

SCHEDULE D

ELECTRICITY PURCHASE AGREEMENT - TERM SHEET

SMALL DISTRIBUTION-CONNECTED PROJECTS (MAXIMUM POWER OUTPUT OF LESS THAN 10 MVA)

The following is a summary of the key terms and conditions of the proposed standard form electricity purchase agreement (“EPA”) for projects connected to the distribution system with a maximum power output of less than 10 MVA as specified in the preliminary interconnection study application.

Parties
<ul style="list-style-type: none"> • Buyer – BC Hydro • Seller – Bidder as specified in the Tender
Term
<ul style="list-style-type: none"> • 25 years from COD <p><i>BC Hydro is considering allowing bidders to elect EPA terms ranging from 15 to 35 years with BC Hydro renewal options extending the full term to 35 years.</i></p>
Renewal
<ul style="list-style-type: none"> • Buyer right to renew for two 5 year renewal terms to a maximum term of 35 years from COD • Seller required to use reasonable commercial efforts to secure permit and tenure extensions for renewal term
Regulatory Filing
<ul style="list-style-type: none"> • The EPA must be filed with the BCUC for review under the Utilities Commission Act. The EPA will contain termination provisions associated with these regulatory requirements
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 the Seller’s tender • <u>Increase in Project Size:</u> Seller may increase project size (MVA) by up to 10% on notice to Buyer at any time up to 30 days prior to COD provided that the Seller has completed all necessary interconnection and network upgrade studies. Seller will be responsible for all interconnection and network upgrade costs, and any delay in completion of interconnection and network upgrades, 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 e-metering and SCADA capability

- Point of Interconnection: Seller will be responsible for any increase in interconnection or network upgrade 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 October 1, 2009
- Early COD: COD can occur up to one year early (ie. October 1, 2008). The Seller will be responsible for any incremental costs resulting from COD occurring before October 1, 2009 (including, without limitation, network upgrade costs)
- 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 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: If COD is delayed solely as a result of a delay in completion of interconnection or network upgrades on the distribution system, where such delay is not attributable to the Seller, COD will be deemed to occur on October 1, 2009 and the Seller will receive payment for the amount of energy the Seller could have delivered during the period from October 1, 2009 to the date of completion of the interconnection and network upgrades. When the interconnection and network upgrades are complete, 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

<p>Outage and monthly reports of actual outages for the preceding month</p> <ul style="list-style-type: none"> • 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 • Planned Outages only allowed April – October • Buyer can require Seller to reschedule a Planned Outage provided that the rescheduling does not have a materially adverse effect on the operation of the Seller’s Plant • Seller required to maintain exemption from regulation as a public utility
<p>Delivery Obligation</p>
<ul style="list-style-type: none"> • <u>Pre-COD Sales to Third Parties:</u> Seller can sell to third parties until the earlier of COD and October 1, 2009 • <u>No Third Party Sales Post-COD:</u> After the earlier of COD and October 1, 2009, Seller required to sell entire output of Seller’s Plant to Buyer • <u>Delivery Point:</u> Point at which Seller’s Plant interconnects with distribution system • <u>Maximize Generation:</u> Seller to maximize generation, subject to fuel/water supply, Force Majeure, Outages etc.
<p>Purchase Obligation</p>
<ul style="list-style-type: none"> • <u>Pre-COD</u> <ul style="list-style-type: none"> • Buyer to make commercially reasonable efforts to accept output from Seller’s Plant after October 1, 2008 • Seller responsible for all incremental costs to advance network upgrades earlier than October 1, 2009 • <u>Post-COD</u> <ul style="list-style-type: none"> • After COD, Buyer required to accept delivery of entire output of Seller’s Plant up to a maximum of 105% of the maximum project capacity of the Seller’s Plant (sized as at COD, subject to the right to increase plant size as set out above) • <u>Excuses</u> <ul style="list-style-type: none"> • 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 • Force Majeure
<p>Price – Initial Term</p>
<ul style="list-style-type: none"> • <u>Pre-COD Energy:</u> \$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
 - Price: Seller's bid price, adjusted by price adjustment table for deliveries in heavy load and light load hours 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 prior to the CFT issue date
 - Flow-Throughs: No flow-throughs or other price adjustments for any price increases or changes in law
 - Escalation: Bid price escalates at 50% of CPI from January 2006 base year
 - "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 suspend firm transmission service
 - Distribution issues not attributable to Seller

The Seller's Plant will not be "deemed available" 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.

- Price Reduction: Price reduced by amount of green credit if Seller fails to obtain or loses Ecologo or other applicable certification. Green credit escalates at CPI. (For a description of the green credit see the Procurement Process Description.)
- Semi-Annual Invoicing: For projects with a maximum power output of less than 3 MVA, Seller will be entitled to issue invoices to Buyer only twice per year for energy delivered during that period
- 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

Price – Renewal Term(s)

- Renewal price will consist of the following three components:
 - For the first renewal term - a \$/MWh amount which is equal to 10% of the firm energy price at time of renewal (ie. as escalated). This portion of the renewal price will escalate during the renewal term at 50% of CPI. For the second and subsequent renewal terms, this portion of the price will simply be carried forward from the last year of the previous term. For example, if this portion of the price was \$5.00/MWh at the beginning of the first renewal

term and that price had escalated to \$5.80 during the first renewal term, this portion of the price would be set at \$5.80 at the beginning of the second renewal term

- A \$/MWh amount for recovery of reasonably estimated operating costs during renewal term. This portion of the renewal price will escalate during the renewal term at 100% of CPI. This portion of the price will be reset at the beginning of each renewal term based on the reasonably estimated operating costs for each renewal term
- A \$/MWh amount to allow for a reasonable return on, and of, any additional capital investment required to allow the Seller's Plant to deliver the monthly firm energy amount during the renewal term. Any such additional capital investment will be amortized over the first renewal term in which such additional capital investment is required. This portion of the price will not escalate during the renewal term
- Thermal generators will be provided with fuel cost protection for the renewal term
- If the parties are unable to agree on the amount determined by application of the pricing principles set out above, the matter will be resolved by arbitration

Security

- Performance Security Amount
 - Seller to provide letter of credit Performance Security on EPA signing – \$60,000/MVA of maximum power output of the Seller's Plant as specified in the preliminary interconnection study application
 - Performance Security amount reduced to \$20,000/MVA of maximum power output of the Seller's Plant on first anniversary of COD
 - Performance Security amount remains constant throughout remainder of EPA term
- 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.
- Release: Performance Security returned on expiry or earlier termination of EPA after satisfaction of Seller's outstanding obligations
- 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 October 1, 2010 (as extended by any Force Majeure that prevents or delays COD provided that Force Majeure extensions don't exceed 365 days)
 - Post COD - No delivered energy for more than 180 days for reasons other than Force Majeure

<ul style="list-style-type: none"> • Post-COD Force Majeure is invoked by Seller and continues for more than 365 days • 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, or • Other material default by Seller that is not cured within specified cure period • <i>Termination Payment:</i> 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 the Performance Security in addition to any other claims or remedies Buyer may have against Seller. In the case of termination based on Force Majeure, the Seller will be required to reimburse the Buyer for all network upgrade costs incurred prior to the date of termination in proportion to the number of years remaining in the EPA term relative to the initial EPA term. • <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/MVA of maximum power output of the Seller’s Plant.

Insurance

<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 MVA 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
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Environmental Attributes

Green Projects – Projects that received Green Credit in the Evaluation Process

<ul style="list-style-type: none"> • <u>Ownership of Green Rights:</u> 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 Rights”)
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- 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 or other applicable certification by one year after COD and maintain Ecologo or other applicable certification throughout EPA term. (“Other applicable certification” means any other certification designated by Buyer as described below under “Alternate Certification Standard”)
 - Buyer will pay certification, audit and licensing fees
- Seller Default: If Seller fails to maintain certification, energy price reduced by amount of green credit. If Seller fails to obtain certification by one year after COD, Seller to refund amount of green credit received during the first year of the Term
- 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. Payment reduction remains in effect if Buyer invokes this provision. If Seller fails to comply with a direction to cure at Buyer’s costs, 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
- No Third Party Sales: Seller cannot sell Green Rights to any third party at any time during the EPA term including when price reduction in effect
- Information Requirements: Seller to provide all information Buyer requires to verify energy generated, maintenance of Ecologo or other applicable certification, and Green Rights, including participation in green rights 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 Rights from Buyer or its affiliate) can audit Seller’s Plant at Buyer’s or third party’s cost to verify compliance with Ecologo, or other applicable certification requirements
- Alternate Certification Standard: Buyer right to require Seller to obtain alternate certification at Buyer’s cost provided no material adverse effect on Seller

Clean Projects – Projects that were considered “Clean” in the evaluation process.

- Ownership of Clean Attributes: Buyer acquires all clean attributes
- Prohibition on Sale of Green Rights and Clean Attributes: Seller may not sell any Green Rights or clean attributes to any third party or make any other use of such Rights or attributes at any time during the EPA term (including renewal terms). (Note that if Seller received green credit in evaluation process, as described above, Buyer acquires all Green Rights)
- Liabilities: Seller retains all liability for on-site emissions and all other environmental liabilities

and the permit allocations and other rights arising from on-site reductions in GHG emissions

- Information Requirements: Seller required to provide all information Buyer requires to verify energy generated and maintenance of clean status including participation in energy tracking systems
- Audit Right: Buyer or its Affiliates can audit Seller's Plant at Buyer's cost to verify maintenance of clean status

GHG Requirements

- Regulatory Requirements: Seller retains all liability for GHG emissions and is responsible to comply with all regulatory requirements with respect to such emissions
- Offset Requirement: Subject to further discussions, Seller may be required to offset some or all of the GHG emissions from the Seller's Plant, beyond any GHG offset requirement established under applicable regulations
- Method of Achieving Offset Requirement: Should there be an offset requirement, BC Hydro is considering two potential methods for the Seller to meet the offset requirement. The Seller would be required to select in its Tender the applicable method of meeting any offset requirement.
 - Option A – At the end of each year during the Term, the Seller makes a payment to Buyer in an amount to be determined based on the actual tonnes of GHG emissions from the Seller's Plant (less any tonnes of GHG emissions for which the Seller acquired offsets under regulatory requirements) multiplied by a specified \$/tonne of GHG emissions from the Seller's Plant. If Seller fails to make such payment within 30 days after receipt of an invoice from the Buyer, Buyer can set-off amount owing against future energy payments or can draw on the Performance Security for the amount owing
 - Option B – Seller assumes obligation to meet the EPA GHG offset requirement. If the Seller fails to deliver evidence to Buyer that it has met the EPA GHG offset requirement, Buyer will be entitled to purchase offsets for any GHG emissions the Seller has failed to offset and the Seller shall reimburse Buyer for the cost of any such offsets. If the Seller fails to pay for such offsets, Buyer will be entitled to set-off the amount owing against future energy payments or draw on the Performance Security in the amount of the costs incurred by Buyer to purchase such offsets.
- Offset Definition: BC Hydro is considering the benefit of requiring BC based offsets. This may facilitate project siting and approval.

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%