ADDENDUM No. 1

dated July 30, 2004 to the
Ministry of Energy's Request for Proposals for
300 MW of Renewable Energy Supply
referenced as RFP No. SSB-065230

This Addendum No. 1 contains amendments to the Request for Proposals posted on the Ministry's Renewables RFP website on June 24, 2004, which shall form an integral part of, and supercede those portions of, the Request for Proposals as more particularly set out below. Prospective Proponents should note that while the amendments generally involve certain selected words within each paragraph, the revised paragraph is set out below in its entirety in order to avoid any potential confusion.

1. Section III.E.7.b is deleted and replaced with the following:

b. Prospective Proponents are advised that as part of the process of developing a generating facility, certain connection-related assessments (depending on the type of connection required) are required to be conducted in order to review the impact of the project on the electricity system; in general, a project connecting to the transmission system will require a "System Impact Assessment" and a "Customer Impact Assessment", while one connecting to a distribution system will need a "Connection Impact Assessment" and, if it has potential impacts on the reliability of the interconnected system, a "System Impact Assessment" and also a "Customer Impact Assessment". Prospective Proponents are directed to review the specifications set out in the OEB's Transmission System Code (in particular, section 9.1 thereof entitled New or Modified Generator Connections), the Market Rules (in particular, Chapter 4 - Section 6 thereof), the IMO's Connection Assessment and Approval Process (in particular, Market Manual 2.10), the transmitters' Load & Generation Connection Process (filed with the Ontario Energy Board), and the OEB's Distribution System Code (in particular, Section 6.2 thereof entitled Responsibilities to Generators), to determine which requirements are applicable to the Proponent's proposed facility. For greater certainty, this requirement will be deemed to be satisfied by the submission of the following documents, if required by the aforementioned specifications in connection with the facility:

<u>System Impact Assessment (by the IMO)</u>

(i) a completed System Impact Assessment report prepared by the IMO; or

(ii) an executed copy of a "System Impact Assessment" (SIA) Agreement between the Proponent and the IMO for the System Impact Assessment for the proposed project. Before the SIA Agreement can be executed, the Proponent is required to submit a completed application form accompanied by a deposit to the IMO. The SIA Agreement includes a description of the

scope of work required to determine the impact of the project on the electricity system.

Customer Impact Assessment (by the Transmitter)

(i) a completed Customer Impact Assessment or Preliminary Customer Impact Assessment report prepared by the transmitter; or

(ii) all of the following three (3) documents:

(1) an executed copy of a "Preliminary Study Agreement" between the Proponent and the transmitter for the "Preliminary Customer Impact Assessment" for the proposed project. This requires a payment to the transmitter as specified in the agreement, and includes a description of the scope of work required to determine the impact of the proposed project on the customers in the area; and

(2) a copy of the application form accepted by the transmitter as complete for a "Preliminary Customer Impact Assessment"; and

(3) a copy of the "Scope of the Study", identifying the transmitter's requirements for the "Preliminary Customer Impact Assessment", specified by the transmitter and added to the IMO's Scope of the Study.

Connection Impact Assessment (by the Distributor)

(i) a completed assessment of the project impact on the distribution system, which would be an Impact Assessment, Connection Assessment, Connection Impact Assessment or Preliminary Connection Impact Assessment, or equivalent; or

(ii) both of the following two (2) documents:

(1) An executed copy of the "Preliminary Study Agreement" between the Proponent and the distributor for the proposed project. This requires a payment to the distributor as specified in the "Preliminary Study Agreement", and includes a description of the scope of work required to determine the impact of the proposed project on the distribution system; and

(2) A copy of the application form accepted by the distributor as complete for a "Preliminary Connection Impact Assessment".

2. The first paragraph of Section III is deleted and replaced by the following:

> Only Prospective Proponents, namely those entities or persons who submitted Statements of Qualifications in accordance with the RFQ, are entitled to submit Proposals in response to this Renewables RFP. For a proposed Renewable Generating Facility for which a Statement of Qualifications was submitted in accordance with the RFQ, if the Prospective Proponent changes between the time of submission of the Statement of Qualifications and the time of submission of the Proposal, the Proposal must include a written notice, signed by the Prospective Proponent which originally submitted the Statement of Qualifications, informing the Ministry of the change and certifying that the Proposal is for the same proposed Renewable Generating Facility as set forth in the Statement of Qualifications. A Proponent may submit a Proposal for more than one Renewable Generating Facility, subject to the restrictions set out in Sections III.D.2 and III.D.3. Only one Proposal shall be provided for each proposed Renewable Generating Facility.

3. The second paragraph of Section V.A. is deleted and replaced by the following:

> The RES Contract requires the Supplier to design, build, operate and maintain the Renewable Generating Facility as outlined in its Proposal, using good engineering and operating practices and in compliance with the Market Rules and applicable laws and regulations. The RES Contract shall require that all materials and equipment installed in the Contract Facility must be new and not previously used, other than where turbines, generators and step-up transformers installed in the Contract Facility are not new, in which case such turbines, generators and step-up transformers must be covered by a warranty consistent with good engineering and operating practices. The Renewable Generating Facility is to attain Commercial Operation no later than December 31, 2007. Proponents are solely responsible for meeting federal, provincial and municipal permits, licences and approvals that are currently, or become in the future, required for the development, construction and operation of the project and the delivery of energy or for the delivery of any Related Products.

4. The definition of "Biomass" in Appendix B: Glossary of Terms is deleted and replaced with the following:

> Means organic matter that is derived from a plant and available on a renewable basis, including organic matter derived from dedicated energy crops, dedicated trees, agricultural food and feed crops, and waste organic material from harvesting or processing agricultural products, forestry products and sewage, provided that:
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> (i) waste organic material shall contain no treated by-products of manufacturing processes (e.g. treated chipwood, plywood, painted or varnished wood, pressure treated lumber, or wood contaminated with plastics or metals); and
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> (ii) supplementary non-renewable fuels used for start up, combustion stabilization and low combustion zone temperatures shall be no more than 3.00% of the total fuel heat input in any calendar year.