

APPENDIX 6

VANCOUVER ISLAND - CALL FOR TENDERS

SUMMARY OF SELLER EPA PERFORMANCE AND DELAY LDs, LIABILITIES AND SECURITIES

(Revised: 3 May 2004)

This Appendix is a summary provided for convenience only. It is not intended to be exhaustive. There may be additional liabilities applicable to particular projects or project configurations. Bidders are advised to carefully review the EPA and all its Appendices. In the event of any conflict between this summary and the EPA, the EPA governs.

EPA Section	Event	Consequence
3.2	Failure to take steps required to enable satisfaction of BCUC approval condition.	\$80,000/MW x Bid Capacity In the case of full tolling gas-fired plants - \$120,000/MW x Bid Capacity
6.7	Demonstrated Capacity is less than 95% of Nominal Capacity in 2 consecutive tests.	Reduction in Nominal Capacity. Reduces BC Hydro payment obligation. Seller may increase Nominal Capacity within 180 days based on further demonstration tests
13.1	Failure to achieve development and construction milestones.	\$/MW amount (secured by Milestone Security) that increases with each missed milestone from \$2,000/MW for Material Permits milestone to \$7,000/MW for Synchronization milestone. Milestone Security returned if COD is achieved by Guaranteed COD Date.
13.2	COD delay.	\$222/MW/day (\$333/MW/day for full tolling gas-fired plants). This liability is in addition to the LDs for missed Milestones, if any. Maximum LD is \$222 or \$333/MW/day X 180 days. For full tolling gas-fired plants, Seller is also liable for the cost of unutilized gas transportation commitments in excess of increased LD amount. No contractual limit of liability.

13.3	Shortfall in Capacity at COD compared to Bid Capacity.	<p>\$80,000/MW for each MW below 95% of Bid Capacity.</p> <p>For full tolling gas-fired plants - \$120,000/MW for each MW below 95% of Bid Capacity.</p>
13.4	Post-COD capacity shortfall.	<p>\$/MW amount for each MW below 95% of Nominal Capacity. The \$/MW amount commences at \$80,000/MW (\$120,000/MW for full tolling gas-fired plants) and declines at 1 year intervals over the Term.</p>
17.4	Termination by BC Hydro for missed Milestone, late COD or Seller Default.	<p>Seller required to pay Termination Payment. From EPA execution to 1st anniversary of COD - \$80,000/MW (\$120,000/MW for full tolling gas-fired plants) x Bid Capacity or Nominal Capacity depending on date of termination. After 1st anniversary of COD Termination Payment declines at 1 year intervals over the Term.</p> <p>For full tolling gas-fired plants, Seller is also liable for the reasonable costs of terminating commitments to the Gas Transporter in excess of the increased Termination Payment. No contractual limit of liability.</p>
17.2(c)	Termination by Seller for failure to obtain Material Permits after using best efforts	<p>\$20,000/MW x Bid Capacity. For full tolling gas-fired plants, Seller is also liable for the reasonable costs of terminating commitments to the Gas Transporter. No contractual limit of liability.</p>
13.5, 17.7	Deliberate Breach.	<p>BC Hydro can elect to sue for general damages. No contractual limitation of liability.</p>
13.5	Liability for breaches of the EPA not subject to LD provisions.	<p>General Damages. No contractual limitation of liability, except in the case of termination for breach where the Termination Payment under Section 17.4 caps the liability.</p>

Appendix 3	<p>Payment reduction based on availability.</p> <p>Heat Rate Bonus/Penalty (Applicable only to gas-fired tolling plants other than “split bids”).</p> <p>Fuel Use Bonus/Penalty (Applicable only to gas-fired tolling plants other than “split bids”).</p>	<p>CC Payment (CC), OMC Payment (OMC), SUP (Start-Up Payment) and EC Payment reduced by \$250/MW x Demonstrated Capacity for every 1% shortfall in availability below 97% to a maximum amount equal to \$16,667/MW x Demonstrated Capacity (\$20,000/MW in the case of full tolling gas-fired plants).</p> <p>Amount of Heat Rate Bonus/Penalty depends on Guaranteed Heat Rate, gas price, gas toll (if applicable), and actual heat rate.</p> <p>Amount of Fuel Use Bonus/Penalty depends on guaranteed fuel use during starts, gas price, gas toll (if applicable), and actual fuel use during Starts</p>
Appendix 17 – Network Upgrades	Early termination of EPA except where the Seller terminates for a Buyer Default.	Seller required to repay all or a portion of the Network Upgrade Costs incurred by BC Hydro to the date of termination. Amount of repayment obligation declines at 1 year intervals after COD.

SECURITIES

(All in the form of a Letter of Credit except the Subordinated Mortgage)

EPA Section	Description	Amount of Security
14.3	Milestone Security - Posted if Milestone not achieved by Guaranteed Milestone Date.	Amount of Milestone LDs (see above). Returned without deduction if COD achieved by Guaranteed COD Date.
14.1	Development Security - Posted on EPA Execution. Released on COD.	\$80,000/MW \$120,000/MW for full tolling gas-fired plants.

14.2	Operating Security - Posted on COD.	<p>\$80,000/MW</p> <p>\$120,000/MW for full tolling gas-fired plants.</p> <p>After 1st anniversary of COD, \$/MW amount declines at 1 year intervals over the Term.</p>
14.4	Capacity Shortfall Security - Posted at Provisional COD. Called upon completion of Nominal Capacity Reset Test if Capacity shortfall persists.	<p>\$80,000/MW of shortfall below 95% of Bid Capacity</p> <p>\$120,000/MW for full tolling gas-fired plants.</p>
14.9	Subordinated Mortgage.	Registered against title to Project Assets.
Appendix 17	Network Upgrade Security. Posted at time BCUC condition is satisfied or waived.	<p>Prior to completion of Network Upgrades – Amount of Network Upgrade Cost Estimate.</p> <p>Upon completion of Network Upgrades – Adjusted to actual amount of Network Upgrade Costs. Subject to reduction at 1 year intervals during the Term.</p>