydro

default limited to recovery of development costs with mark up (not “mark to market” measure).

- Termination by BC Hydro for Seller default or failure to obtain permits, termination payment is the lesser of performance security and “mark to market measure” (rather than just the performance security as included in the Draft Term Sheet).

Suspension Rights:

- Mutual suspension rights included for defaults. Draft Term Sheet did not provide for suspension rights.

Planned Outage Constraints:

- No restriction on the timing of planned outages for seasonally firm projects. Draft Term Sheet did not allow planned outages from November 1 to March 31 without BC Hydro consent.

Confidentiality:

- Pre-contract confidentiality agreement brought forward (new requirement in the Final Term Sheet).
- BC Hydro may require Seller to keep EPA confidential (new requirement in the Final Term Sheet).
- BC Hydro is not required to keep the EPA price confidential (new requirement in the Final Term Sheet).

Right on Termination or Expiry

- Right on Termination or Expiry is removed in the Final Term Sheet.

Turn Down Right:

- A turn down right in favour of BC Hydro to be included, subject to constraints proposed by Seller (rather than on demand by BC Hydro as included in the Draft Term Sheet).
- BC Hydro right to require Seller to cease generating if energy delivered during system freshet exceeds total energy cap is removed in the Final Term Sheet.

Phased Projects:

- Requirement that the Initial Phase comprise at least 20% of capacity for total project before BC Hydro commences payments has been deleted.
- Requirement of 72-hour operating test is to be applied to each new phase rather than to the new phase plus all previously tested phases.
- BCH is not required to pay Post-COD prices for any energy delivered from a phase more than 90 days prior to the proposed in-service date for that phrase (new requirement in the Final Term Sheet.)
- Project is permitted to commission a maximum of two

phases per year with a minimum of 3 months between phases. (See section 15 of the RFP.) In the Draft Term Sheet, a phased project may have a maximum of 5 phases.

- Phased project cannot be terminated if it is capable of delivering at least 80% of the contractual firm energy at an 80% confidence level. However, Seller is required to make a termination payment with respect to the firm energy reduction amount. In the Draft Term Sheet, there is no such provision.

Wind Energy Projects:

- BC Hydro reserves the right to conduct a wind data collection system design study with respect to Seller's plant. The Draft Term Sheet provides that BC Hydro will conduct a wind data collection system design study for each and every wind energy project.

Indirect Interconnections:

- The Final Term Sheet contains terms and conditions for projects where Seller has an indirect connection through a customer facility, private line or third party utility system. The Draft Term Sheet did not address indirect interconnection.

Electrical Hosts:

- The Final Term Sheet contains terms and conditions for projects where the Seller connects through its own electrical host. The Draft Term Sheet did not address electrical hosts.

Customer-based Generation:

- The Final Term Sheet provides that customer-based generation will require the determination of an annual generation base line ("GBL") as well as a GBL profile. The Draft Term Sheet did not address customer-based generation.

Existing Contracts:

- The Final Term Sheet provides that a Proponent with an existing EPA with BC Hydro must obtain an existing contract GBL and may provide a firm energy delivery profile applicable prior to EPA expiry and a profile applicable after EPA expiry. The Draft Term Sheet did not address existing contracts.