

**BC HYDRO CLEAN POWER CALL**  
**ELECTRICITY PURCHASE AGREEMENT TERM SHEET**

**June 11, 2008**

*The following summarizes BC Hydro’s preferred terms and conditions for the Specimen Electricity Purchase Agreement (“EPA”).*

- Parties:** BC Hydro  
Project Proponent (Seller)
- Regulatory Condition:** Subject to EPA being accepted for filing by the British Columbia Utilities Commission (“BCUC”) as an energy supply contract under section 71 of the Utilities Commission Act either without conditions or subject to conditions that do not (i) require as a condition of acceptance for filing a material alteration to any material term or condition of the EPA or (ii) otherwise have an adverse effect on the party seeking to terminate the EPA. This condition to be satisfied within 150 days after EPA signing. Both parties to support filing application. Failure of condition gives both parties right to terminate EPA, without liability (except for failure to support filing application, which will be subject to liquidated damages in the amount of \$2.50/MWh multiplied by the annual firm energy amount proposed by Seller). If BC Hydro terminates the EPA based on conditions in the BCUC order, BC Hydro will reimburse Seller for any interconnection study fees incurred by Seller after execution of the EPA.
- BC Hydro reserves the right to amend the regulatory condition to: (a) make the EPA subject to the outcome of any regulatory proceeding that is in progress at the time the EPA is awarded, including a review by the BCUC of a long term resource plan to be filed by BC Hydro; and (b) extend the date for satisfaction or waiver of the regulatory condition. Such an amendment to the regulatory condition will likely be required in circumstances where a conditional award is not made and the EPA is signed immediately following award. See sections 17 and 19 of the RFP for further information.
- Term:** Initial term 15 to 40 years (in whole years only) from COD as elected by Seller in its Proposal.
- Commercial Operation Date:**
- Guaranteed COD, as elected by Seller in its Proposal, from November 1, 2010 to November 1, 2016.
  - Guaranteed COD to be postponed based on estimated date for completion of those interconnection facilities to be constructed by BCTC or BC Hydro, Distribution as set out in final interconnection study after execution of the EPA.

- Seller may achieve COD no earlier than 180 days prior to guaranteed COD except with BC Hydro consent, such consent not to be unreasonably withheld. Acceleration of schedule from completion of any required interconnection network upgrades to require consent of both parties and BCTC or BC Hydro – Distribution. If acceleration at Seller’s request, Seller to obtain any required studies and cover and secure any incremental costs, including incremental interconnection network upgrade costs, to be incurred by BC Hydro.
- COD achieved when:
  - All material permits issued,
  - 72-hour operating test achieved (see below for further detail),
  - Compliance with all applicable interconnection requirements, and
  - Seller not bankrupt, insolvent or in material default under EPA, interconnection agreements or material permits.
- For hourly firm projects, 72-hour operating test will require that Seller’s plant operate for 72 continuous hours at 90% of Seller’s plant capacity.
- For seasonally firm projects, 72-hour operating test will require that Seller’s plant operate for at least 54 hours in a continuous 72-hour period. During that 72-hour period, hourly generation output cannot be zero for more than 18 hours.
- For a Phased Project, see section 15 of the RFP and “Special Terms and Conditions – Phased Projects” in this term sheet.
- Firm Energy: Seller to deliver seasonally or hourly firm energy as elected by Seller in its Proposal. The total firm energy during system freshet (May 1 to July 31) may not exceed one-quarter of the total annual firm energy proposed.
- Seasons:
  - (a) Winter – November 1 to January 31;
  - (b) Spring – February 1 to April 30;
  - (c) System Freshet – May 1 to July 31; and
  - (d) Fall – August 1 to October 31.

**Product:**

- Non-Firm Energy: Seller may deliver additional energy as non-firm energy, subject to Seller’s plant capacity constraints under the EPA (see “Firm Energy/Plant Capacity Adjustments”).

**Delivery Point:**

Point of interconnection with transmission or distribution system. Title and risk to energy passes at point of delivery.

**Firm Energy/Plant Changes:**

- Material changes in Seller’s plant, including changes in plant capacity and as otherwise specified in the EPA or for purposes of initial interconnection study, to require BC Hydro consent, not to be unreasonably withheld. Plant capacity change(s) not to exceed the greater of (i) +/- 1 MW and (ii) +/- 10%. Seller to obtain any required studies and cover and secure any incremental costs, including incremental interconnection network upgrade costs, to be incurred by BC Hydro.
- Seller to have the right prior to first anniversary of COD to adjust the annual firm energy quantity by +/-10% for each season or hour, with no payment or price adjustment and without consent of BC Hydro, provided that: (i) after the adjustment, the firm energy does not exceed the equivalent of the plant capacity, and during system freshet does not exceed one-quarter of the total annual firm energy; and (ii) the performance security will be adjusted to reflect the new firm energy amount.
- At the end of each 5-year period during the EPA term with the first such period commencing on the first anniversary of COD, the firm energy amount for each season (or the hourly firm energy amount for each of the three daily delivery periods for each month) will be adjusted to reflect the level of energy delivery that has been met or exceeded at least 80% of the time for that season (or for each of the three daily delivery periods for each month) after the first anniversary of COD.
- The adjusted firm energy level for each season (or for each of the three daily delivery periods for each month) will be applied to that season (or delivery period) over the next 5-year period. If Seller’s plant is subject to an outage or a reduction in energy delivery and Seller demonstrates that energy could have been generated and delivered but for the outage or reduction in energy delivery, that energy, not exceeding 110% of the firm energy amount in the Seller’s firm energy profile, will be included as delivered energy for purposes of the foregoing calculation.
- Notwithstanding the immediately preceding bullet:
  - the firm energy amount for the system freshet season will be limited to the lesser of the: (i) the amount calculated pursuant to the calculation described in the immediately preceding bullet; and (ii) the firm energy amount for the non-freshet seasons (calculated pursuant to the calculation described in the

immediately preceding bullet) divided by three; and

- for each period, the adjusted firm energy amount may not exceed 110% of the firm energy amount in Seller’s original firm energy profile for that period.
- The firm energy adjustment described above will occur concurrently with the performance security review described in the “Performance Security” section of this term sheet.

**Pre-COD Generation:**

Seller may sell all generation to third parties (including Powerex) until the earlier of COD and guaranteed COD.

BC Hydro will pay \$50/MWh for energy delivered during a successful 72-hour COD test. No other payment for pre-COD energy.

**Post COD Pricing:**

Firm Energy: Firm energy price, escalated as elected by Seller, and adjusted by the following time of delivery table:

	Off-Peak	Peak	Super Peak
Jan	105%	122%	141%
Feb	101%	113%	124%
Mar	99%	112%	124%
Apr	85%	95%	104%
May	70%	82%	90%
Jun	69%	81%	87%
Jul	79%	96%	105%
Aug	86%	101%	110%
Sep	91%	107%	116%
Oct	93%	112%	127%
Nov	99%	112%	129%
Dec	104%	120%	142%

*[The above Table provides indicative percentages only. The Table is subject to change prior to or at issue of the Specimen EPA.]*

“Peak Hours” means the hours commencing at 06:00 Pacific time and ending at 22:00 Pacific time Monday through Saturday inclusive, but excluding the hours from 16:00 to 20:00 Pacific time and excluding British Columbia statutory holidays.

“Super Peak Hours” means the hours commencing at 16:00 Pacific time and ending at 20:00 Pacific time Monday through Saturday inclusive but excluding British Columbia statutory holidays.

“Off-Peak Hours” means all hours other than Peak Hours and Super Peak Hours.

Escalation: Seller can elect:

- 0 to 300% of firm energy price to escalate at BC CPI from January 1, 2008 to the earlier of (i) COD and (ii) guaranteed COD.
- 0 to 50% of firm energy price to escalate at BC CPI from and after the earlier of (i) COD and (ii) guaranteed COD.

Non-Firm Energy: As elected by Seller from the following options:

- Option (A): A fixed dollar amount for each year of the EPA term as set out in “Non-Firm Energy Pricing Option A” attached to this term sheet, with each amount in the table escalated at BC CPI from January 1, 2008, less line losses from the point of interconnection to Lower Mainland, and adjusted for time of delivery in accordance with the time of delivery table set out above; or
- Option (B):
  - for non-firm energy delivered during Off-Peak Hours, the lesser of (i) the average mid-C non-firm price during Off-Peak Hours for the month; and (ii) the Canadian dollar equivalent of \$250(U.S.)/MWh, escalating at BC CPI from January 1, 2008. Line losses from the point of interconnection to Lower Mainland will be deducted. No amount will be payable if average mid-C price is less than zero; and
  - for non-firm energy delivered during Peak Hours, the lesser of (i) the average mid-C non-firm price during On-Peak Hours for the month multiplied by the quotient of the Peak time of delivery factor for the month divided by the On-Peak time of delivery factor for the month; and (ii) the Canadian dollar equivalent of \$250(U.S.)/MWh, escalating at BC CPI from January 1, 2008. Line losses from the point of interconnection to Lower Mainland will be deducted. No amount will be payable if average mid-C price is less than zero. See below for definition of “On-Peak Hours” and a table of time of delivery factors.

- for non-firm energy delivered during Super Peak Hours, the lesser of (i) the average mid-C non-firm price during On-Peak Hours for the month multiplied by the quotient of the Super Peak time of delivery factor for the month divided by the On-Peak time of delivery factor for the month; and (ii) the Canadian dollar equivalent of \$250(U.S.)/MWh, escalating at BC CPI from January 1, 2008. Line losses from the point of interconnection to Lower Mainland will be deducted. No amount will be payable if average mid-C price is less than zero.

“On-Peak Hours” means the hours commencing at 06:00 Pacific time and ending at 22:00 Pacific time Monday through Saturday inclusive, but excluding British Columbia statutory holidays.

Time of Delivery Factors	Peak	Super Peak	On-Peak
Jan	122%	141%	127%
Feb	113%	124%	116%
Mar	112%	124%	115%
Apr	95%	104%	97%
May	82%	90%	84%
Jun	81%	87%	83%
Jul	96%	105%	98%
Aug	101%	110%	103%
Sep	107%	116%	109%
Oct	112%	127%	116%
Nov	112%	129%	116%
Dec	120%	142%	126%

*[The above Table provides indicative percentages only. The Table is subject to change prior to or at issue of the Specimen EPA.]*

- Seller may elect to have 0% to 100% (in 10% increments) of the non-firm energy priced according to Option A above with the remainder of the non-firm energy priced according to Option B above.

Flow Throughs: No flow through or other charges.

**Environmental Attributes:**

- No requirement for EcoLogo<sup>M</sup> certification except to the extent certification is required for the energy from Seller’s plant to be considered clean or renewable electricity in accordance with guidelines published by BC Ministry of Energy, Mines and Petroleum Resources. If certification is required for the energy to be considered clean or renewable electricity, Seller pays certification costs.
- Ownership of all environmental attributes to vest in BC Hydro.

- If EcoLogo<sup>M</sup> certification is not required for energy to be considered clean or renewable electricity, BC Hydro may require Seller to obtain EcoLogo<sup>M</sup> certification at BC Hydro's cost.

**Payment Terms:**

Monthly. Set off and netting applies. Interest on all overdue accounts at bank prime plus 2%. Proposal price for firm energy does not include GST.

For projects that are seasonally firm energy projects, monthly billing will apply. For monthly billing purposes, all non-firm energy will be paid using non-firm energy pricing Option A described above regardless of the non-firm energy pricing option selected by Seller.

A reconciliation will occur at the end of each season based on actual deliveries during the season and the non-firm energy pricing options selected by Seller.

**Performance Security and Interconnection Security:**

Performance Security: Seller to provide performance security at the time of EPA signing in the amount of \$2.50/MWh multiplied by annual firm energy as set out in the Seller's energy profile.

Within 15 days after the date of expiry of Seller's right to terminate for failure to obtain material permits, performance security amount to be increased to \$8.00/MWh multiplied by the annual firm energy.

On the first anniversary of COD, performance security amount reduced to \$6.00/MWh (adjusted for BC CPI from January 1, 2008) multiplied by the annual firm energy.

At the end of each 5-year period during the EPA term with the first such period commencing on the first anniversary of COD, if the cumulative firm energy delivered since the first anniversary of COD averages at least 95% of the annual firm energy amount for the next succeeding 5-year period, the performance security for the next 5-year period will be \$4.00/MWh (adjusted for BC CPI from January 1, 2008). If the cumulative firm energy delivered since the first anniversary of COD averages less than 95% of the annual firm energy amount for the next succeeding 5-year period, then the performance security for the next 5-year period will be \$6.00/MWh (adjusted for BC CPI from January 1, 2008). For the purposes of the foregoing calculation, the amount of energy Seller can demonstrate could have been generated and delivered but for force majeure events, authorized planned outages or other events specified in the EPA that excuse Seller from its delivery obligation will be included in the "firm energy delivered" for purposes of the foregoing calculation.

**Interconnection Security:** Seller to provide a separate interconnection security to BC Hydro in the amount of the estimated interconnection network upgrade costs as set out in the interconnection facilities study completed by BCTC or BC Hydro, as the case may be, after EPA award.

Interconnection security to be delivered to BC Hydro prior to Seller entering into any interconnection or facilities agreement with BCTC or BC Hydro. Interconnection security to be returned to Seller on the earlier of the fifth anniversary of COD or the end of the 12-month period in which Seller has delivered 95% of the firm energy volume for that 12-month period (excluding energy that could not be delivered due to force majeure and other events specified in the EPA that excuse Seller from its delivery obligation), as notified by Seller and verified by the meter readings for that 12-month period. If the EPA is terminated prior to the date specified for the return of the interconnection security for any reason other than BC Hydro default, Seller to pay interconnection network upgrade costs for Seller's plant incurred to the date of termination and any incremental interconnection network upgrade and transmission network upgrade costs associated with other projects arising from termination of the EPA not exceeding the amount of the interconnection security. BC Hydro entitled to draw on the interconnection security for those costs if Seller fails to pay.

For the term of the EPA, BC Hydro will pay the \$/MWh amount specified in Seller's Proposal for each \$1,000,000 of interconnection security the Seller is required to provide to BC Hydro. Such amount will be added to the firm energy price.

Performance security and interconnection security to be in prescribed letter of credit form from a qualifying financial institution. Performance security to be replenished if called.

**Interconnection Costs:**

BC Hydro will be responsible for interconnection and transmission costs on the transmission or distribution side of the point of interconnection with the BCTC transmission system or the BC Hydro distribution system, as applicable. BC Hydro's cost responsibility will be based on the project as described in the completed interconnection study. Seller will be responsible for all costs of all interconnection facilities to the point of interconnection with the BCTC transmission system or the BC Hydro distribution system and for any additional interconnection and/or transmission costs arising from any changes made to the project, including project size, point of interconnection and schedule as described in the Feasibility Interconnection Study prepared by BCTC or the Preliminary Interconnection Study prepared by BC Hydro, Distribution as applicable.

**Liquidated Damages:**

Delivery Shortfalls: From and after the first anniversary of COD, subject only to force majeure and authorized planned outages, liquidated damages (“LDs”) payable on a seasonal or hourly basis (as elected by Seller in its Proposal) for delivery shortfalls in firm energy.

Amount of LDs is the greater of: (i) market price less the EPA firm energy price (adjusted to reflect differences in product attributes and contractual terms and conditions) and (ii) \$5.00 (adjusted annually for BC CPI from January 1, 2008) for each MWh of shortfall.

Except only in the case of deliberate breach by Seller, annual aggregate LDs capped at 200% of then current performance security amount.

COD Delay: Subject only to delays caused by force majeure, if COD does not occur on or before guaranteed COD, Seller to pay LDs calculated in the same manner as delivery shortfall LDs from guaranteed COD until BC Hydro’s right to terminate for Seller’s failure to achieve COD arises.

**Delay in Network Upgrades:**

D-Connected Projects: If Seller can not achieve COD by guaranteed COD (as adjusted following completion of detailed interconnection studies) solely as a result of a delay in interconnection network upgrades and/or transmission network upgrades and such delay is caused by BC Hydro or BCTC in whole or in part, BC Hydro to pay post-COD price for energy that could have been generated and delivered by Seller’s plant from and after guaranteed COD but for the delay in completion of the interconnection network upgrades and/or transmission network upgrades to the extent BC Hydro or BCTC caused such delay. Costs avoided or that reasonably could have been avoided by Seller will be deducted from the amount payable by BC Hydro.

There will be no payments to Seller if delays are attributable to any reason other than as set out above including, for greater certainty, delays that are caused by events beyond the control of BC Hydro or BCTC.

Where BC Hydro is required to make payments as set out above:

- Seller will be required to satisfy all COD requirements within 30 days after all interconnection and transmission network upgrades are complete. If Seller’s plant does not satisfy the requirements for COD within that 30 day period, Seller to repay all amounts paid by BC Hydro pursuant to the provisions described above.
- if Seller’s plant satisfies all COD requirements within 30 days after all interconnection and transmission network upgrades are complete, COD will be deemed to have occurred on the guaranteed COD.

T-Connected Projects: BC Hydro will have no liability for delays in any interconnection facilities, including any interconnection and/or transmission network upgrades.

For both D-connected projects and T-connected projects, delay in completion of interconnection facilities that is beyond the control of Seller is a force majeure event so that Seller is excused from delivery shortfall LDs and time for achieving COD is extended.

**Transmission Interruptions:**

For transmission/distribution interruptions, disconnections, or constraints (“T/D Outage”) after COD that are not caused by Seller or events beyond the control of BC Hydro and BCTC, BC Hydro to pay for energy that could have been delivered but for the T/D Outage at the applicable post-COD energy price less costs avoided, or that reasonably could have been avoided, by Seller.

If T/D Outages are caused by Seller or by events beyond the control of BC Hydro or BCTC, no payment due to Seller from BC Hydro.

**Force Majeure:**

Typical events, but excluding economic hardship, delay or failure to obtain material permits and unavailability of fuel source.

**Termination by Seller:**

Seller may terminate for:

- Seller’s failure, after using commercially reasonable efforts, to obtain material permits by the earlier of (i) 180 days prior to guaranteed COD and (ii) the second anniversary of EPA, or
- Prolonged force majeure declared by BC Hydro or Seller or prolonged T/D Outages that are caused by force majeure events (in either case “prolonged” means 730 days), or
- Major damage to Seller’s plant caused by a force majeure event. “Major damage” occurs where the cost to repair the damage exceeds the net present value of the expected revenue less operating and maintenance costs over the remainder of the term of the EPA, or
- BC Hydro failure to pay amounts owing by BC Hydro, subject to reasonable cure period, or
- BC Hydro bankruptcy or insolvency, or, subject to reasonable cure period, BC Hydro material default.

**Termination by BC Hydro:**

BC Hydro may terminate for:

- Seller’s failure to obtain material permits by the earlier of (i) third anniversary of EPA or (ii) guaranteed COD (provided Seller has not elected to terminate as set out above), or

- Seller failure to provide interconnection security by required date, or
- Seller failure to provide additional performance security within 30 days after expiry of Seller’s right to terminate for inability to obtain material permits, subject to reasonable cure period, or
- Seller’s failure to provide additional performance security if required following each five year performance security review as described in the “Performance Security” section of this term sheet, or
- Seller’s failure to complete any step in the process for interconnecting Seller’s plant to the transmission system or the distribution system in accordance with the requirements and time limits specified by BCTC or BC Hydro, if such failure results in Seller’s plant losing its position in the transmission/distribution interconnection queue, or
- Prolonged force majeure declared by Seller or BC Hydro or prolonged T/D Outages that are caused by force majeure, (in either case “prolonged” means 730 days), or
- Seller fails to achieve COD by 365 days after guaranteed COD (plus all force majeure days not exceeding another 180 days) unless Seller can demonstrate by clear and convincing evidence acceptable to BC Hydro acting reasonably that construction or necessary modification (as the case may be) of Seller’s plant is 80% complete by that date. If Seller can so demonstrate, BC Hydro may only terminate the EPA if Seller fails to achieve COD within a further 180 days plus any further force majeure days not exceeding 180 days, or
- Seller failure to pay amounts owing by Seller, subject to reasonable cure period, or
- Seller’s failure to maintain performance security and interconnection security as required under EPA, subject to reasonable cure period, or
- Seller bankruptcy or insolvency, material misrepresentation in Proposal documents, material breach of Confidentiality and Compliance Agreement, or, subject to reasonable cure period, Seller material default, including letter of credit failure.

**Termination Payment:**

Force Majeure: Upon termination by either party for prolonged force majeure or prolonged T/D Outages, no termination payment is due by either party. On termination by Seller based on major damage to Seller's plant caused by a force majeure event, no termination payment is due by either party. In any of the above situations, where termination occurs prior to the fifth anniversary of COD, Seller must pay unamortized interconnection network upgrade costs. For greater certainty, the foregoing applies where BC Hydro terminates the EPA for Seller's failure to achieve COD where the sole reason for Seller's failure to achieve COD is a force majeure event.

Seller Material Permit Termination: Upon termination by Seller for failure to obtain material permits, Seller to pay a termination fee of \$2.50/MWh multiplied by the annual firm energy. Seller also to pay any interconnection network upgrade costs incurred to the date of termination plus any incremental interconnection and/or transmission network upgrade cost liability associated with any other project suffered or incurred by BC Hydro as a result of Seller's termination of the EPA to a maximum of the interconnection security.

Seller Termination for BC Hydro Default: Upon termination by Seller before COD for BC Hydro bankruptcy or insolvency or material default, BC Hydro to pay termination payment equal to Seller's project development costs to date plus 15% less net realizable value of project assets. After COD, BC Hydro to pay a termination payment based on the loss, if any, suffered by Seller determined by comparing the value of the remaining EPA term, contract quantities and price payable under the EPA had it not been terminated to the relevant market prices for equivalent quantities for the remaining EPA term with market prices adjusted for differences between the product subject to the market prices and the product specified under the RFP eligibility requirements and the EPA.

BC Hydro Termination: Upon termination by BC Hydro, other than for force majeure or a T/D Outage caused by force majeure, Seller to pay a termination payment equal to the lesser of: (i) the required amount of performance security at time of termination, and (ii) the loss, if any, suffered by BC Hydro determined by comparing the value of the remaining EPA term, contract quantities and price payable under the EPA had it not been terminated to the relevant market prices for equivalent quantities for the remaining EPA term with market prices adjusted for differences between the product subject to the market prices and the product specified under the RFP eligibility requirements and the EPA.

Seller also to pay any unamortized interconnection network upgrade costs incurred to the date of termination plus any incremental interconnection network and/or transmission network upgrade cost liability associated with any other project suffered or incurred by BC Hydro as a result of the termination of the EPA to a maximum of the interconnection security.

In cases of deliberate breach of the EPA by Seller, the foregoing payment does not limit Seller's liability.

**Suspension**

- BC Hydro may, for a period of up to 90 days, suspend its obligations to take and pay for energy under the EPA in circumstances in which it is entitled to terminate the EPA, without limiting its right thereafter to terminate the EPA for a continuation of such circumstances.
- Seller may suspend its obligation to deliver energy under the EPA in circumstances in which it is entitled to terminate the EPA, without limiting its right thereafter to terminate the EPA for a continuation of such circumstances.

**Development Covenants:**

- Seller to develop plant and achieve COD by guaranteed COD.
- Plant to conform to specified description, including capacity, fuel type, point of interconnection and other specified matters. See "Firm Energy/Plant Changes" in this Term Sheet for a description of permitted changes to plant, including plant capacity.
- Seller to construct and/or modify Seller's plant such that output from Seller's plant will be considered clean or renewable electricity, based on requirements in effect at date of execution of the EPA.
- Seller to obtain, maintain and comply with all required permits and comply with all applicable laws as well as interconnection agreements, good utility practice, and Code of Conduct Guidelines Applicable to BC Hydro Contracts.
- Seller to provide periodic development status reports and BC Hydro access for inspection during development phase and to witness COD testing.

**Operating Covenants:**

- Seller to own plant and operate or engage contract operator, in either case with qualified and experienced personnel.
- No third party energy sales or deliveries, other than as permitted pre-COD, during force majeure declared by BC Hydro or during any period of BC Hydro default with respect to its obligation to accept energy.

- Seller to ensure that metering equipment leased from BC Hydro is installed, maintained and calibrated as required to measure energy deliveries from Seller's plant at the point of interconnection independent of all other generating facilities. Meter location to be approved by BC Hydro. BC Hydro to have right to install duplicate metering.
- For hourly firm projects, Seller may not take planned outages in the period from November 1 to March 31 inclusive except: (i) in periods where there is no firm energy delivery specified for delivery to BC Hydro, or (ii) with BC Hydro consent. (There are no restrictions on the timing of planned outages for seasonally firm projects.)
- For both hourly and seasonally firm projects, Seller to provide a planned outage schedule in a manner to be determined by BC Hydro.
- Seller to maintain and operate plant in accordance with all required permits and comply with all applicable laws, including laws pertaining to greenhouse gases and other environmental matters, as well as interconnection agreements, good utility practice, Code of Conduct Guidelines Applicable to BC Hydro Contracts.
- Seller to provide and update long-term and annual operating plans.
- Seller to provide prompt notice of all outages. Seller to use web-based application for communicating outages to BC Hydro.
- Seller to provide weekly and day-ahead energy delivery schedules for planning purposes.
- Seller not to take any action that would render it subject to regulation as a public utility.
- Seller to authorize BC Hydro access to all data provided to BCTC (or other transmission authority).
- Seller to provide BC Hydro access to plant and records, and reports, as required for administration and enforcement of the EPA.
- Seller to operate Seller's plant such that output from Seller's plant will be considered clean or renewable electricity based on requirements in effect at date of execution of EPA.
- Seller to maintain specified property damage and comprehensive general liability insurance.

**Insurance and  
Indemnities:**

- Mutual indemnities for third party claims for personal injury or property damage.

**Assignment:**

Sale of Seller's plant and/or assignment of EPA or revenue from the EPA subject to BC Hydro consent, such consent not to be unreasonably withheld. Assignee to assume all obligations and liabilities of the assignor. Assignment is subject to the assignee demonstrating its capability (financial, technical and otherwise) to fulfill the obligations of the assignor under the EPA.

Except as set out below, any direct or indirect change of control, amalgamation or other reorganization of Seller and any mortgage or grant of a security interest in Seller's plant is deemed to be an assignment of the EPA.

Provision for permitted assignment to lenders and specified form of tripartite lender consent agreement.

**Representations and Warranties:**

Standard corporate representations and warranties.

**Confidentiality:**

Confidentiality obligations under the Confidentiality and Compliance Agreement to be brought forward to the EPA.

BC Hydro may require the Seller to keep the EPA confidential.

BC Hydro to keep confidential Seller's confidential technical and financial information that BC Hydro has access to during the term of the EPA, but excluding the EPA price.

Confidentiality obligations are subject to exceptions such as regulatory/legal requirements, clean or renewable electricity verification, information that enters into the public domain without breach of the EPA, etc.

**Law and Dispute Resolution:**

BC law applies. Dispute resolution by arbitration.

**BC Hydro Turn-Down Right:**

BC Hydro right to require Seller to turn down or shut off Seller's plant at any time, subject to operational, technical, regulatory or fuel storage constraints, during the term of the EPA on appropriate notice to Seller. BC Hydro's right to require such turn down or shut off will be subject to operational, technical, regulatory and fuel storage constraints that clearly prevent or limit Seller's ability to turn down or shut off Seller's plant. BC Hydro to pay for all energy that could have been generated but for BC Hydro's notice. Costs avoided or that reasonably could have been avoided by Seller will be deducted from amounts otherwise payable by BC Hydro.

**Other Terms:**

Other terms typical of similar agreements.

## SPECIAL TERMS AND CONDITIONS

*The provisions in the balance of this Term Sheet apply only to certain project types and configurations. This is not intended to be an exhaustive list of all amendments to the EPA that may be required for particular projects.*

### **Phased Projects:**

For projects with multiple generators to be constructed in phases such that each phase will be complete and capable of delivering energy to the point of interconnection independent of the other phases of the project, BC Hydro will commence payments for energy delivered at post-COD prices upon completion of a phase(s) of the project, subject to the following terms and conditions:

- A “completed” phase of the project means a phase that has satisfied all requirements for COD set out above including the 72-hour operating test.
- BC Hydro will not be required to pay post-COD prices for any energy delivered from a phase more than 90 days prior to the expected in service date for that phase as specified in Seller’s Proposal.
- All rights to sell energy to third parties cease upon commencement of payments by BC Hydro for the first completed phase of the project.
- For each phase that has met the COD requirements, the volume of energy that will be paid the firm energy price will be based on Seller’s firm energy profile for that phase.
- Firm energy delivery shortfall LDs will apply upon commencement of payments by BC Hydro for each completed phase of the project. Seller’s delivery commitment for LD purposes for each completed phase will be based on Seller’s firm energy profile for that phase. After the first phase is in service, and each subsequent phase comes into service, the firm energy profile for that phase and all prior phases will be merged.
- Failure to meet the expected in-service dates specified in Seller’s Proposal for each phase of the Project will not result in delivery shortfall LDs. However, delivery shortfall LDs will apply if the entire project does not achieve COD by guaranteed COD.
- BC Hydro may terminate the EPA if the entire project does not achieve COD by the date specified for exercise of BC Hydro’s termination right based on failure to achieve COD (see above under “Termination by BC Hydro”). BC Hydro may not terminate the EPA if the completed phases of the project are

capable of delivering at least 80% of the firm energy proposed for the entire project at an 80% confidence level. In that case, if Seller fails to achieve COD for the entire project within 2 years after guaranteed COD, the firm energy amount will be reduced to an amount equal to the firm energy amount delivered during the second year after guaranteed COD and COD will be deemed to have occurred on guaranteed COD. Seller will be required to make a payment to BC Hydro within 30 days after the second anniversary of guaranteed COD equal to the payment that would be payable by Seller for termination of the EPA by BC Hydro with respect to the firm energy reduction amount.

- If: (i) the entire project has not achieved COD by the date specified for exercise of BC Hydro's termination right based on failure to achieve COD, and (ii) the completed phases of the project at that time are not capable of delivering at least 80% of the firm energy proposed for the entire project, and (iii) BC Hydro does not exercise its right to terminate the EPA by the second anniversary of guaranteed COD, then COD will be deemed to have occurred on guaranteed COD. In that case, the firm energy amount will be adjusted to an amount equal to the firm energy amount delivered during the second year after guaranteed COD and Seller will be required to make a payment to BC Hydro within 30 days after the second anniversary of guaranteed COD equal to the payment that would be payable by Seller for termination of the EPA by BC Hydro with respect to the firm energy reduction amount.
- Pre-COD escalation will apply to the firm energy price until the earlier of (i) the actual in-service date for each phase of the project and (ii) the in-service date specified in Seller's Proposal for each phase of the project. Post-COD escalation will apply after the earlier of these dates.
- BC Hydro is not required to make firm energy payments to Seller if in-service date for any phase is delayed or if power cannot be delivered to the POI after any in-service date due to delays in completion of interconnection facilities, transmission facilities or due to any T/D Outage.
- Seller is required to reimburse BC Hydro for all third party and internal costs incurred by BC Hydro with respect to any commissioning, testing, inspections or other steps taken by BC Hydro in connection with the commissioning of all phases of a project other than the final phase of the project.

- Seller is responsible for all incremental interconnection and transmission costs required to enable phases of a project to come into service in advance of the guaranteed COD for the entire project. “Incremental costs” means all costs in excess of those costs, if any, expressly identified for phased in-service dates in the interconnection feasibility study.

**Wind Energy Projects:**

- Seller to provide BC Hydro and/or any contractor designated by BC Hydro with real-time data access to meteorological data (including, but not limited to, wind speed and wind direction, power output, and turbine availability) from seller’s wind farm data collection system for the purpose of wind power forecasting.
- After EPA award, BC Hydro reserves the right to conduct a wind data collection system design study with respect to Seller’s plant at BC Hydro’s cost to compare Seller’s proposed wind data collection system as described in Seller’s Proposal to BC Hydro’s requirements for Seller’s Plant. Seller to provide all data required for the study and otherwise fully cooperate with BC Hydro with respect to the study.
- Seller to construct meteorological data collection system prior to COD that conforms with the description in the Seller’s proposal or, if BC Hydro has conducted a study as described above, with the specifications resulting from that study. Completion of construction and testing of the system will be a requirement for COD.
- BC Hydro will reimburse Seller for the reasonable incremental costs incurred by Seller to comply with any data collection system requirements of BC Hydro that are additional to the system proposed by Seller in the Seller’s Proposal.
- BC Hydro to keep data provided by Seller confidential and will require its contractor to keep data provided by Seller confidential.
- Failure to properly operate and maintain the data collection system or to provide data as required under the EPA will be a material default under the EPA and will entitle BC Hydro to withhold payments under the EPA until the defects are corrected and the relevant data provided.

**Projects with an Indirect Interconnection through an Electrical Host**

Where a Seller has an indirect connection to the transmission system or distribution system through a BC Hydro customer facility (i.e., where Seller is not itself a customer at the facility), Seller must ensure that the customer and BC Hydro enter into a new or amended Electricity Supply Agreement on terms and conditions satisfactory to BC Hydro. BC Hydro may terminate the EPA if such an agreement has not been entered into within 120 days after the EPA filing with the BCUC unless Seller can demonstrate that it can and will secure a direct connection to the transmission system or distribution system within sufficient time to achieve COD by the guaranteed COD. Seller will be responsible for all costs of such direct interconnection. If the EPA is terminated, Seller will pay a termination payment equal to the outstanding performance security amount.

**Projects with an Electrical Host**

Where Seller connects to the transmission system or distribution system through its own electrical host, Seller may be required to enter into an amendment to its Electricity Supply Agreement to reflect appropriate metering and billing arrangements.

**Project with an Indirect Interconnection through a Private Line or Third Party Utility System**

Where a Seller has an indirect connection to the transmission system or distribution system through a private line or a third party utility system, Seller is solely responsible for all arrangements and costs associated with delivery of the energy to a point of delivery on the transmission system or distribution system. BC Hydro will not be responsible for any costs associated with interconnecting Seller's plant to the private line or to the third party utility system.

**Customer-based Generation:**

A BC Hydro industrial customers intending to submit a Proposal will be required to obtain from BC Hydro before Proposal submission a determination of its generation base line ("GBL"), expressed as an annual energy amount. Proposals may be submitted for delivery of new or incremental energy meeting all eligibility requirements that is in excess of the GBL, by reference to a GBL seasonal or hourly profile to be submitted by the Proponent with its Proposal, which is consistent with the annual GBL determined by BC Hydro. Under the EPA, the GBL profile may be modified annually, but must always be consistent with the annual GBL determined by BC Hydro before Proposal submission.

**Existing Contracts:**

A Proponent with an existing electricity purchase agreement with BC Hydro having a term that would be wholly or partly concurrent with the term of any EPA awarded under the RFP may submit a Proposal for new or incremental energy meeting all eligibility requirements. In that case, the Proponent must obtain from BC Hydro an existing contract generation baseline (“ECGBL”), based on delivery and acceptance rights and obligations under the existing contract. Proposals may be submitted for delivery of new or incremental energy meeting all eligibility requirements that is in excess of the ECGBL. Upon expiry of the existing contract during the term of an EPA awarded under the RFP, ECGBL will drop to 0. Accordingly, energy previously contracted under the existing contract may then be delivered under the EPA awarded under the RFP. Proponents may submit with their Proposals two firm energy profiles – the first applicable during the term of the existing contract and the second applicable thereafter.

### Non-Firm Energy Pricing Option A (Fixed Price Option)

All amounts are expressed in \$/MWh, and are to be escalated at BC CPI from January 1, 2008.

Decade	Nth Year of the Decade									
	0	1	2	3	4	5	6	7	8	9
200N	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	49.62	49.86
201N	43.52	40.17	43.02	45.45	48.55	48.45	45.55	47.84	49.66	53.58
202N	59.13	59.17	59.46	60.20	60.32	61.67	62.59	63.76	64.57	65.56
203N	66.56	67.58	68.61	69.30	69.99	70.69	71.40	72.11	72.83	73.56
204N	74.30	75.04	75.79	76.55	77.32	78.09	78.87	79.66	80.45	81.26
205N	82.07	82.89	83.72	84.56	85.40	86.26	87.12	87.99	88.87	89.76

*Note: The above Table provides indicatives prices only. The Table is subject to change prior to or at issue of the Specimen EPA.*