

SCHEDULE C

ELECTRICITY PURCHASE AGREEMENT - TERM SHEET

SMALL PROJECTS

*The following is a summary of the key terms and conditions of the proposed standard form electricity purchase agreement (“EPA”) for all Small Projects. The “base” Term Sheet applies to projects that do not elect the (i) Green or (ii) the GHG emission offset transfer options. The special provisions applicable to projects that elect those options are described in separate sections at the end of the Term Sheet. For a description of these options see the Procurement Process Description and Schedule A – Tender Evaluation Criteria and Methodology. **This summary has no legal effect, and the rights and obligations of BC Hydro and the Seller will be governed exclusively by the executed EPA.***

Parties
<ul style="list-style-type: none"> • Buyer – BC Hydro. • Seller – Bidder as described in the tender.
Term
<ul style="list-style-type: none"> • 15, 20, 25, 30, 35 or 40 years from COD, as tendered. • No renewal rights.
Regulatory Filing
<ul style="list-style-type: none"> • The EPA must be filed with the BCUC as an “energy supply contract” under the <i>Utilities Commission Act (British Columbia)</i>. • Either party may terminate if within 120 days after filing, the BCUC convenes a hearing and either (i) no order is made, or (ii) an order is made which contains terms that could reasonably be expected to have an adverse effect on the party terminating. • On termination all securities are returned to Seller, but no termination payments are made by either party.
Project Development
<ul style="list-style-type: none"> • <u>Project Size:</u> Seller required to construct Seller’s Plant to a size not to exceed the size specified in MW in the Seller’s tender. • <u>Increase in Project Size:</u> Seller may increase project size by up to 10% on notice to Buyer at any time up to 30 days prior to COD, provided that all necessary interconnection/transmission related studies have been completed. Seller will be responsible for all resulting delays and costs associated with any increase in the project size. • <u>Progress Reports:</u> Seller to provide quarterly progress reports on project development, including interconnection issues and any regulatory disputes/issues. • <u>Metering:</u> Seller to ensure that the Seller’s Plant is equipped with electronic metering and SCADA capability.

- Point of Interconnection: Seller will be responsible for any increase in costs associated with any change, after the date of EPA signing, in the expected point of interconnection or any other information in the preliminary interconnection study application.

Commercial Operation Date

- Target COD: Seller to use commercially reasonable efforts to achieve COD by date tendered (between 1 October 2008 and 1 October 2009). No liquidated damages for failure to achieve Target COD. However, in the case of late COD, Buyer can terminate EPA (see below).
- Early COD:
 - COD can occur up to 12 months before Target COD, but not earlier than 1 January 2008.
 - Seller will be responsible for any incremental costs borne, directly or indirectly, by Buyer resulting from COD occurring before Target COD.
- Actual COD: COD occurs when:
 - Seller's Plant has generated electricity in compliance with all Material Permits for 72 continuous hours at an uninterrupted rate equal to not less than 20% of the maximum project capacity of Seller's Plant,
 - Seller has obtained all Material Permits,
 - Seller has obtained a Certificate of Compatibility – Generator or similar document from the Distribution Authority, and
 - Seller is not bankrupt or insolvent, or in material default under the EPA, Interconnection Agreement, Facilities Agreement, any Material Permit or any land tenure agreement for Seller's Plant site.
- COD Certificate: Seller to deliver a COD Certificate within 30 days after the date on which COD occurs as set out above. If not delivered by that time, COD will not occur until the COD Certificate is actually delivered.
- Deemed COD: For projects connected to the distribution system only, if COD is delayed solely as a result of a delay in completion of interconnection-related infrastructure, where such delay is not attributable to the Seller, COD will be deemed to occur on Target COD, and the Seller will receive payment for the amount of energy the Seller could have delivered during the period from Target COD to the date of completion of the infrastructure. When the infrastructure is completed, the Seller will be required to run a COD test as set out above. If the Seller's Plant fails the COD test, the Seller will be required to refund to Buyer all payments made by Buyer to the Seller prior to the date of the test.

Operation

- Seller to own Seller's Plant and ensure it is managed and operated by qualified and experienced persons in accordance with Good Electric Industry Practice, permits, interconnection agreement, and other similar documents.
- No expansion of Seller's Plant without Buyer's consent.

- No modification, without Buyer's consent, of Seller's Plant that could have adverse effect on the Seller's ability to perform under EPA.
- Seller to provide prompt notice of any outage and 30 days advance notice of any Planned Outage and monthly reports of actual outages for the preceding month.
- Seller to provide monthly schedules of expected energy deliveries for the next succeeding month. These schedules will be provided for planning purposes only and do not operate as a guarantee of, or cap on, deliveries during the month.
- Buyer can require Seller to reschedule a Planned Outage provided that the rescheduling does not have a materially adverse effect on the operation of Seller's Plant.
- Seller to maintain exemption from regulation as a public utility.
- Seller to operate in compliance with all applicable permits, laws and regulations.
- Seller to comply with all Canadian federal, provincial and local regulatory regimes for GHG emissions, regardless of whether or not the regimes are otherwise applicable to the Seller's Plant, based on timing of COD or any other date stipulated in applicable laws and regulations. Seller must provide regular reports on GHG compliance. If Seller fails to meet GHG emission offset requirements, Buyer may do so, after due notice and a reasonable cure period, and recover its costs from Seller.

Delivery Obligation

- Pre-COD Sales to Third Parties: Seller can sell to third parties until the earlier of COD and Target COD.
- No Third Party Sales Post-COD: After the earlier of COD and Target COD, Seller required to deliver entire output of Seller's Plant to Buyer.
- Delivery Point: Point at which Seller's Plant interconnects with transmission or distribution system, as applicable.
- Maximize Generation: Seller to maximize generation, subject to fuel/water supply, Force Majeure, Outages, etc. No minimum delivery obligation and no liquidated damages for failure to deliver.

Purchase Obligation

- Pre-COD
 - Buyer to make commercially reasonable efforts to accept output from Seller's Plant commencing 3 months before COD.
- Post-COD
 - After COD, Buyer required to accept delivery of entire output of Seller's Plant up to a maximum of 120% of the maximum project capacity of the Seller's Plant sized at COD.

- Excuses
 - Force Majeure.
 - Transmission issues or disconnection of Seller's Plant for reasons not attributable to Buyer.
 - Distribution issues where Buyer authorized to disconnect Seller's Plant or suspend firm distribution service.
 - Buyer suspension on Seller default.

Price

- Pre-COD: \$25/MWh for energy delivered during a successful 72 hour COD test. No other amount is payable for any other pre-COD energy delivered to Buyer.
- Post-COD: Seller's bid price, adjusted by price adjustment table for deliveries in HLH and LLH in each month. A sample price adjustment table is attached to this Term Sheet as Appendix 1. The numbers in the attached adjustment table are samples only and may be changed when the CFT is issued.
- Flow-Throughs: Payments to Seller will be adjusted to reflect the impact of 50% of property tax rate changes from the applicable rate prevailing on the tender submission date for a like project and location. No other "flow through" adjustments (including changes to assessed value of Seller's Plant) or reimbursements will apply whether for fuel costs (including water rentals), other taxes or costs.
- Escalation: A % tendered by Seller (between 0% and 50%) of the tendered energy price escalates at CPI, from January 2006 base month.
- "Deemed Available":
 - Buyer pays for energy that could have been delivered but for the following events:
 - Transmission issues not attributable to Seller where BCTC authorized to disconnect the Seller or suspend firm transmission service,
 - Distribution issues not attributable to Seller, or
 - Seller suspension on Buyer default.
 - Except in the case of Seller suspension based on Buyer default, the Seller's Plant will not be "deemed available", and no payment will be made in respect of the period, during the first 24 hours in aggregate in each month in which delivery of energy from the Seller's Plant is interrupted due to the foregoing events.
 - The amount of energy that could have been delivered during a "deemed available" event will be determined based on the Seller's energy schedule for the period, water flow meter readings, energy meter readings before and after the deemed available event and other available information.
- Payment Terms: 30 days after receipt of invoice.

- Set-off: Either party can set-off any Final Amount (ie. amount determined under an arbitration award) owing by the other party where that amount remains outstanding 30 days after notice. Buyer may set-off any Performance Security shortfall in amount, or in the case of a Letter of Credit Failure the full amount against amounts otherwise owing to Buyer.

Security

- Performance Security Amount
 - Seller to provide clean, unconditional and irrevocable letter of credit on EPA signing – \$30,000/MW of project capacity.
 - Performance Security released on first anniversary of COD.
- Enforcement: Buyer entitled to enforce security if Seller fails to pay any termination payment owing by the Seller to the Buyer or any other Final Amount owing by the Seller to the Buyer or if the EPA is terminated for any reason prior to COD, other than Force Majeure.
- Replenishment: If Buyer draws on the Performance Security, Seller required to replenish to full amount required under EPA.

Termination

- Buyer Termination Right
 - COD has not occurred by Target COD, plus 365 days, plus Force Majeure days (not exceeding 365 days), if any.
 - Post COD - No delivered energy for more than 180 days for reasons other than Force Majeure.
 - Post-COD Force Majeure is invoked by Seller and continues for more than 365 days, provided that this period may be extended up to a further 365 days if Seller has invoked Force Majeure and is diligently trying to resume generation and deliveries.
 - Seller is bankrupt or insolvent.
 - Letter of credit failure (eg. letter of credit issuer has credit rating downgrade, etc.).
 - Amount owing by Seller remains unpaid for 60 days.
 - Other material default by Seller that is not cured within specified cure period, including any failure to comply with all GHG-related obligations of Seller.
 - Termination Payment: Where EPA is terminated for any reason other than Force Majeure, Seller required to make a termination payment in an amount equal to the amount of \$30,000/MW of project capacity. If termination occurs before the first anniversary of COD due to Force Majeure invoked by Seller, then Seller must reimburse Buyer for interconnection/transmission-related costs to be borne, directly or indirectly, by Buyer, but not exceeding that amount of the Performance Security.

<ul style="list-style-type: none"> • <u>Seller Termination Right</u> <ul style="list-style-type: none"> • Seller can terminate EPA at any time up to the first anniversary of the date of execution of the EPA. • Buyer is bankrupt or insolvent. • Amount owing by Buyer remains unpaid for 60 days. • Other material default by Buyer that is not cured within specified cure period. • Post-COD Force Majeure is invoked by Buyer and continues for more than 365 days. • <i>Termination Payment:</i> Where Seller terminates based on Seller’s right to terminate at any time up to the first anniversary of execution of the EPA, Seller pays a termination payment to Buyer in the amount of \$10,000/MW of project capacity. • <u>Exclusive Remedies:</u> Except in case of Deliberate Breach, Seller’s payment of termination payment is Buyer’s exclusive remedy for termination. Buyer’s payment of termination payment is Seller’s exclusive remedy for termination.
<p>Suspension</p>
<ul style="list-style-type: none"> • <u>Buyer Suspension:</u> Buyer right to suspend accepting deliveries for Seller default for up to 90 days or until default cured. • <u>Seller Suspension:</u> Seller right to suspend making deliveries and can sell to third parties during Buyer default. No time limit. Any amounts recovered by the Seller from third parties during suspension deducted from the amount payable by Buyer to Seller.
<p>Limit of Liability</p>
<ul style="list-style-type: none"> • Overall annual limit of liability, subject to exception for Deliberate Breach, equal to \$30,000/MW of project capacity.
<p>Insurance</p>
<ul style="list-style-type: none"> • <u>Insurance:</u> Seller required to maintain commercial general liability insurance with limits of liability and deductibles consistent with those a prudent owner and its lenders would require. • <u>Major Damage:</u> <ul style="list-style-type: none"> • Seller required to repair damage, other than major damage that occurs as a result of a Force Majeure event. “Major damage” is damage that would take more than 1 year to fix and where the repair costs exceed the present value of the bid price multiplied by the projected output in MWh of the Seller’s Plant for the remainder of the EPA term. • If major damage occurs as a result of a Force Majeure event, Seller can elect to rebuild or to terminate.

Option #1 – Environmental – Green Attributes

Green Projects – Projects that elected to transfer “Green Attributes” to BC Hydro and received Green Credit in the tender evaluation process:

- Ownership of Green Attributes: Buyer acquires all environmental attributes (broadly defined) of Seller’s Plant and energy generated by Seller’s Plant including all credits or other similar instruments for assumed displacement of off-site generation (“Green Attributes”).
- Permit Allocations: Seller retains all liability for on-site emissions and the permit allocations and other rights arising from on-site reductions in greenhouse gas (“GHG”) emissions
- Certification:
 - Seller to obtain Ecologo^M certification by one year after COD and maintain Ecologo^M certification throughout remainder of EPA term.
 - Buyer will pay certification, audit and licensing fees.
- Loss of Green Attributes: If Seller fails to obtain certification by one year after COD or to maintain certification thereafter, or Buyer is required to forfeit Green Attributes to government, energy price reduced by \$3.00/MWh, escalated at CPI. If Seller fails to obtain certification by one year after COD, Seller to refund \$3.00/MWh, escalated at CPI for post-COD energy delivered to that date.
- Buyer Right to Require Cure: Where Seller fails to obtain or maintain certification, Buyer can require Seller to undertake measures necessary to obtain certification and Buyer will reimburse Seller for reasonable costs incurred by Seller in implementing those measures. The payment reduction remains in effect if Buyer invokes this provision. If Seller fails to comply with a direction to cure at Buyer’s cost, Buyer can terminate the EPA.
- Exclusive Remedy: Except as set out in the immediately preceding paragraph, price reduction is the only remedy for failure to maintain certification.
- Prohibition on Sale of Green Attributes: Seller may not sell any Green Attributes to any third party at any time during the EPA term.
- Information Requirements: Seller to provide all information Buyer requires to verify energy generated, maintenance of Ecologo or other applicable certification, and Green Attributes, including participation in Green Attributes and/or energy tracking systems.
- Audit Right: Buyer or its affiliate (or a third party who has entered into a contract with Buyer or its affiliate to purchase Green Attributes from Buyer or its affiliate) can audit Seller’s Plant at Buyer’s or third party’s cost to verify compliance with Ecologo^M, or other applicable certification requirements.

Option #2 – GHG Emission Offset Transfer

Sellers that elected in their tender to transfer GHG emission offset obligations to BC Hydro:

- Buyer Obligation: Buyer to assume GHG emission offset obligation, limited to GHG intensity tendered by Seller.
- Seller Obligation: Seller to retain GHG emission offset obligation in respect of offsets attributable to GHG intensity exceeding that tendered, together with all other GHG-related liabilities and obligations.

APPENDIX 1

Sample Price Premium/Discount Table

	HLH	LLH
January	113%	97%
February	109%	102%
March	105%	100%
April	103%	88%
May	104%	73%
June	104%	71%
July	104%	77%
August	104%	97%
September	105%	98%
October	103%	89%
November	106%	104%
December	117%	101%