ADDENDUM No. 2

dated August 4, 2004 to the
Renewable Energy Supply (RES Contract)
associated with the Ministry of Energy's
Request for Proposals for
300 MW of Renewable Energy Supply
referenced as RFP No. SSB-065230

This Addendum No. 2 contains amendments to the RES Contract posted on the Ministry's Renewables RFP website on June 24, 2004 which will be reflected and incorporated into the RES Contract to be executed by the Buyer and Successful Proponents. Prospective Proponents should note that while the changes 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. In Section 1.1, the following new definitions are added:

   a. "**Initial Contract Price**" is an amount equal to the Contract Price as initially set out in Exhibit "B".

   b. "**Indexed Portion**" or "$\mathbf{IP_y}$" has the meaning ascribed to it in Section 3.5.

   c. "**Unindexed Portion**" or "**UIP**" has the meaning ascribed to it in Section 3.5.

2. In Section 1.1, the definition of "**Contract Price**" is deleted and replaced with the following:

   "**Contract Price"** or "$\mathbf{CP_y}$" means the price, expressed in dollars and cents per MWh, for each MWh of Contract Energy delivered to the Delivery Point during the Term, as calculated and adjusted in accordance with Section 3.5.

3. In Section 1.1, the definition of "**Related Products**" is deleted and replaced with the following:

   "**Related Products**" means all capacity products, Ancillary Services, transmission rights and Environmental Attributes that may be traded in the IMO-Administered Markets or other markets, but which, for greater certainty, shall exclude steam and hot water produced by the Facility.

4. Section 3.1(b) is deleted and replaced with the following:

   (b) From and after the Commercial Operation Date, the Supplier agrees to sell and to deliver to the Delivery Point, and the Buyer agrees to purchase,

   (i) the Contract Energy at the Contract Price;

   (ii) the Above-Cap Energy at the price determined in accordance with Section 3.4(c); and

   (iii) where the Nameplate Capacity is greater than the Contract Capacity and the Total Contract Energy is not separately metered

from the Energy From Nameplate Capacity, the Supplier's Energy for the Market Price,

and the Supplier agrees to sell, and the Buyer agrees to purchase, all Contract Related Products as requested or approved by the Buyer for no additional remuneration (except as expressly set forth in Section 3.4), and the Supplier agrees to deliver all Contract Related Products as requested or approved by the Buyer to the IMO-Administered Markets or other markets on behalf, or for the benefit, of the Buyer. The Supplier covenants not to sell, supply or deliver any Contract Related Products to the IMO-Administered Markets or other markets, unless such Contract Related Products have been requested or approved by the Buyer. For greater certainty, all Related Products which relate to the Supplier's Capacity shall belong to the Supplier.

5. Section 3.4(g) is deleted and replaced with the following:

(g) in relation to the supply and delivery of any Contract Related Products pursuant to Section 3.1(b), excluding Operating Reserve for which the Supplier is compensated under Section 3.4(d):

(i) the incremental costs incurred by the Supplier for that month in excess of the cost of production of the Total Contract Energy, relating to the supply and delivery of such Contract Related Products, and which costs are reasonable and have first been verified and approved by the Buyer (the "**Approved Incremental Costs**"); plus

(ii) an amount equal to 25% of the difference, if positive, of the total revenues received by the Buyer from the sale of such Contract Related Products in the IMO-Administered Markets or other markets for that month less the Approved Incremental Costs,

For greater certainty, the Buyer shall not be obligated to pay any amounts to the Supplier under this Section 3.4(g) unless the Buyer has requested such Contract Related Products pursuant to Section 3.1(b) or the Supplier has first obtained the Buyer's prior written approval to the supply and delivery of such Contract Related Products.

6. Section 3.5 is deleted and replaced with the following:

3.5 Indexation of Portion of Contract Price

The Parties agree that a portion equal to fifteen percent (15%) of the Initial Contract Price shall be indexed (with such portion, as adjusted for indexation as set out below, being the "**Indexed Portion**") to the percentage increase or decrease (if any) between the Consumer Price Index effective as of January 1 of each year during the Term and the Consumer Price Index effective as of January 1 of the prior year, with the exception of the first year of the Term, where the percentage increase or decrease (if any) as calculated above shall then be prorated by the ratio of the number of days from the Commercial Operation Date to and including December 31 of that year in which the Commercial Operation Date falls, divided by 365. The remaining eighty-five percent (85%) of the Initial Contract Price (the "**Unindexed Portion**") shall not be subject to any

indexation whatsoever. The Contract Price for a given calendar year during the Term is the sum of the Unindexed Portion and the Indexed Portion, and is calculated as follows:

$\mathbf{CP}_y = UIP + IP_y$	
where:	
CP_y	is the Contract Price applicable in calendar year "y" during the Term, expressed in $/MWh.
UIP	is the Unindexed Portion, expressed in $/MWh.
IP_y	is the Indexed Portion applicable in calendar year "y" during the Term, expressed in $/MWh, as adjusted for indexation as set out above on January 1 of such year.