



MINISTRY OF ENERGY

by its agent Ontario Shared Services

REQUEST FOR PROPOSALS

**FOR UP TO 1,000 MW OF RENEWABLE ENERGY SUPPLY
FROM RENEWABLE GENERATING FACILITIES
WITH A CONTRACT CAPACITY OF
BETWEEN 20.0 MW AND 200.0 MW, INCLUSIVE**

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1.0 INTRODUCTION

1.1 INVITATION FOR PROPONENTS

This document (the “Renewables II RFP”) is a request for proposals for renewable energy supply issued by Her Majesty the Queen in right of Ontario as represented by the Minister of Energy. This Renewables II RFP is intended to procure a total capacity of up to 1,000 MW of renewable energy supply from Renewable Generating Facilities. This Renewables II RFP describes all of the terms relating to the process of procuring this renewable energy supply.

Prospective Proponents are invited to submit Proposals for Renewable Generating Facilities with a RES II Contract Capacity of between 20.0 MW and 200.0 MW, inclusive, as further described in Section 2.4 of this Renewables II RFP – Description of Deliverables.

As further described in Section 3.4, Proposals to expand or upgrade a Renewable Generating Facility that otherwise satisfy the minimum mandatory technical and financial requirements are eligible to participate in the procurement process set out in this Renewables II RFP. However, prospective Proponents are advised that in the case of a proposed expansion or upgrade to a Renewable Generating Facility that is subject to a renewable energy supply contract awarded under the 300 MW Renewables RFP (the “RES Contract”), the total of the RES Contract Capacity and the RES II Contract Capacity of the resulting expanded or upgraded Renewable Generating Facility cannot exceed 200.0 MW. For example, if the Renewable Generating Facility under a RES Contract has a RES Contract Capacity of 99.0 MW, the maximum RES II Contract Capacity that may be proposed for any expansion of, or upgrade to, the Renewable Generating Facility pursuant to this Renewables II RFP is 101.0 MW.

More detailed descriptions of the Deliverables to be procured through this Renewables II RFP, the Proposal submission and evaluation process, the terms and conditions of this Renewables II RFP procurement process, and a description of selected terms of the RES II Contract, are provided in Sections 2.0, 3.0, 4.0 and 5.0 of this Renewables II RFP, respectively. Interested parties are advised that the RES II Contract has also been issued and should be reviewed in its entirety for a more detailed and complete description of the respective rights and obligations of the parties, and not simply those selected provisions that are summarized in this Renewables II RFP.

1.2 COMMUNICATIONS WITH RESPECT TO THIS RENEWABLES II RFP

Interested parties may submit their questions and comments regarding this Renewables II RFP and the RES II Contract through the dedicated website: www.ontarioelectricityrfp.ca under “Renewables II RFP” and “Submit a Question” within the timeframes specified for questions and comments set out in Section 4.1. All questions and comments submitted by interested parties

within the specified timeframes regarding this Renewables II RFP, and all responses thereto, will be posted to the website without identifying the interested parties who have submitted such questions and comments.

1.3 DEFINITIONS

Capitalized terms used in this Renewables II RFP shall have the respective meanings ascribed to them in the Glossary of Terms set out in Appendix B. Unless otherwise indicated, references to Sections and Appendices are references to Sections and Appendices in this Renewables II RFP.

2.0 DESCRIPTION OF DELIVERABLES

2.1 BACKGROUND

The Government of Ontario is committed to making electricity from renewable sources an important part of Ontario's energy future. The Government of Ontario has set targets of having 1,350 MW of renewable generating capacity to be in service by the year 2007, and 2,700 MW to be in service by the year 2010. As a first step towards achieving these targets, the Government of Ontario issued the 300 MW Renewables RFP, and on November 24, 2004, the Government of Ontario announced the suppliers that had been awarded RES Contracts pursuant to the 300 MW Renewables RFP. Together, these suppliers represent facilities with an aggregate capacity of approximately 395 MW.

This Renewables II RFP solicits proposals for additional renewable energy supply from up to 1,000 MW of Renewable Generating Facilities to be in service prior to October 31, 2008; however, in order to encourage Proponents to supply the electricity and Related Products as soon as practicable, the RES II Contract contains incentives for Renewable Generating Facilities to generate and deliver electricity prior to December 31, 2007. This Renewables II RFP and the structure of the RES II Contract will further assist the Government of Ontario in achieving these renewable energy capacity targets.

2.2 ONTARIO POWER AUTHORITY

The Ontario Power Authority (the "OPA") is a statutory corporation without share capital established under the Electricity Act, 1998. (Ontario). The relevant provisions of the Electricity Act, 1998 creating and establishing the OPA were proclaimed in force on December 20, 2004. The statutory objects of the OPA include, engaging in: (i) activities in support of the goal of ensuring adequate, reliable and secure electricity supply and resources in Ontario; and (ii) activities to facilitate the diversification of sources of electricity supply by promoting the use of cleaner energy sources and technologies, including alternative energy sources and renewable energy sources. In order to be able to pursue these as well as its other statutory objects, the OPA is empowered under the Electricity Act, 1998, to enter into contracts relating to the procurement of electricity supply and capacity using alternative energy sources or renewable energy sources, either pursuant to a direction of the Minister of Energy, or pursuant to a procurement process that has been formulated in accordance with its approved integrated power system plans. However, as the OPA may not have an approved integrated power system plan and an approved procurement process in place by the time the RES II Contracts are entered into, the Minister of Energy will, in that case, direct the OPA, as Buyer, to enter into the RES II Contracts pursuant to this Renewables II RFP. Pursuant to the terms of the Electricity Act, 1998,

the costs of the OPA, including the costs of the RES II Contracts, will be recovered from all electricity consumers through appropriate settlement mechanisms.

Interested parties are advised that credit ratings for the OPA have been issued by Moody's and DBRS and have been posted on the "General Information and Documents" section of the website: www.ontarioelectricityrfp.ca.

2.3 PRESENT ACTION

This Renewables II RFP furthers the Government of Ontario's commitment to meet its renewable energy targets. The requirements set out in this Renewables II RFP have been formulated in consultation with the Ministry of Natural Resources, the Ministry of the Environment, the Ministry of Finance, the Ministry of Municipal Affairs and Housing, Hydro One and the IESO.

Following the evaluation of all of the Proposals received in response to and in accordance with this Renewables II RFP, the Ministry will select Proposals for up to 1,000 MW of RES II Contract Capacity as further described in Section 2.4 of this Renewables II RFP – Description of Deliverables.

This Renewables II RFP is a further opportunity for the private sector to contribute to building new generating capacity in Ontario. Additional initiatives relating to renewable electricity generation are expected to follow in the near future, including a request for proposals for up to 200 MW of renewable energy supply from renewable generating facilities which have a contract capacity of under 20.0 MW, which was announced at the same time as this Renewables II RFP. This additional request for proposals is expected to be issued in draft form within several weeks of the release of the final Renewables II RFP and the RES II Contract.

The fact that a prospective Proponent does not submit a Proposal in response to this Renewables II RFP, or the failure by a Proponent to become one of the Selected Proponents, does not in any way imply that the renewable energy project proposed by that party would not be eligible for future requests for proposals, or other procurements of renewable energy supply or generating capacity. Moreover, prospective Proponents are advised that neither this Renewables II RFP, nor any of the other procurement initiatives described above, are intended to preclude or restrict an interested party in any way from proceeding with the development of projects for new generating facilities outside of these procurement initiatives.

2.4 DESCRIPTION OF DELIVERABLES

All Selected Proponents will sign a RES II Contract, pursuant to which the Selected Proponent shall be the "Supplier" and the OPA shall be the "Buyer". The RES II Contract shall take effect from the date it is signed by both parties and shall expire twenty (20) years after the Term

Commencement Date. However, where the Term Commencement Date is on or before December 31, 2007, the Term shall expire on October 31, 2028 unless the Supplier elects to have the Term expire twenty (20) years after the Term Commencement Date, instead.

This Renewables II RFP is restricted to Intermittent Generation Facilities and Self-Scheduling Generation Facilities. Dispatchable generation facilities are not eligible to participate in this Renewables II RFP.

The RES II 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. In particular, expansions or upgrades to Renewable Generating Facilities are eligible to participate in this Renewables II RFP, as are Renewable Generating Facilities that are aggregated in accordance with the requirements of Section 3.4(a)(iii).

The RES II Contract is for the provision of the electricity output of the Renewable Generating Facility and for the provision of the Related Products, which will be comprised of Ancillary Services, Capacity Products, transmission rights, and Environmental Attributes, regardless of whether or not there is presently a market for any of such Related Products. The annual electricity output for which a Supplier will be entitled to receive the Proposal Price is subject to a cap to be set forth in the executed RES II Contract and which is calculated as 125% of the expected annual electricity output of the Renewable Generating Facility (in MWh) to be delivered to the Delivery Point. The RES II Contract does not specifically prescribe a minimum quantity of electricity or Related Products to be generated and delivered at any time, although the Supplier will be required to operate the Renewable Generating Facility in accordance with the RES II Contract.

The Renewable Generating Facility, which will have a RES II Contract Capacity between 20.0 MW and 200.0 MW, inclusive, must attain Commercial Operation by no later than October 31, 2008; however, in order to encourage Proponents to supply electricity and Related Products to the Buyer as soon as practicable on or before December 31, 2007, the RES II Contract allows a Supplier that achieves Commercial Operation on or before December 31, 2007 to sell, and obligates the Buyer to purchase, the electricity and Related Products produced by the Renewable Generating Facility at the prices set out in the RES II Contract for a Term that commences on the Term Commencement Date and expires on October 31, 2028 unless the Supplier elects to have the Term expire twenty (20) years after the Term Commencement Date.

A Supplier will be required to supply all electricity and Related Products to the Delivery Point, which will align with the defined point of sale as prescribed by the Market Rules. The Buyer will be the "metered market participant" under the Market Rules for the electricity and Related

Products purchased from the Renewable Generating Facility. If the metering point for the Renewable Generating Facility is not located at the Delivery Point, as is the case for embedded generating facilities (i.e. facilities that are connected to a Local Distribution System), for example, the metered output will be adjusted by the IESO using loss adjustment factors to account for any distribution or transmission losses incurred in reaching the Delivery Point. The loss adjustment factors are approved by the OEB for each LDC or Transmitter, and are provided to the IESO by the metering service provider at the time of registration with the IESO of the meters for the Renewable Generating Facility.

A Supplier will be entitled to the payments set out in the RES II Contract as outlined in Section 5.3. It is recognized that the value of the electricity supplied by Suppliers to the marketplace is partly a function of the price of market electricity displaced. Electricity consumers benefit to the extent that electricity can be supplied by Suppliers during periods of higher market prices, effectively reducing the market clearing price for all electricity consumers. While the intent is to simplify the RES II Contracts and payment mechanisms, the importance of supplying electricity at times of higher price must be recognized. To this end, the RES II Contracts provide for certain incentives and revenue sharing, in addition to payment for electricity supplied.

A more detailed summary of select terms of the RES II Contract is set out in Section 5.0 of this Renewables II RFP.

2.5 NO GUARANTEE OF VALUE OF CONTRACT OR EXCLUSIVITY OF CONTRACT

The Ministry makes no guarantee of the value of the RES II Contract to be awarded to a Selected Proponent. The RES II Contract executed with a Selected Proponent, as a Supplier, will not be an exclusive contract for the provision of the described Deliverables. The Ministry and the OPA may contract with others for the same or similar Deliverables to those described in this Renewables II RFP or may otherwise obtain the same or similar Deliverables by other means.

2.6 AGREEMENT ON INTERNAL TRADE

Proponents should note that procurements falling within the scope of Chapter 5 of the Agreement on Internal Trade are subject to that chapter, but that the rights and obligations of parties shall be governed by the specific terms of each particular procurement process. For further reference, please see the Internal Trade Secretariat website at www.intrasec.mb.ca.

3.0 SUBMISSION AND EVALUATION OF PROPOSALS

3.1 OVERVIEW OF STAGES OF PROPOSAL EVALUATION

The Renewables II RFP evaluation process will be divided into three (3) separate and distinct stages:

Stage 1 – Evaluation for Completeness

Stage 2 – Technical and Financial Evaluation

Stage 3 – Proposal Price Evaluation

These three stages are summarized below. Prospective Proponents are referred to Sections 3.2, 3.3, and 3.7, respectively, which describe these stages in further detail.

(a) Stage 1 - Evaluation for Completeness

This stage is an initial screening of the information and documentation submitted in the Proposal to ensure that Proponents have submitted complete Proposals. It is the responsibility of Proponents to complete all questionnaires, statements, and forms as instructed, to supply all required supporting documentation, and to ensure that the Proposal Security is in the correct form and amount. The Evaluation Team will verify that the Proponent has completed all questionnaires and has provided all required declarations, statements, and other documents, including the Proposal Security, subject to the reserved rights of the Ministry set out in Section 4.9(b). The Ministry reserves the right to request clarification of any element of any Proposal after the Proposal Submission Deadline in accordance with Section 4.4. Only complete Proposals, including Proposals for which all clarifications have been satisfactorily resolved, will proceed to Stage 2. All other Proposals shall be disqualified.

For any Proposal disqualified in Stage 1, only the Proposal Security and the unopened envelope containing the Proposal Price Statement shall be returned to the Proponent. After the Ministry has announced all Suppliers, the original copy of the Proposal shall be returned to the Proponent upon written request by the Proponent.

(b) Stage 2 - Technical and Financial Evaluation

In this stage, all Proposals that have passed Stage 1 will be evaluated on a pass/fail basis by the Evaluation Team based on an assessment of the Proponent's Technical and Financial Submission.

The Evaluation Team will assess, based on the response to the Technical Questionnaire and Financial Questionnaire and supporting documentation, whether each Proposal satisfies each of the stated minimum mandatory technical and financial requirements. The Ministry reserves the right to request clarification of any element of any Proposal after the Proposal Submission Deadline in accordance with Section 4.4.

Prospective Proponents are advised that documentation and information provided by a Proponent to satisfy each of the minimum mandatory technical and financial requirements set forth in Sections 3.4 and 3.5, respectively, is subject to review by the Ministry to determine whether such statements and information are correct and accurate. At any stage during this Renewables II RFP process, if such statements or information are determined by the Ministry to be incorrect or misleading, the Ministry reserves the right to re-evaluate the Proponent's compliance with the minimum mandatory technical and financial requirements.

Only those Proposals which pass all of the technical and financial evaluations will proceed to the Proposal Price evaluation stage (Stage 3). For greater clarity, any Proposal that fails to satisfy any one or more of the minimum mandatory technical or financial requirements, whether or not any clarification has been requested and given, will not be considered further and will be disqualified.

For any Proposal disqualified in Stage 2, only the Proposal Security and the unopened envelope containing the Proposal Price Statement shall be returned to the Proponent. After the Ministry has announced all Suppliers, the original copy of the Proposal shall be returned to the Proponent upon written request by the Proponent.

(c) Stage 3 - Proposal Price Evaluation

In this stage, the Ministry will select such Proposals from among the Proposals that have passed both Stage 1 and Stage 2 as are determined to most cost-effectively deliver electricity for projects with a cumulative RES II Contract Capacity of up to 1,000 MW. This stage is comprised of the following four steps:

- (i) To reflect limits in the IESO-Controlled Grid, the Proposal Price evaluation includes a Sub-Zone Screen, which is described as follows. Based on the proposed Connection Point of the Renewable Generating Facility identified in each Proposal, the Ministry will identify any Proposals that passed both Stage 1 and Stage 2 and that are located within a Restricted Sub-Zone. The Restricted Sub-Zones are designated in Appendix L, and prospective Proponents are advised that the Technical Questionnaire will not permit a Proponent to state

alternate Connection Points unless all of the Connection Points are located in the same Restricted Sub-Zone, or none of the Connection Points are located in any Restricted Sub-Zone. Within a given Restricted Sub-Zone, Proposals will be ranked in ascending order of Proposal Price, and the Proposals with the lowest Proposal Prices up to, but not including, the marginal Proposal (or marginal Proposals, where there are two or more marginal Proposals that have the identical Proposal Price) that cause(s) the cumulative RES II Contract Capacities to exceed the Sub-Zone Limit for that particular Restricted Sub-Zone will continue to be evaluated.

- (ii) The Proposals that pass the Sub-Zone Screen will then be considered together with the Proposals that passed both Stages 1 and 2 and that were not subject to the Sub-Zone Screen, and ranked in one stack in order from lowest to highest Proposal Prices (the "Stack"). The Ministry will select Proposals from the Stack starting with the lowest Proposal Price, proceeding to the one ranking second lowest, and continuing to select according to the ranking of Proposals by Proposal Price. The Ministry will continue to select Proposals, subject to its reserved rights set out in Section 3.7, up to and including the marginal Proposal (or marginal Proposals, where two or more marginal Proposals have the identical Proposal Price) that cause(s) the total RES II Contract Capacity of the selected Proposals to exceed 450 MW. Once these initial Proposals have been selected, the Weighted Average Price of all such selected Proposals will be calculated to establish a price ceiling, expressed in \$/MWh, equal to 110% of such Weighted Average Price (the "Price Ceiling").
- (iii) Once the Price Ceiling has been established, the Ministry will continue to select, in ascending order of Proposal Price, all additional Proposals with Proposal Prices that are less than or equal to the Price Ceiling up to, but not including, the marginal Proposal (or marginal Proposals, where two or more marginal Proposals have the identical Proposal Price) that cause(s) the total RES II Contract Capacity of the selected Proposals to exceed 1,000 MW, subject to the Ministry's reserved rights described in Section 3.7. Moreover, if the total RES II Contract Capacity for all Proposals selected up to the initial Price Ceiling pursuant to Section 3.7(c) is less than 1,000 MW, the Ministry may increase the Price Ceiling to a value that is no greater than 115% of the Weighted Average Price noted above, and continue to select any additional Proposals in accordance with Section 3.7(c).

- (iv) If a Proposal that was subject to, and had passed, the Sub-Zone Screen becomes invalid, the Ministry will conduct the Sub-Zone Screen and all subsequent steps of the Proposal Price evaluation again, save and except for the establishment of the Price Ceiling, which will not be recalculated or adjusted under any circumstances. If any Proposal that was not subject to the Sub-Zone Screen becomes invalid, then such Proposal will be disregarded and the Ministry will conduct the Proposal Price evaluation again, save and except for the establishment of the Price Ceiling, which will not be recalculated or adjusted under any circumstances.

The Ministry's selections shall be subject to the approval of the Management Board of Cabinet of the Government of Ontario.

3.2 EVALUATION FOR COMPLETENESS (STAGE 1)

The Proposal shall consist of completed versions of the following documents, which shall be evaluated for completeness in Stage 1:

- (a) Responses to the Technical and Financial Questionnaires and Supporting Documents

The completed Technical Questionnaire as provided as Appendix C and the completed Financial Questionnaire as provided as Appendix D. The responses to such questionnaires will be used for the purposes of the technical and financial evaluations set out in Sections 3.4 and 3.5.

- (b) Additional Declarations

The completed Statutory Declaration, Conflict of Interest Declaration, Tax Compliance Declaration, and the Proponent Core Team Declaration in the forms provided as Appendix H, Appendix I, Appendix J, and Appendix M, respectively.

- (c) Proposal Price Statement

The completed Proposal Price Statement in a separate, sealed, opaque envelope marked "Proposal Price Statement" followed by the name of the Proponent and the name of the project. Given that the Proposal Price Statement shall only be opened for Proposals if and when a Proposal reaches Stage 3, the Evaluation for Completeness in Stage 1 shall only verify whether the envelope is provided in the form required, at the location required and by the deadline required. The form of the Proposal Price Statement is provided as Appendix E. Prospective Proponents are advised that the Proposal Price and any other information provided by the Proponent in the Proposal Price Statement

shall not be disclosed or described in any other part of the Proposal, failing which the Proposal shall be disqualified.

(d) Proposal Security

The Proposal Security described in Section 3.8, by way of certified cheque, bank draft, or letter of credit in the form provided in Appendix F or bid bond in the form provided in Appendix G, as applicable.

If applicable, a Confidentiality Statement, as described in Section 3.9(d) and in a form prepared by the Proponent, may be included as part of the Proposal.

Apart from the completion of any blanks, bullets, or similar uncompleted information, a Proponent may not make amendments to the pre-printed wording of the forms of Technical Questionnaire, Financial Questionnaire, Proposal Price Statement, Statutory Declaration, Conflict of Interest Declaration, Tax Compliance Declaration, Proponent Core Team Declaration, the Letter of Credit Form (if applicable) of the Proposal Security, and the Bid Bond Form (if applicable) of the Proposal Security. Prospective Proponents are advised that the forms of certain of the Appendices will be made available from the Renewables II RFP section of the website www.ontarioelectricityrfp.ca in a writable PDF format. Any amendments made by the Proponent to the Technical Questionnaire, Financial Questionnaire, Proposal Price Statement, Statutory Declaration, Conflict of Interest Declaration, Tax Compliance Declaration, Proponent Core Team Declaration, the Letter of Credit Form (if applicable) of the Proposal Security, and the Bid Bond Form (if applicable) of the Proposal Security, whether on the face of such forms or contained elsewhere in the Proposal, may result in disqualification of the Proposal, subject to the reserved rights of the Ministry set out in Section 4.9(b).

3.3 TECHNICAL AND FINANCIAL EVALUATION (STAGE 2)

The Technical and Financial Evaluation will be conducted based on the information and documentation provided by the Proponent in response to the Technical Questionnaire set out in Appendix C as well as the Financial Questionnaire set out in Appendix D. Prospective Proponents should note that certain of the minimum mandatory technical and financial requirements, as identified below, will be fulfilled or satisfied by the Proponent simply stating in the response to the Technical Questionnaire or Financial Questionnaire that the requirement is met or by the Proponent providing the required information as part of the response to the Technical Questionnaire or Financial Questionnaire, and may not be verified or evaluated by the Evaluation Team for the purposes of evaluating the Proposal under Section 3.0. However, prospective Proponents are advised that all statements and information submitted as part of the

Proposals are subject to verification, and subject to enforcement in accordance with the terms of this Renewables II RFP and the RES II Contract.

3.4 MINIMUM MANDATORY TECHNICAL REQUIREMENTS

The objective of the technical evaluation of a Proposal is to assess whether the proposed project is technically sound and the proposed facility is reasonably expected to attain Commercial Operation by no later than October 31, 2008, or such earlier date as the Proponent has specified in light of the incentives in the RES II Contract for the Supplier to supply electricity and Related Products as soon as practicable and before December 31, 2007. This will be considered to be the case only if the proposed project satisfies each of the minimum mandatory technical requirements set out below, which will be evaluated based on the information provided in response to the Technical Questionnaire set out in Appendix C. Prospective Proponents are advised that submission of all of the applicable information required by the Technical Questionnaire is mandatory and must be submitted for the Proposal to be complete.

The eleven (11) minimum mandatory requirements are as follows:

- (a) The proposed facility must meet each of the following specifications:
 - (i) Is a Renewable Generating Facility, or an expansion or upgrade to a Renewable Generating Facility which provides incremental electricity and additional capacity above and beyond that which would otherwise have been provided by the existing Renewable Generating Facility. A Renewable Generating Facility includes a converted generating facility that has, for the four most recent quarters of its operation that occurred prior to March 31, 2005, used a fuel that is ineligible under this Renewables II RFP for more than 50% of the total fuel heat input of such generating facility. This requirement will be satisfied by the Proponent's statements to this effect in response to the Technical Questionnaire and in the case of a converted generating facility, a statement from an independent professional engineer qualified to practice engineering in Ontario certifying that an ineligible fuel comprised more than 50% of the total fuel heat input for the relevant period.
 - (ii) Is located within the Province of Ontario. This requirement shall be evaluated based on the information submitted by the Proponent in response to Section 3.4(d).
 - (iii) Does not have a Connection Point that is located within any Excluded Sub-Zone; in addition, if the proposed facility has more than one Connection Point and any Connection Point is located in any Restricted Sub-Zone, then all Connection

Points must be located within the same Restricted Sub-Zone. The single line electrical diagram will be reviewed by the Evaluation Team (and if necessary by Hydro One and/or the IESO), in addition to the statement made above, to verify the location of the proposed Connection Point.

- (iv) Has a RES II Contract Capacity from 20.0 MW to 200.0 MW, inclusive. For greater certainty, in the case of a proposed expansion or upgrade to a Renewable Generating Facility, the project must increase the capacity of the Renewable Generating Facility by at least 20.0 MW. Prospective Proponents are also reminded that in the case of a proposed expansion or upgrade to a Renewable Generating Facility that is subject to a RES Contract, the total of the RES Contract Capacity and RES II Contract Capacity of the resulting expanded or upgraded Renewable Generating Facility cannot exceed 200.0 MW.

Two or more Renewable Generating Facilities may be aggregated by the Proponent so as to be considered as a single Renewable Generating Facility for purposes of this Renewables II RFP, the Proposal, and the RES II Contract, provided that each such Renewable Generating Facility being aggregated:

- (A) meets the other requirements for a Renewable Generating Facility set out in this Renewables II RFP; and
- (B) is controlled by the same Proponent;

and that:

- (C) if any one or more of the multiple renewable generating facilities is located within a Restricted Sub-Zone, then the Connection Points of all multiple renewable generating facilities must be located in the same Restricted Sub-Zone;
- (D) all multiple renewable generating facilities must be encompassed in a single Proposal with a RES II Contract Capacity which is equal to the aggregate combined RES II Contract Capacity of the multiple renewable generating facilities; and
- (E) for purposes of the RES II Contract, the aggregation of such multiple renewable generating facilities is otherwise treated as a single Renewable Generating Facility.

This requirement shall be satisfied by the Proponent stating that the RES II Contract Capacity is between 20.0 MW and 200.0 MW in the response to the Technical Questionnaire;

- (v) Is connected to the IESO-Controlled Grid or to a Local Distribution System, and is a participant in the IESO-Administered Markets. The requirement will be

satisfied by the Proponent's statement to this effect in the response to the Technical Questionnaire;

- (vi) Had not attained commercial operation before January 20, 2004 but will attain Commercial Operation no later than October 31, 2008. However, the requirement to not have attained commercial operation before January 20, 2004 shall not apply to a Renewable Generating Facility that is being expanded or upgraded, nor to a conversion of a generating facility, referred to in Section 3.4(a)(i). Moreover, for purposes of the January 20, 2004 date noted above, commercial operation shall mean that the Renewable Generating Facility commences operation in compliance with all laws and regulations after the completion of construction, completion of connection and synchronization to the IESO-Controlled Grid or to a Local Distribution System and completion of all commissioning tests. This requirement shall be evaluated based on information and data submitted by the Proponent, including, but not limited to, settlement statements or operational data clearly indicating the start of commercial operation; and
- (vii) If the proposed facility has additional generating capacity beyond the RES II Contract Capacity (i.e. which will include situations where there are expansions or upgrades of an existing Renewable Generating Facility, or situations where a portion of the capacity being developed under the project is not part of the RES II Contract Capacity), the Proponent must state whether the electricity output for purposes of the RES II Contract, defined as the "Total Contract Capacity" in the RES II Contract, can or cannot, regardless of the cost, be metered separately from any other output of the facility to the IESO-Controlled Grid or to a Local Distribution System. However, if the electricity output of the RES II Contract Capacity cannot, regardless of the cost, be separately metered from the electricity output to the IESO-Controlled Grid or Local Distribution System of any and all other generating capacity, the Proponent must provide:
 - (A) in the case of a proposed expansion or upgrade of a Renewable Generating Facility that was in commercial operation for a period of at least the last five (5) calendar years prior to the Proposal Submission Deadline, the quantity of electricity (in MWh) generated by such Renewable Generating Facility for each month over the last five (5) calendar years prior to the Proposal Submission Deadline. This data will be used in the RES II Contract to establish the baseline amount of electricity supplied by the existing Renewable Generating Facility and to therefore determine the quantity of electricity that is deemed to be delivered by the expansion or upgrade and the corresponding compensation to the Supplier. This requirement will be satisfied by the Proponent's provision of such data in its response to the Technical

Questionnaire and the verification of such data by the Evaluation Team. Prospective Proponents are advised that the Evaluation Team may verify such data by comparing the information provided by the Proponent with: (i) the data for the same period provided to the Ministry and the Evaluation Team by Ontario Electricity Financial Corporation, the IESO, and/or the LDC, as applicable, or (ii) if provided by the Proponent as part of its Proposal, a certificate from an independent professional engineer qualified to practice engineering in the province of Ontario certifying the quantity of electricity (in MWh) generated by such existing Renewable Generating Facility for each month over the last five (5) calendar years prior to the Proposal Submission Deadline. Pursuant to the declaration attached as Appendix H, the Proponent authorizes Ontario Electricity Financial Corporation, the IESO, and/or the LDC, as applicable, to provide such information; or

- (B) in all other cases, the Nameplate Capacity of the facility which, for greater certainty, will be used in the RES II Contract to determine the quantity of electricity that is deemed to be delivered and the corresponding compensation to the Supplier.
- (b) The lands of the proposed facility site must be located at a distance of at least one (1) kilometer from the lands of any other facility or facilities proposed by the same Proponent or on behalf of the same Proponent Core Team (other than the Proponent), where the combined RES II Contract Capacities set out in the Proposals for all such proposed facilities, plus the RES Contract Capacity of any facilities expanded or upgraded by such Proposals, exceeds 200.0 MW. Otherwise, all such Proposals shall be disqualified. For the purposes of this Section 3.4(b), the distance between lands of the proposed facilities shall be calculated along the straight-line path between the closest points of the boundaries of the lands of the proposed facilities to each other, and lands over which a proposed facility enjoys an easement shall be considered to be the lands of that proposed facility. This requirement will be satisfied by the Proponent's statement to this effect in response to the Technical Questionnaire and the information provided in Section 3.4(d).
- (c) The combined RES II Contract Capacities of all Proposals submitted in response to this Renewables II RFP by the same Proponent or on behalf of the same Proponent Core Team (other than the Proponent) must be less than or equal to 400.0 MW; otherwise, all such Proposals shall be disqualified. This requirement will be satisfied by the Proponent's statement to this effect in the Technical Questionnaire.
- (d) The Proponent must submit as part of the Proposal a description of the proposed facility site. To satisfy this requirement, this description must include:
 - (i) a map showing the location of the proposed facility site in relation to neighbouring roads and lands. Such map should be drawn to a scale of no less than 1:10,000 and no greater than 1:100,000, and should be at least 6 inches by

6 inches in size. The map shall be utilized, together with the plan of survey or its equivalent required below in Section 3.4(d)(ii) and the documentation submitted in response to the requirement in Section 3.4(e), to confirm that the proposed facility site is located in the Province of Ontario as required in Section 3.4(a)(ii) and to confirm that the location of the proposed facility site corresponds to the plan of survey required below, as well as for general information purposes;

- (ii) a plan of survey or its equivalent, delineating the boundaries of the lands for the site, including any easements appurtenant to such lands. The survey or its equivalent should utilize Universal Transverse Mercator (NAD-83) coordinates to reference the lands and appurtenant easements. The survey shall be utilized to identify the lands described in Section 3.4(b) and to confirm that the location of such lands meets the requirements of this Renewables II RFP, as well as for general information purposes; and
 - (iii) a description of the project site and a diagram, clearly indicating anticipated placement of key components of the proposed facility on the lands for the site (for example, if a wind facility, show anticipated placement of wind turbines).
- (e) The Proponent must submit as part of the Proposal a copy of one of the following: (i) registered title to the lands for the proposed facility site as evidenced by a registered transfer; or (ii) a registered lease, licence, or agreement to use the land for the site with a term starting no later than the milestone date for the commencement of construction provided by the Proponent in response to the applicable question in Appendix C and expiring no earlier than the end of the Term; or (iii) an executed agreement to purchase the land for the site with a closing date no later than the milestone date for the commencement of construction provided by the Proponent in response to the applicable question in Appendix C; or (iv) an executed agreement entitling the Proponent to an option to purchase the land for the site with a term commencing no later than the milestone date for the commencement of construction provided by the Proponent in response to the applicable question in Appendix C; or (v) an executed agreement entitling the Proponent to an option to lease, licence, or use the land for the site with a term starting no later than the milestone date for the commencement of construction provided by the Proponent in response to the applicable question in Appendix C and expiring no earlier than the end of the Term. Where the Proponent has an option to purchase, lease, licence, or use the land for the site, such option must be exercisable at any time by the Proponent for at least one hundred and twenty (120) days after the Proposal Submission Deadline. If, pursuant to the foregoing provisions, the Proponent is required to submit leases, licences, or agreements, as applicable, for more than ten (10)

different sites and each such lease, licence, or agreement, as applicable, has been executed using the same standard form, then instead of providing an executed copy of each such lease, licence, or agreement, as applicable, the Proponent may provide one copy of such standard form together with: (1) a statement by the Proponent setting out, in summary form, all information (including the parties, description of the site, commencement date, term, and closing date) that is particular to each such individual lease, licence, or agreement, as applicable; and (2) a certificate of an officer of the Proponent stating that all of the leases, licences, or agreements, as applicable, for all such sites have been signed and are in full force and effect.

Alternatively, if the project involves Crown resources that are not defined as reserves under the Indian Act (Canada) or special reserves under Section 36 thereof, and in lieu of the foregoing provisions, the following shall constitute the requirements to be met under this Section 3.4(e), namely: the Proponent must provide written confirmation from the Ministry of Natural Resources that the Proponent has been identified as the "Applicant of Record" or has been granted an "Option to Lease Agreement". This requirement shall be satisfied by the Proponent submitting a copy of the letter from the Ministry of Natural Resources confirming the Proponent's status as an Applicant of Record or a copy of the executed Option to Lease Agreement.

Alternatively, if the project involves lands that are defined as reserves under the Indian Act (Canada) or special reserves under Section 36 thereof, and in lieu of the foregoing provisions, the following shall constitute the requirements to be met under this Section 3.4(e), namely: the Proponent must provide written confirmation from the band council for the lands that the Proponent has been given permission to use the lands for the proposed project with a term starting no later than the milestone date for the commencement of construction provided by the Proponent in response to the applicable question in Appendix C and expiring no earlier than the end of the Term. This requirement shall be satisfied by the Proponent submitting written confirmation from the band council for the lands confirming that the Proponent has been given permission to use the lands for the proposed project with a term starting no later than the milestone date for the commencement of construction provided by the Proponent in response to the applicable question in Appendix C and expiring no earlier than the end of the Term.

- (f) The Proponent must make one of the following three statements, as applicable:
 - (i) a statement of the category to which the proposed project belongs according to the Ontario Ministry of the Environment's "Guide to Environmental Assessment Requirements for Electricity Projects" dated March 2001, as referred to in O. Reg. 116/01 to the Environmental Assessment Act (Ontario) entitled "Electricity

Projects”. If this statement is made, prospective Proponents should note that the aforementioned Guide describes three (3) possible categories: Category A, B, and C. If the proposed project is within Category B as referred to in the aforementioned Guide (i.e. a project subject to an environmental screening process), the Proponent must also submit as part of the Proposal a copy of the published “Notice of Commencement of a Screening” in accordance with the aforementioned Guide, together with a statement of where and when such publication took place if it is not already set out on the published notice. If the proposed project is within Category C as referred to in the aforementioned Guide (i.e. a project which requires an individual environmental assessment), the Proponent must submit as part of the Proposal a copy of the “Terms of Reference” as submitted to the Ministry of the Environment in respect of such individual environmental assessment, together with a statement of the date of such submission if it is not already set out on the submission. The Proponent’s statement in the Technical Questionnaire of the category to which the proposed project belongs, as verified according to the “Guide to Environmental Assessment Requirements for Electricity Projects” noted above, and the submission of a copy of all applicable documentation, as described above, will satisfy the requirement of this Section 3.4(f); or

- (ii) a statement that the proposed project falls under the “Class Environmental Assessment for Modifications to Hydroelectric Facilities” prepared under the Environmental Assessment Act (Ontario). If this statement is made, the Proponent will be required, in response to the Technical Questionnaire and in satisfaction of this Section 3.4(f), to provide a statutory declaration of an officer of the Proponent stating that the proposed project falls under the “Class Environmental Assessment for Modifications to Hydroelectric Facilities” together with a copy of all notices that are required pursuant to Section 4.2.6 (entitled “ER Planning Process”) of the Class Environmental Assessment for Modifications to Hydroelectric Facilities. Prospective Proponents are advised that the Evaluation Team may verify such declaration with the Ministry of Natural Resources and the Ministry of the Environment, as applicable; or
- (iii) a statement that the *Environmental Assessment Act* (Ontario) does not apply to the proposed project such as the case, for example, of a proposed project that is located entirely on lands that are defined as reserves under the *Indian Act* (Canada) or special reserves under Section 36 thereof. The foregoing statement is made, however, on the understanding that the *Environmental Assessment Act* (Canada) may apply to the proposed project. If this statement is made, the Proponent will be

required, in response to the Technical Questionnaire and in satisfaction of this Section 3.4(f), to provide a statutory declaration of an officer of the Proponent stating that the *Environmental Assessment Act* (Ontario) does not apply to the proposed project and the specific reasons for such exemption. Moreover, prospective Proponents are advised that the Evaluation Team may verify such declaration with the Ministry of the Environment and the Ministry of Natural Resources.

- (g) The Proponent must have notified the relevant local municipality (or municipalities) and planning authority (or planning authorities) of the Proponent's project. This requirement shall be satisfied by the Proponent submitting as part of the Proposal a copy of the written notice(s) delivered to the municipality (or municipalities) and planning authority (or planning authorities), notifying them of the proposed project, together with a statement of the date of such delivery if it is not already set out on the notice. Alternatively, and if the proposed project is entirely on lands that are defined as reserves under the *Indian Act* (Canada) or special reserves under Section 36 thereof, this requirement shall be satisfied by the Proponent's submission of the written confirmation from the band council for the lands that is required under Section 3.4(e).
- (h) The Proponent must submit as part of the Proposal the completed schedule of major project milestones, in the form set out in Appendix C, identifying the respective dates by which the Proponent will attain each of the following milestone events:
- obtaining project and site approvals, and permitting;
 - completion of connection assessments including approval from the IESO, the Transmitter, and LDC, as applicable;
 - engineering, equipment procurement, and construction contract(s) executed;
 - financial closing;
 - equipment ordered;
 - equipment delivered;
 - commencement of construction;
 - completion of construction;
 - connection of facility to the IESO-Controlled Grid or Local Distribution System; and
 - Commercial Operation, which must occur on or before October 31, 2008.

Prospective Proponents are advised that, should a Proponent become a Selected Proponent, the milestone dates specified in the Proposal will be transcribed into the schedule of milestones contained in Exhibit F of the RES II Contract, but may be subject to revision by the Selected Proponent in accordance with the terms of the RES II Contract. This requirement will be satisfied by a Proponent submitting a completed schedule of milestone dates in its response to the Technical Questionnaire.

- (i) The Proponent must provide the expected electricity output of the Renewable Generating Facility flowing from the RES II Contract Capacity together with the methodology by which these expected quantities have been derived, together with such supporting data for these expected quantities relating to the source or fuel to be consumed by the Renewable Generating Facility as is sufficient that the calculation of the expected electricity output stated above may be independently verified, at the Ministry's option. For greater certainty, if and to the extent that there is data relating to the actual electricity output of an existing Renewable Generating Facility that was in commercial operation for a period of less than the last five calendar years prior to the Proposal Submission Deadline, such data should also be included as part of the data that is submitted in support of the expected electricity output. At a minimum, such expected quantities must provide for the annual electricity output (in MWh) flowing from the RES II Contract Capacity to be delivered to the Delivery Point and for hourly electricity output (in MWh) flowing from the RES II Contract Capacity to be delivered to the Delivery Point for each hour in an average day of each month. Proponents are advised that the annual quantity cap on the electricity to be purchased under the RES II Contract for the Proposal Price shall be an amount equal to 125% of the expected annual electricity output flowing from the RES II Contract Capacity to be delivered by the Renewable Generating Facility to the Delivery Point. The following additional information must be provided in relation to these expected quantities flowing from the RES II Contract Capacity:

- (i) If the proposed facility is a wind facility:
 - (A) a list and summaries of any studies that were conducted to collect wind data that the Proponent relied upon in determining the expected electricity output of the Renewable Generating Facility, including the dates of the studies and the time period covered;
 - (B) the number of wind turbines in the proposed facility which collectively comprise the RES II Contract Capacity, and the capacity of each wind turbine; and
 - (C) wind data that supports the expected electricity output delivered and an explanation of the method used to develop these expected quantities.
- (ii) If the proposed facility is a waterpower facility:

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- (A) water flow data that the Proponent relied upon in determining the expected electricity output of the Renewable Generating Facility, specifying the location at which the water flow measurements were taken to collect such data and the time period covered;
 - (B) minimum, maximum, and expected average head; and
 - (C) an explanation of the methodology used to translate the expected head and flow rate into the expected electricity output.
 - (iii) If the proposed renewable project is for Renewable Biomass, Bio-fuel, Bio-gas or landfill gas:
 - (A) a description of the fuel source(s) and how such sources are available on a renewable basis. If multiple fuel sources are used, provide percentage of generation associated with each fuel type. Prospective Proponents are advised to review the definition of Renewable Biomass set forth in Appendix B which contains limitations on the amount of certain supplementary fuels which can be used;
 - (B) a description of how each fuel will be extracted or obtained and the amount to be used;
 - (C) for projects operating on landfill gas, a list and summaries of any studies conducted to measure the fuel source that were relied upon by the Proponent including the dates of the studies, the time period and the forecast period covered, if any; and
 - (D) an explanation of the methodology used to determine the expected electricity output delivered.
 - (iv) If the proposed renewable project is solar, the following information must be included:
 - (A) a description of system details, and the estimated useful life of significant plant components, and the expected capacity factor degradation over the Term, if applicable; and
 - (B) an explanation of the methodology used to determine the expected electricity output delivered.
 - (j) Prospective Proponents are advised that, as part of the process of developing a generating facility, certain connection-related assessments are required to be conducted in order to review the impact of the proposed generating facility on the electricity system and existing customers. In general, a proposed generating facility connecting to the IESO-Controlled Grid will require a "System Impact Assessment" and a "Customer Impact Assessment", while one connecting to a Local 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 IESO Connection Assessment and Approval process (in particular, Market Manual 2.10), the Transmitters’ Load & Generation Connection Process (filed with the OEB), 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 generating facility.

In order for the connection related assessments to be completed in a timely manner, it is essential that prospective Proponents contact the IESO and the appropriate Transmitter or LDC as early as possible.

If required by the specifications set out in the first paragraph of this Section 3.4(j), the Proponent must submit the following documents as part of the Proposal:

System Impact Assessment (which is prepared and executed by the IESO)

- (i) a completed System Impact Assessment report which has been prepared and issued by the IESO; or
- (ii) an executed copy of a “System Impact Assessment” (SIA) Agreement between the Proponent and the IESO for the System Impact Assessment for the proposed project.

Customer Impact Assessment (which is prepared and executed by a Transmitter)

- (i) a completed Customer Impact Assessment or Preliminary Customer Impact Assessment report which has been prepared and issued by the relevant Transmitter; or
- (ii) both of the following two (2) documents:
 - (A) an executed copy of a “Preliminary Study Agreement” between the Proponent and the Transmitter for the “Preliminary Customer Impact Assessment” for the proposed project; and
 - (B) a copy of a letter or other documentation from the Transmitter evidencing that the application form for a “Preliminary Customer Impact Assessment” has been accepted by the Transmitter.

Connection Impact Assessment (which is prepared and executed by a LDC)

- (i) a completed assessment of the project impact on the distribution system prepared and issued by the LDC, 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:

- (A) an executed copy of the "Preliminary Study Agreement" between the Proponent and the LDC for the proposed project; and
- (B) a copy of a letter or other documentation from the LDC evidencing that the application form for a "Preliminary Connection Impact Assessment" has been accepted by the LDC.

(k) The Proponent Team must have "sufficient prior experience", as that term is defined below, in each of the areas of planning, development, construction and operation with respect to at least one (1) generating facility which has entered into commercial operation, other than the proposed Renewable Generating Facility. For the purposes of this requirement, "sufficient prior experience" means:

- (i) that, with respect to planning, at least one (1) member of the Proponent Team must have been in a managerial capacity for at least one (1) year in the function of project organization, site acquisition, and technical design;
- (ii) that, with respect to development, at least one (1) member of the Proponent Team must have been in a managerial capacity for at least one (1) year in the function of permitting, financing, negotiation of EPC, design-build or other construction contracts, fuel procurement contracts and other project development contracts;
- (iii) that, with respect to construction, at least one member of the Proponent Team must have been in a managerial capacity for at least one (1) year in the function of the supervision of a general contractor retained to construct a generating facility pursuant to an EPC, design-build or other construction contract; and
- (iv) that, with respect to operation, at least one member of the Proponent Team must have been in a managerial capacity for at least one (1) year in the function of the supervision of an operator or manager retained to operate a generating facility pursuant to an operations or similar agreement.

Moreover, for purposes of this requirement, commercial operation shall mean that the generating facility commences operation in compliance with all laws and regulations after the completion of construction, completion of connection and synchronization to the relevant local transmission or local distribution system, and completion of all commissioning tests.

The Proponent must clearly indicate in its response to the Technical Questionnaire which member of the Proponent Team satisfies each of the foregoing requirements for experience (and should provide the names of any specific personnel) and must describe such experience in form of a resume, curriculum vitae, and any professional designation(s). There may be one Proponent Team member or several Proponent Team members satisfying each of the above-noted requirements; moreover, the experience relating to each area of experience does not have to pertain to the same generating facility.

3.5 MINIMUM MANDATORY FINANCIAL REQUIREMENTS

The objective of the financial evaluation of a Proposal is to assess whether the financing plan provided by the Proponent is sound and that the project can reasonably be expected to attain Commercial Operation by October 31, 2008, or such earlier date as the Proponent has specified in light of the incentives in the RES II Contract for the Supplier to supply electricity and Related Products as soon as practicable and before December 31, 2007.

A Proposal will be considered to pass the financial evaluation if the Proponent satisfies each of the applicable minimum mandatory financial requirements based on the information provided by the Proponent in response to the Financial Questionnaire attached as Appendix D. Prospective Proponents are advised that all of the information required by the Financial Questionnaire is mandatory and must be submitted for the Proposal to be complete.

The minimum mandatory requirements for equity, debt, and non-equity/non-debt financing are more particularly set out in Sections 3.5(a), (b), and (c), respectively. In recognition of the wide range of financing alternatives available to Proponents, the Financial Questionnaire requires the Proponent to categorize the financing for the project by providing a complete description of the financing plan for the project, comprising all sources of current and future financing or credit support for the project, including the names of all sources of financing, the characterization of each source as either equity, debt, or other (i.e. neither debt nor equity), the amount of financing provided by each such source, and the total amount of financing for the project. For greater certainty, loans from affiliated entities, project partners, and loans that are subordinated to the primary or senior project financing should be reported as equity. To the extent that a given type of financing has been specified by a Proponent in its financing plan, the minimum mandatory requirements that apply to such type of financing must be satisfied.

If, and to the extent that, the direct provider of equity, debt, or other financing to the Proponent, in turn, requires the financial assistance or credit support of any other entity (including its parent, subsidiary, or affiliate) in order to be able to directly provide such financing to the Proponent, then such other entity (including a parent, subsidiary, or affiliate) providing the financial assistance or

credit support must satisfy the requirements of this Section 3.5 as if it were directly funding the Proponent; in addition, the Proponent must also provide the commitment letter of the direct provider of equity, debt, or other funding in accordance with this Section 3.5.

(a) Equity Sources Of Financing

If, and to the extent that, the financing plan specifies that equity (including loans from affiliated entities, project partners, and loans that are subordinated to the primary or senior project financing) is a source of financing for the proposed project:

(i) the Proponent must submit:

- (A) to the extent that the equity structure for the project is not yet in place at the time of submission of the Proposal, a commitment letter from each equity provider, as described in the financing plan submitted in response to the Financial Questionnaire, stating that equity provider's "agreement in principle" (as that term is described in Section 3.5(d) below) to advance or provide its equity contribution by the milestone date for financial closing provided by the Proponent, and specifying the amount of the proposed or actual equity contribution, as applicable; or
- (B) to the extent that the equity structure for the project is in place at the time of submission of the Proposal, a confirmation letter from each equity provider, as described in the financing plan submitted in response to the Financial Questionnaire, confirming that its equity is in place and the amount of its equity contribution.

- (ii) in respect of 35% or more of the total project equity, the Proponent must submit a list of the names of any one equity provider who accounts for the 35% or more of the total project equity, or if applicable, any group of equity providers who together account for the 35% or more of the total project equity, together with each such equity provider(s)' percentage contribution of total project equity, and evidence (as described below) of each such equity provider(s)' Tangible Net Worth. Such one equity provider, or group of equity providers on a collective basis, shall have Tangible Net Worth in at least the amount per MW of RES II Contract Capacity set out in Table 1 below that is applicable to the project:

Total Project Equity as a % of Total Project Financing	Minimum Tangible Net Worth (in \$ per MW of RES II Contract Capacity)
Up to and including 25.0% of Total Project Financing	\$125,000/MW
> 25.0% to and including 50.0% of Total Project Financing	\$250,000/MW
> 50.0% to and including 75.0% of Total Project Financing	\$375,000/MW

> 75.0% to and including 100.0% of Total Project Financing	\$500,000/MW
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Table 1: Selecting the Applicable Value of Tangible Net Worth (in \$/MW)

By way of example, for illustration purposes only, assume a Proposal for a Renewable Generating Facility with a RES II Contract Capacity of 80 MW, and assume that the proposed Renewable Generating Facility requires total project financing of \$75,000,000 which will be funded by way of an equity contribution in the amount of \$25,000,000 from a number of equity providers, and a \$50,000,000 credit facility to be advanced by a Category A Lender (as that term is described in Section 3.5(b)(v)(A) below). Based on the foregoing, the equity contribution of \$25,000,000 represents 33.3% (i.e. \$25,000,000 divided by \$75,000,000) of the total project financing, and the applicable minimum Tangible Net Worth figure for purposes of this financial requirement is \$250,000 per MW of RES II Contract Capacity. Accordingly, the Proponent will satisfy the Tangible Net Worth requirement by demonstrating that either a single equity provider, or a group of equity providers on a collective basis, will contribute at least \$8,750,000 (i.e. 35% of \$25,000,000) of project equity and that such equity provider has, or such group of equity providers on a collective basis have, a Tangible Net Worth greater than or equal to \$20,000,000 (i.e. \$250,000/MW multiplied by 80 MW).

However, and in addition to the foregoing, if any equity provider listed by the Proponent under Section 3.5(a)(ii) is also listed as an equity provider in respect of more than one Proposal submitted by the same Proponent or the same Proponent Core Team, then the Tangible Net Worth of such equity provider must be equal to or exceed the combined Tangible Net Worth requirements for all such Proposals; otherwise, all such Proposals shall be disqualified.

The Proponent shall satisfy the requirement of evidence of Tangible Net Worth by providing:

- (A) the financial statements of the applicable equity provider(s) either:
 - (1) for the most recently completed fiscal year; or
 - (2) for the most recently completed four (4) quarters on a rolling basis.

Financial statements must be audited, but if audited financial statements are not available, then an officer of the equity provider must provide a

statutory declaration stating that such financial statements present fairly, in all material respects, the financial position of the equity provider in conformity with GAAP;

(B) whether financial statements are audited or unaudited, an officer of each applicable equity provider must confirm, either:

- (1) by providing a certificate to the best of his or her knowledge; or
- (2) if the equity provider has shares or units of ownership that are listed on a recognized stock exchange, by providing a copy of a public update by the equity provider within 60 days of its most recently completed fiscal quarter as to the equity provider's financial condition,

that since the date of the financial statements no facts or circumstances have arisen that are reasonably expected to materially adversely affect the equity provider's financial condition as set out in the annual reports or financial statements submitted in response to this requirement. Without limiting the generality of the foregoing and for purposes of this Section 3.5(a)(ii)(B), facts and circumstances that, estimated reasonably and in accordance with GAAP, result in a reduction in Tangible Net Worth below the minimum Tangible Net Worth required by this Section shall be deemed to materially adversely affect the equity provider's financial condition. If and to the extent that there are facts or circumstances that would materially adversely affect the equity provider's financial condition as set out in the annual reports or financial statements, the Proponent must also provide a statutory declaration stating, in detail:

- (3) any facts or circumstances that are reasonably expected to materially adversely affect the equity provider's financial condition as set out in the annual reports or financial statements submitted in response to this requirement; and
- (4) the revised value of the equity provider's Tangible Net Worth, estimated reasonably and in accordance with GAAP having regard to the facts and circumstances set out in Section 3.5(a)(ii)(B)(3), together with the calculations supporting such revised value of the equity provider's Tangible Net Worth.

(C) at the option of the Proponent, and whether financial statements are audited or unaudited, an officer of any one or more applicable equity

providers may, in addition to the confirmation set out in Section 3.5(a)(ii)(B) above, provide a statutory declaration stating, in detail,

- (1) any facts or circumstances that are reasonably expected to materially improve the equity provider's financial condition as set out in the annual reports or financial statements submitted in response to Section 3.5(a)(ii); and
- (2) the revised value of the equity provider's Tangible Net Worth, estimated reasonably and in accordance with GAAP having regard to the facts and circumstances set out in Section 3.5(a)(ii)(C)(1), together with the calculations supporting such revised value of the equity provider's Tangible Net Worth.

The evidence of Tangible Net Worth in Section 3.5(a)(ii)(A) and the statutory declarations and confirmations set out in Sections 3.5(a)(ii)(B) and (C) above will be used by the Evaluation Team to verify the Tangible Net Worth of each such equity provider (or group of equity providers) and whether each such equity provider (or group of equity providers) meets the minimum Tangible Net Worth Requirements set out in this Section 3.5(a)(ii);

- (iii) the equity provider(s) accounting for 35% or more of the total project equity listed in response to the above requirement must each:

- (A) have an Investment Grade Credit Rating, and in such case, the Proponent must provide all available credit ratings for such equity provider(s) from the following agencies: Standard and Poor's Rating Services ("S&P"), Moody's Investors Services Inc. (Moody's), Dominion Bond Rating Service Limited ("DBRS"), and Fitch IBCA, if and as applicable; however, if any such credit rating(s) are not publicly available, then the Proponent must provide a letter from the applicable rating agency confirming the credit rating of the equity provider; or
- (B) provide a confirmation letter from a financial institution or entity, meeting the minimum requirements of a Category A Lender set forth in Section 3.5(b)(v)(A) below, that the equity provider(s) has credit available under an approved facility sufficient to fund its equity contribution. For greater certainty, evidence of funds on deposit or cash equivalents, being assets that would be recorded pursuant to GAAP as 'cash' on the balance sheet of the equity provider(s), will not be sufficient to satisfy this requirement; or
- (C) provide a certificate of an officer of the equity provider setting out the debt coverage ratio of the equity provider which shall be calculated as of either, at the option of the equity provider:

- (1) the last day of the most recently completed fiscal year, or

- (2) the last day of the most recently completed four (4) quarters on a rolling basis,

by dividing Debt by EBITDA (as each of such terms are more particularly defined in the Glossary attached in Appendix B), which ratio must be no greater than 7:1. The certificate of the officer shall also set out the calculations of Debt and EBITDA. The Proponent must also provide financial statements of the equity provider, either for the most recently completed fiscal year, or the most recently completed four (4) quarters on a rolling basis, as applicable.

Financial statements must be audited, but if audited financial statements are not available, then an officer of the equity provider must provide a statutory declaration that such financial statements present fairly, in all material respects, the financial position of the equity provider in conformity with GAAP.

In addition, whether financial statements are audited or unaudited, an officer of each applicable equity provider must confirm:

- (3) by providing a certificate to the best of his or her knowledge, that since the date of the financial statements no facts or circumstances have arisen that would reasonably be expected to materially adversely affect the equity provider's operating revenues from cash flow as set out in the annual reports or financial statements submitted in response to this requirement. Without limiting the generality of the foregoing and for purposes of this Section 3.5(a)(iii)(C), facts and circumstances that, estimated reasonably and in accordance with GAAP, result in an increase in the Debt to EBITDA ratio above the maximum Debt to EBITDA ratio required by this Section shall be deemed to materially adversely affect the equity provider's operating revenues from cash flow; or
- (4) where the equity provider has shares or units of ownership that are listed on a recognized stock exchange, by providing a copy of a public update by the equity provider within 60 days of its most recently completed fiscal quarter as to the equity provider's financial condition which states since the last day of the most recently completed fiscal quarter no facts or circumstances have

arisen that are reasonably expected to materially adversely affect the equity provider's operating revenues from cash flow as set out in the annual reports or financial statements submitted in response to this requirement.

However, if and to the extent that there are facts or circumstances that would materially adversely affect the equity provider's operating revenues from cash flow as set out in the annual reports, financial statements, or public updates, as applicable, the Proponent must also provide a statutory declaration stating, in detail:

- (5) any facts or circumstances that would materially adversely affect the equity provider's operating revenues from cash flow as set out in the annual reports, financial statements, or public updates, as applicable, submitted in response to this requirement; and
- (6) the revised values, estimated reasonably and in accordance with GAAP, of the equity provider's values of Debt and EBITDA, and the resulting revised Debt to EBITDA ratio, having regard to the facts and circumstances set out in Section 3.5(a)(iii)(C)(5) above, together with the calculations supporting such revised value of the equity provider's Debt to EBITDA ratio.

In addition, and at the option of the Proponent whether financial statements are audited or unaudited, an officer of any one or more applicable equity providers may, in addition to the confirmation set out above in this Section 3.5(a)(iii)(C), provide a statutory declaration stating, in detail,

- (7) any facts or circumstances that would materially improve the equity provider's operating revenues from cash flow as set out in the annual reports, financial statements, or public updates, as applicable, submitted in response to this requirement; and
- (8) the revised values, estimated reasonably and in accordance with GAAP, of the equity provider's values of Debt and EBITDA, and the resulting Debt to EBITDA ratio, having regard to the facts and circumstances set out in Section 3.5(a)(iii)(C)(7), together with the calculations supporting such revised value of the equity provider's Debt to EBITDA ratio.

The evidence of Debt and EBITDA and the confirmations required in this Section 3.5(a)(iii)(C) will be used by the Evaluation Team to verify the Debt and EBITDA of each such equity provider (or group of equity providers) and whether each such equity provider (or group of equity providers) meets the minimum Debt to EBITDA requirements set out in this Section 3.5(a)(iii)(C).

Notwithstanding the foregoing, the delivery of any documentation required under this Section 3.5(a)(iii)(C) is not required to the extent that the Proponent already has delivered the same documentation of the same equity provider(s) pursuant to Section 3.5(a)(ii).

(b) Debt Sources Of Financing

If, and to the extent that, the financing plan specifies that debt is a source of financing for the proposed project (including any financing provided to the Proponent by way of a lease, licence or similar arrangement), the Proponent must submit:

- (iv) to the extent that the debt for the project has already been put in place, such that the financing is available to be drawn upon by the Proponent, at the time of submission of the Proposal, a confirmation letter from each debt provider, as described in the financing plan submitted in response to the Financial Questionnaire, confirming that its debt is in place and the amount of its debt contribution; and
- (v) to the extent that the debt structure for the project has not yet been put in place, such that the financing is not yet available to be drawn upon by the Proponent at the time of submission of the Proposal, a commitment letter from each debt provider, as described in the financing plan submitted in response to the Financial Questionnaire, containing the required statements and the other required statements or documents set out below:

(A) Category A Lender: This applies to a lender that is either:

- (1) a financial institution listed in Schedule I or Schedule II of the *Bank Act* (Canada); or
- (2) a financial institution or other entity that is not listed in Schedule I or Schedule II of the *Bank Act* (Canada) but has at least one of the following minimum credit ratings: (a) A with S&P, (b) A3 with Moody's, (c) A low with DBRS, or (d) A with Fitch IBCA. The

Proponent must confirm the lender is in Category A by making the appropriate statement in the Financial Questionnaire.

For a Category A Lender, the commitment letter must state, at a minimum: (1) that such equity provider, lender, or other provider has reviewed this Renewables II RFP, the RES II Contract, and the financial model (including projected costs and revenues) of the proposed project; (2) the amount of its debt commitment; and (3) that the lender is highly confident that it will advance, provide or underwrite the amount of debt financing specified in the commitment letter by the milestone date for financial closing specified by the Proponent in response to the Technical Questionnaire, subject to the satisfaction of specific objective conditions. The commitment letter must disclose any and all of such objective conditions. However, a commitment that is conditional on amending the RES II Contract in any manner inconsistent with Section 11.3 thereof will not be considered sufficient to satisfy the minimum mandatory financial requirements.

- (B) Category B Lender: This applies to a lender that is not a Category A Lender, but that has a Tangible Net Worth of at least \$1,750,000/MW of RES II Contract Capacity of the Renewable Generating Facility. The Proponent must confirm that the lender is in Category B by making the appropriate statement in the Financial Questionnaire.

To satisfy this requirement, the Proponent must demonstrate that the lender has sufficient Tangible Net Worth by providing the financial statements of the lender, either: (1) for the most recently completed fiscal year; or (2) for the most recently completed four (4) quarters on a rolling basis. In either case, the financial statements must be audited.

For a Category B Lender, the commitment letter must state: (i) the amount of the commitment, and (ii) the lender's "agreement in principle", as that term is described in Section 3.5(d) below, to advance or provide the amount of debt financing specified in the commitment letter by the milestone date for financial closing specified by the Proponent in response to the Technical Questionnaire.

(c) Sources Of Financing Other Than Debt Or Equity

If and to the extent that the financing plan specifies a source, or sources, of financing for the proposed project other than equity or debt, the Proponent must submit a commitment letter from each such source, as identified in the financing plan submitted in response to the Financial Questionnaire, stating its “agreement in principle” (as that term is described in Section 3.5(d) below) to advance or provide such financing for the project by the milestone date for financial closing provided by the Proponent and the amount of its proposed financial contribution. By way of example and without limiting the generality of the foregoing, to the extent that the financing of a project proposed under this Renewables II RFP by a cooperative or unincorporated association is funded by the contributions of its members, the Proponent must provide such commitment letters from its members; or if a portion of the financing of a project is to come from government grants, the Proponent must provide such a commitment letter from the relevant government(s) providing such funding or grants.

(d) Requirements of an “Agreement in Principle” - Applicable To Equity Providers, Category B Lenders, and Sources of Financing other than Debt or Equity

An agreement in principle by an equity provider, Category B Lender, or other source of financing other than debt or equity, as referred to in Sections 3.5(a), (b), and (c) above, must state, at a minimum, that such equity provider, lender, or other provider, as applicable, has reviewed this Renewables II RFP, the RES II Contract, and the financial model (including projected costs and revenues) of the proposed project, and that it agrees in principle to advance or provide the amount of equity, debt, or other financing, as applicable, for the project, specified in the commitment letter by the milestone date for financial closing specified by the Proponent in response to the Technical Questionnaire, subject to the satisfaction of specific objective conditions. The commitment letter must disclose any and all of such objective conditions. However, a commitment that is conditional on amending the RES II Contract, in any manner inconsistent with Section 11.3 thereof will not be considered sufficient to satisfy the minimum mandatory financial requirements.

3.6 PROPOSAL PRICE STATEMENT

Each Proponent is required to submit its Proposal Price in a separate, sealed, opaque envelope, marked “Proposal Price Statement” followed by the name of the Proponent and the name of the project. The Proposal Price shall not be disclosed or described in any other part of the Proposal, failing which the Proposal shall be disqualified.

The Proposal Price is a price expressed in Canadian Dollars per MWh in the form set out in the Proposal Price Statement attached as Appendix E. Prospective Proponents are advised that any deviation from the required format of the Proposal Price Statement whatsoever, including without limitation, the provision of a price range, conditional price, qualified price, or an incomplete price, shall result in the disqualification of the Proposal.

The Proposal Price must include, without limitation, the cost of electricity from the Renewable Generating Facility and all development (including obtaining required permits and approvals), construction, financing, operations, maintenance and capital improvement costs for the project, including those related to connecting the Renewable Generating Facility to the IESO-Controlled Grid or to a Local Distribution System, as applicable. The Proposal Price shall be exclusive of applicable GST and PST payable by the Buyer in respect of the electricity and Related Products purchased under the RES II Contract.

It is expected that prospective Proponents will take account of the expected value of the annual indexation of 15% of the Proposal Price to the percentage change (if any) in the Consumer Price Index as set out in Section 5.3 of this Renewables II RFP, when determining their Proposal Price.

3.7 PROPOSAL PRICE EVALUATION (Stage 3)

In the case of each Proposal that passes Stage 1 and Stage 2 (i.e. Proposals that have been determined to be complete and to have met the minimum mandatory technical and financial requirements), the Proposal Price Statement associated with such Proposal shall be opened and evaluated in accordance with the procedures set out below. The Ministry's selections shall be subject to the approval of the Management Board of Cabinet of the Government of Ontario, as set out in this Section.

(a) The Sub-Zone Screen

As an initial step, and based on the Connection Point set out by the Proponent in response to the Technical Questionnaire of the Renewable Generating Facility, the Ministry will identify any Proposals that are located within one of the Restricted Sub-Zones more particularly described in Appendix L. All Proposals for Renewable Generating Facilities that are to be located within a given Restricted Sub-Zone will be initially ranked within such Restricted Sub-Zone together with all other Proposals in such Restricted Sub-Zone in ascending order of Proposal Price, and the Proposals with the lowest Proposal Prices up to, but not including, the marginal Proposal (or marginal Proposals, where there are two or more marginal Proposals that have the identical Proposal Price) that cause(s) the total of the RES II Contract Capacities of all of the selected Proposals to exceed the Sub-Zone Limit for that particular Restricted Sub-Zone,

will continue to the next step of the Proposal Price Evaluation. All Proposals that have passed Stages 1 and 2 and are not located within a Restricted Sub-Zone will not be subject to the Sub-Zone Screen and will not be evaluated until the next step of the Proposal Price Evaluation.

All Proposals for Renewable Generating Facilities that are to be located in a Restricted Sub-Zone, but do not pass this initial Sub-Zone Screen, will continue to be held by the Ministry in accordance with the terms of this Renewables II RFP and may be re-evaluated in accordance with Section 3.7(d).

The Sub-Zone Screen is being utilized as part of the Proposal Price evaluation to recognize that the fact that the available transmission and distribution capacity on the existing Transmission Systems and Local Distribution Systems are limited in certain sub-zones of the Province and that there would be significant costs to the electricity consumers of Ontario to develop all necessary Transmission System and Local Distribution System upgrades and reinforcements to adequately address such limits. Accordingly, the Sub-Zone Screen, which has been designed in consultation with Hydro One and the IESO, will select those Proposals for Renewable Generating Facilities with the lowest Proposal Prices and cumulative RES II Contract Capacities that fall within the Sub-Zone Limit in each Restricted Sub-Zone. Using the Sub-Zone Screen will ensure the selection of the Proposals with the lowest overall cost and will thereby provide a reasonable assurance that significant Transmission System upgrade costs will be avoided. Proponents are advised that the Restricted Sub-Zones and their respective Sub-Zone Limits are only estimates that have been developed to ensure that the Proposal Price evaluation process is clear and transparent. The Restricted Sub-Zones and their respective Sub-Zone Limits should not be relied upon by Proponents as being definitive of the actual transmission restrictions and limits that may in fact be applicable to any project or Proposal.

Finally, Proponents should note that in order to allow the existing Transmission System and Local Distribution Systems to accommodate the smaller renewable energy projects that are expected to be selected under the Ministry's recently announced request for proposals for up to 200 MW of renewable energy supply from renewable generating facilities with a contract capacity of under 20.0 MW, certain sub-zones have been designated as Excluded Sub-Zones under this Renewables II RFP by the Ministry in collaboration with Hydro One and the IESO. In particular, Section 3.4(a)(iii) of this Renewables II RFP prohibits projects proposed under this Renewables II RFP from being located within an Excluded Sub-Zone.

(b) The Stack

In this step, all of the Proposals that were required to pass an initial Sub-Zone Screen will be ranked in a Stack together with Proposals that were not subject to the Sub-Zone Screen. Proposals will be selected from the Stack in ascending order of Proposal Price starting with the Proposal with the lowest Proposal Price and up to and including the marginal Proposal (or marginal Proposals, where there are marginal Proposals that have two or more an identical Proposal Price) that cause(s) the total RES II Contract Capacity of the selected Proposals to exceed 450 MW. No other criteria will be applied to the ranking.

Subject to the approval of the Management Board of Cabinet of the Government of Ontario, the Ministry reserves the right to select Proposals that together offer significantly less than 450 MW of RES II Contract Capacity if there are an insufficient number of Proposals that meet the minimum mandatory technical and financial requirements of this Renewables II RFP.

Subject to the approval of the Management Board of Cabinet of the Government of Ontario, in the event that selecting all of the marginal Proposals having an identical Proposal Price would cause the total RES II Contract Capacity of all selected Proposals to exceed 1,000 MW, the Ministry reserves the right to select all or to reject all such identically priced marginal Proposals.

Once the initial Proposals have been selected in accordance with this step, the Weighted Average Price of all such selected Proposals will be calculated to establish the Price Ceiling, which is expressed in \$/MWh and equal to 110% of such Weighted Average Price. Subject to the reserved rights of the Ministry described below in Section 3.7(c), the Price Ceiling shall govern the selection of all additional Proposals for balance of the Proposal Price Evaluation.

(c) Selection of Additional Proposals

(i) Once the Price Ceiling has been established, the Ministry will continue to select in ascending order of Proposal Price, all additional Proposals that have a Proposal Price less than or equal to the Price Ceiling up to, but not including, the marginal Proposal (or marginal Proposals, where there are two or more marginal Proposals that have the identical Proposal Price) that cause(s) the total RES II Contract Capacity of all of the selected Proposals to exceed 1,000 MW.

(ii) Subject to the approval of the Management Board of Cabinet of the Government of Ontario, in the event that selecting all of the marginal Proposals having an

identical Proposal Price would cause the total RES II Contract Capacity of all selected Proposals to exceed 1,000 MW, the Ministry reserves the right to select all or to reject all such identically priced marginal Proposals.

- (iii) If the total RES II Contract Capacity for all Proposals selected up to this step of the Proposal Price Evaluation is less than 1,000 MW, the Ministry reserves the right to increase the Price Ceiling to any amount determined by the Ministry, as approved by the Management Board of Cabinet of the Government of Ontario, that is no greater than 115% of the Weighted Average Price calculated in accordance with Section 3.7(b), and continue to select any additional Proposals in accordance with Sections 3.7(c)(i) and 3.7(c)(ii), provided that the Ministry shall not have any obligation to select any additional Proposals as a result of increasing the Price Ceiling under any circumstances.

(d) Potential for Need to Repeat Evaluation in Event a Proposal becomes Invalid

If a Proposal that was subject to, and had passed, the Sub-Zone Screen becomes invalid, the Ministry will once again conduct the Sub-Zone Screen described in Section 3.7(a) as if the Proposal that has become invalid was never submitted, and all subsequent steps of the Proposal Price evaluation set out in Sections 3.7(b) and 3.7(c) again, save and except for the establishment of the Weighted Average Price established in accordance with Section 3.7(b), which will not be recalculated or adjusted under any circumstances. The Ministry may deem that a Proposal is invalid if the Proponent: (i) fails to sign the RES II Contract within ten (10) Business Days of the date on which the Proponent is given the final RES II Contract to sign, or (ii) fails to deliver the Completion and Performance Security within ten (10) Business Days of the date on which the Proponent is given the final RES II Contract to sign, or (iii) makes or has made a material misrepresentation in the Proposal, or (iv) is in breach or default of this Renewables II RFP. If any Proposal that was not subject to the Sub-Zone Screen becomes invalid, then such Proposal will be disregarded and the Ministry will conduct the Proposal Price evaluation set out in Sections 3.7(b) and 3.7(c) again, save and except for the establishment of the Price Ceiling, which will not be recalculated or adjusted under any circumstances. Notwithstanding the foregoing, in the event that the Ministry is required to conduct the Proposal Price Evaluation step set out in Section 3.7(b) again, the Ministry reserves the right to select or to reject any Proposal(s) that pass this step and whose Proposal Price exceeds the Price Ceiling.

The Ministry reserves the right to conduct the Proposal Price evaluation again as described in this Section 3.7(d) at any time after it becomes aware that a Proposal has

become invalid, and up until such time as the OPA has executed and delivered all RES II Contracts to all Suppliers.

3.8 PROPOSAL SECURITY

Each Proponent must submit, as part of its Proposal, financial security payable and/or in favour of "Her Majesty the Queen in Right of Ontario" in the form of:

- (a) a certified cheque or a bank draft issued by a financial institution listed in either Schedule I or II of the Bank Act (Canada);
- (b) an irrevocable and unconditional standby letter of credit issued by a financial institution listed in either Schedule I or II of the Bank Act (Canada), or such other financial institution having a minimum credit rating of (i) A- with S&P, (ii) A3 with Moody's, (iii) A low with DBRS, or (iv) A with Fitch IBCA, in the form attached as Appendix F; or
- (c) a bid bond issued by a surety with a financial strength rating of A- or higher by A.M. Best in financial size category VIII or higher, in the form attached as Appendix G.

The value of the Proposal Security shall be \$10,000 per MW of RES II Contract Capacity. Proposal Security shall not be shared between Proposals. No other form of Proposal Security will be acceptable. Failure to tender the Proposal Security in the form required in respect of a Proposal shall result in disqualification of the Proposal. Proposal Security will be reviewed by the Evaluation Team for form and completeness, and Proposal Security that complies with the requirements set out in this Section 3.8 will be delivered to and held by Ontario Shared Services in accordance with the terms and conditions of this Renewables II RFP.

An authorized director or officer of the Proponent must complete and sign a declaration in the form set out in Appendix H certifying, amongst other things, that the Proponent agrees that the Ministry may draw upon the Proposal Security if the Proponent, having become a Selected Proponent, fails to sign the RES II Contract or fails to deliver the Completion and Performance Security within ten (10) Business Days of the date on which the Proponent is given the final RES II Contract to sign, or makes or has made a material misrepresentation in the Proposal, or is in breach or default of this Renewables II RFP.

Proposal Security will be returned to Proponents in accordance with Section 4.6.

3.9 ADDITIONAL DECLARATIONS AND CONFIDENTIALITY STATEMENT

As part of its Proposal, each prospective Proponent shall complete, sign and submit the declarations described below and in the forms set forth in Appendices H, I, and J, and may submit a Confidentiality Statement, as described below, if applicable. The pre-printed wording of

the Declarations may not be altered, as noted in Section 3.2(d). Prospective Proponents are reminded that the onus is solely on the Proponent to conduct all investigations and verifications necessary, including any investigations required of any member(s) of the Proposal Team, in order to confirm that each of the statements set out in the declarations can be made.

If any member of the Proponent Non-Core Team provides any advice or assistance in the preparation of the Proposal(s) of Another Proponent Team, or if any such member of a Proponent Team will be privy to information relevant to Another Proponent Team's Proposal(s), then Proponents are reminded that the Proponent must have taken and/or put in place appropriate measures or protections to ensure that such person does not serve as a conduit for the exchange, sharing or comparison of information relating to any Proposal between multiple Proponent Teams.

All completed declarations, statements, and forms must be signed by a director, officer or other person who has the authority to bind the Proponent. Prospective Proponents are advised that if, in the sole and absolute determination of the Ministry, any matter declared in the following declarations is not materially true and correct, then the Proposal may be invalidated, and the Ministry may, in addition to any other remedies available at law or in equity, draw upon the Proposal Security. In instances where the Proposal is not invalidated or the Proposal Security is not drawn upon, notwithstanding a discrepancy or inconsistency between the declarations described below and a Proponent's Proposal, the declarations shall be deemed to prevail.

(a) Appendix H: Statutory Declaration regarding Proposal and Non-Collusion

Each Proponent must provide a statutory declaration, in the form provided in Appendix H, providing confirmations with respect to the following matters:

- (i) Proposal Validity and Proposal Security. The Proponent must declare: (i) that the Proposal is valid and all statements, specifications, data, confirmations, and other information set out in the Proposal are accurate; (ii) that the Proposal will remain irrevocable and open for acceptance for a period of 120 days from the Proposal Submission Deadline; (iii) that the Proponent agrees to be bound by the terms of the RES II Contract, including any security that may be required under the RES II Contract; and (iv) that the Proponent, its proposed facility or any member of the Proponent Team is not the subject of any bona fide legal proceedings, investigation or regulatory hearings that could materially impact the financial condition of the Proponent or any of the entities involved in financing and operations for the proposed Renewable Generating Facility. Moreover, the declaration shall certify that the Proponent agrees that the Ministry may draw upon the Proposal Security if the Proponent, having become a Selected

Proponent, fails to sign the RES II Contract or fails to deliver the Completion and Performance Security within ten (10) Business Days of the date on which the Proponent is given the final RES II Contract to sign, or makes or has made a material misrepresentation in the Proposal, or is in breach or default of this Renewables II RFP.

(ii) Non-Collusion Declaration. The Proponent must declare that:

- (A) in preparing its Proposal(s), no member of its Proponent Team has discussed or communicated any information relating to its Proposal(s) with Another Proponent Team;
- (B) the Proponent:
 - (1) is not a member of any other Proponent Team, except as a Proponent of a Proponent Team that is not Another Proponent Team;
 - (2) has not coordinated its Proposal Price Statement or any other aspect of any of its Proposal(s) with Another Proponent Team;
 - (3) has no knowledge of the contents of the Proposal(s) submitted by Another Proponent Team; and
 - (4) has kept and will continue to keep its Proposal(s) confidential until the Selected Proponents are publicly announced;
- (C) no member of its Proponent Core Team has entered into any agreement or arrangement with any member of Another Proponent Core Team, which:
 - (1) may, directly or indirectly, affect the Proposal Price Statement or any other aspect of the Proposal(s) submitted by the Proponent and/or Another Proponent Team; or
 - (2) may result in any member of its Proponent Core Team controlling, directly or indirectly, more than 400.0 MW of RES II Contract Capacity under two or more RES II Contracts;
- (D) no member of its Proponent Core Team has provided advice or assistance in the preparation of the Proposal(s) of Another Proponent Team; and
- (E) no member of its Proponent Non-Core Team has provided any advice or assistance in the preparation of the Proposal(s) of Another Proponent Team. In the alternative, if such person has provided such advice or

assistance to Another Proponent Team, or if such person will be privy to information relevant to Another Proponent Team's Proposal(s), then the Proponent has taken and/or put in place, or caused to be taken and/or put in place, appropriate measures or protections to ensure that such person does not serve as a conduit for the exchange, sharing or comparison of information relating to any Proposal between multiple Proponent Teams.

(b) Appendix I: Conflict of Interest Declaration

Each Proponent must provide a statutory declaration, in the form provided in Appendix I, declaring whether it has an actual or potential Conflict of Interest, and if so, the nature of such actual or potential Conflict of Interest. However, if, at the sole and absolute discretion of the Ministry, the Proponent is found to have a Conflict of Interest, the Ministry may, in addition to any other remedies available at law or in equity, disqualify the Proposal submitted by the Proponent. The Proponent, by submitting the Proposal, warrants that to its best knowledge and belief no actual or potential Conflict of Interest exists with respect to the submission of the Proposal other than those disclosed in the Conflict of Interest Declaration. Where the Ministry discovers a Proponent's failure to disclose all actual or potential Conflicts of Interest, the Ministry may disqualify the Proponent or terminate the RES II Contract, if awarded to that Proponent in accordance with this Renewables II RFP.

(c) Appendix J: Tax Compliance Declaration

The Government of Ontario expects all Suppliers to pay their provincial taxes on a timely basis. The Proponent must provide a Tax Compliance Declaration, in the form attached as Appendix J, confirming that the Proponent's provincial taxes are in good standing. The Ministry will forward to the Ontario Ministry of Finance a copy of each Proponent's signed Tax Compliance Declaration Form for verification. By signing this form, the Proponent is consenting to the release of such information from the Ministry to the Ministry of Finance and from the Ministry of Finance to the Ministry for this purpose. In the event that the Ministry of Finance finds that the Proponent is not in compliance with all of the tax statutes administered by the Ontario Ministry of Finance as required in the Tax Compliance Declaration, a Selected Proponent may be permitted to rectify any such non-compliance but must do so as a pre-condition to, and without delaying, the requirement for the Selected Proponent to execute the RES II Contract and to deliver the Completion and Performance Security within ten (10) Business Days of the date on which the Selected Proponent is given the final RES II Contract to sign.

(d) Confidentiality Statement

Information provided by a Proponent is subject to, and may be released in accordance with, the provisions of the *Freedom of Information and Protection of Privacy Act* (Ontario). The Proponent will clearly indicate in a separate confidentiality statement, in a form provided by the Proponent, any portion of the Proposal that contains proprietary or confidential information for which confidentiality is to be maintained by the Ministry and its technical advisors. Such portions of the Proposal will be clearly marked "Proprietary and Confidential" by the Proponent. In the event that no confidentiality statement is provided, the Proponent will be automatically deemed to certify to the Ministry that no portion of the Proposal contains proprietary or confidential information for which confidentiality is to be maintained by the Ministry or its technical advisors.

The confidentiality of any such information identified by the Proponent will be maintained by the Ministry and its technical advisors, except where an order by the Information and Privacy Commission, a court, or a tribunal requires the Ministry to do otherwise. Notwithstanding the foregoing, the Ministry shall not be required to maintain the confidentiality of any such information that:

- (i) is or becomes generally available to the public without fault or breach on the part of the Ministry and its advisors of any duty of confidentiality owed by the Ministry and its advisors to the Proponent or to any third party;
- (ii) the Ministry and its advisors can demonstrate that it had been rightfully obtained by the Ministry and its advisors, without any obligation of confidence, from a third party who had the right to transfer or disclose it to the Ministry and its advisors free of any obligation of confidence;
- (iii) the Ministry and its advisors can demonstrate that it had been rightfully known by, or in the possession of, the Ministry and its advisors at the time of disclosure, free of any obligation of confidence when disclosed; or
- (iv) has been independently developed by the Ministry and its advisors.

Proponents are advised that their Proposals will, as necessary, be disclosed on a confidential basis, to the Evaluation Team, the Government of Ontario, the Ministry's independent fairness commissioner, the Ministry's counsel, and other advisers retained for the purpose of evaluating or participating in the evaluation of the Proposals and the Renewables II RFP Process.

(e) Appendix M: Proponent Core Team Declaration

The Proponent must provide a Proponent Core Team Declaration, in the form attached as Appendix M, executed by each member of the Proponent Core Team, confirming that each member of the Proponent Core Team has carefully examined the Renewables II RFP documents, has a clear and comprehensive knowledge of the terms and conditions of the Renewables II RFP, and agrees to be bound thereby. By submitting the Proposal, each member of the Proponent Core Team agrees to be jointly and severally liable if the Proponent fails to sign the RES II Contract or fails to deliver the Completion and Performance Security within ten (10) Business Days of the date on which the Proponent is given the final RES II Contract to sign, or makes or has made a material misrepresentation in the Proposal, or is in breach or default of this Renewables II RFP. Prospective Proponents should note that with respect to the Ministry's decision whether and to what extent to claim against any member of the Proponent Core Team in exercise of the Ministry's rights under the Renewables II RFP, the Ministry will consider each situation based on its specific facts including, but not limited to, whether the Proponent Core Team member acted in good faith and whether any of the specific objective conditions in the Proponent Core Team member's equity commitment letter have not been met.

In addition, the Proponent Core Team Declaration also confirms that as of the Proposal Submission Deadline, no member of the Proponent Core Team, nor any Affiliate of any member of the Proponent Core Team, is in default under any RES Contract, or under any clean energy supply contract or demand response contract executed pursuant to the Ministry's RFP for 2,500 MW of New Clean Generation and Demand-Side Projects issued September 13, 2004 (referenced as SSB-069092).

Prospective Proponents should note that if, at any time between the Proposal Submission Deadline and the completion of the Proposal Price Evaluation (Stage 3), any member of a Proponent Core Team, or any Affiliate of any member of such Proponent Core Team, is in default under any RES Contract, or under any clean energy supply contract or demand response contract executed pursuant to the Ministry's RFP for 2,500 MW of New Clean Generation and Demand-Side Projects issued September 13, 2004 (referenced as SSB-069092), regardless of whether such default is subsequently cured or rectified, the Ministry may declare the Proposal(s) of such Proponent Core Team invalid.

4.0 TERMS AND CONDITIONS OF THE RENEWABLES II RFP PROCUREMENT PROCESS

4.1 GENERAL INFORMATION AND TIMETABLE

The timetable with respect to the entire procurement process for this Renewables II RFP is set out below. Following the Proposal Submission Deadline, the procurement process will proceed to the Evaluation of Proposals and the Finalization of RES II Contracts. All dates shown are in 2005.

(a) Submission of Proposals

Announcement of Renewables II RFP	April 19
Release of draft Renewables II RFP	April 22
Release of draft RES II Contract and certain draft Appendices to the Renewables II RFP	April 29
Technical Consultation Session	May 6
First Question and Comment Period	May 9 to May 20
Release of Renewables II RFP and RES II Contract	June 17
Second Question and Comment Period	July 4 to July 15
Deadline for Issuing Addenda to Renewables II RFP	August 5
Proposal Submission Deadline	August 31 at 3:00:00 p.m. (EDT)

Note: The period for which Proposals must be irrevocable after the Proposal Submission Deadline is 120 days

(b) Evaluation of Proposals and Finalization of RES II Contracts

Evaluation of Proposals and Finalization of RES II Contracts	November
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The Ministry reserves the right to accelerate and postpone the dates set out in this Section 4.1 upon notice to Proponents.

4.2 COMMUNICATION AFTER ISSUANCE OF RENEWABLES II RFP

(a) Access to and Questions on Renewables II RFP

This Renewables II RFP is accessible through the section of the website www.ontarioelectricityrfp.ca dedicated to this Renewables II RFP process. A notice relating to this Renewables II RFP will be posted on MERX™, the electronic tendering system used by the Province of Ontario, directing prospective Proponents to the Renewables II RFP website.

Prospective Proponents shall promptly examine all of the documents comprising this Renewables II RFP and:

- (i) shall report any errors, omissions or ambiguities; and
- (ii) may direct questions or comments regarding this Renewables II RFP,

in writing, during the first or second Question and Comment Periods, through the section of the website www.ontarioelectricityrfp.ca dedicated to this Renewables II RFP process. No such communications are to be directed to any person or in any manner other than through this website. All questions and answers will be posted on the section of the website www.ontarioelectricityrfp.ca dedicated to this Renewables II RFP. The identity of any prospective Proponent asking a particular question will not be revealed. The Ministry is under no obligation to provide additional information, but it may do so at its sole discretion. It is the responsibility of each prospective Proponent to seek clarification, by submitting questions on any matter it considers to be unclear. The Ministry shall not be responsible for any misunderstanding on the part of any prospective Proponents or Proponents concerning the Renewables II RFP or its process.

(b) Addenda to the Renewables II RFP

This Renewables II RFP may be amended only by addendum in accordance with this Section. If the Ministry, for any reason, determines that it is necessary to provide additional information relating to this Renewables II RFP, such information will be communicated to all prospective Proponents by an addendum, which will be delivered to prospective Proponents by posting same on the section of the website www.ontarioelectricityrfp.ca dedicated to this Renewables II RFP process, on or prior to the Deadline for Issuing Addenda for the Renewables II RFP. Each addendum shall form an integral part of this Renewables II RFP.

Each addendum may contain important information including significant changes to this Renewables II RFP. Prospective Proponents are responsible for checking the aforementioned website as often as necessary to ensure that they obtain all addenda issued from time to time. In the form of the Statutory Declaration attached as Appendix H, Proponents must confirm their receipt of all addenda to this Renewables II RFP issued by the Ministry.

(c) Post-Deadline Addenda and Extension of Proposal Submission Deadline

If any addendum is issued after the Deadline for Issuing Addenda, the Ministry may at its discretion extend the Proposal Submission Deadline for a reasonable amount of time, having regard to the circumstances.

(d) Contacting the Ministry Following the Proposal Submission Deadline

At any time following the Proposal Submission Deadline and prior to the announcement by the Ministry of the Selected Proponents, a Proponent may contact the Ministry in connection with a procedural matter related to its Proposal or this Renewables II RFP by sending an e-mail to procedures@ontarioelectricityrfp.ca. This e-mail account will be monitored by representatives of the Ministry and the Ministry may, in its sole and absolute discretion, elect to respond to any such inquiry.

4.3 SUBMISSION OF PROPOSALS

(a) General Information

A Proponent may submit Proposals for more than one proposed Renewable Generating Facility, subject to the restrictions set out in Section 3.4 and the non-collusion requirements set out in Section 3.9(a)(ii). However, prospective Proponents are advised that only one Proposal may be submitted by a Proponent in respect of each proposed project.

Prospective Proponents are responsible for submitting Proposals on time at the locations specified below and for ensuring that the Proposals are complete. Each Proponent should note that its entire Proposal, consisting of both:

- (i) the Technical and Financial Submission, together with the Proposal Security; and
- (ii) the Proposal Price Statement;

must be submitted by the Proposal Submission Deadline in accordance with this Section 4.3.

(b) Proposal Submission

To be considered, the entire Proposal, consisting of the Technical and Financial Submission, the Proposal Security, and the Proposal Price Statement in a separate envelope as specified in Section 3.6, should be submitted in a single sealed opaque package, and must be received no later than 3:00:00 p.m. (EDT) on August 31, 2005 at the following address:

Ontario Shared Services
Strategic Procurement Branch
Tenders Office
56 Wellesley St. West, 2nd Floor
Toronto, ON M5S 2S3

Attention: Renewables II RFP

The postal code is to aid in identifying the building only. The onus remains solely with prospective Proponents to deliver the Proposal to the exact floor location specified above by the Proposal Submission Deadline. Prospective Proponents assume sole responsibility for late deliveries if these instructions are not strictly adhered to.

On the outside of the sealed package, using the Technical and Financial Submission Return Label attached at Appendix K, Proposals should be prominently marked with this Renewables II RFP title and number as set out on the cover page of this Renewables II RFP, with the full legal name of the prospective Proponent and its return address. To the extent that the failure to affix the specified Technical and Financial Submission Return Label to the submission envelope or package results in the Proposal arriving late at the Tenders Office of the Strategic Procurement Branch of Ontario Shared Services, the entire Proposal (i.e. including the Proposal Price Statement) shall be disqualified and returned unopened to the prospective Proponent.

Except where expressly set out to the contrary in this Renewables II RFP, all Proposals shall become the property of the Ministry and shall not be returned to the Proponent.

Prospective Proponents are advised that all Proposals should be clearly tabbed and placed in binders or bound with a cerlox binding.

The required elements of the Technical and Financial Submission are set out in Sections 3.2(a), 3.2(b), and if applicable, Section 3.9(b). The Technical and Financial Submission should include, in a form to be provided by the Proponent, a table of contents which identifies the page numbers of such required elements. The Technical Questionnaire and the Financial Questionnaire must be in English only, and should be typed or printed neatly in black ink on 8.5 x 11 inch paper, and all pages should be numbered

sequentially. The answers to the Technical and Financial Questionnaires, as well as the signed and completed Statutory Declaration, Confidentiality Statement (if applicable), Tax Compliance Declaration, and Proponent Core Team Declaration can be bound or stapled (except for one unbound copy as noted above). The content of websites or other external documents referred to but not included in the Proposal will not be considered to form part of the Proposal.

A prospective Proponent must submit one (1) original copy of the Technical and Financial Submission, all of which is prominently marked "Original Copy". The prospective Proponent must also submit 11 additional collated copies of all elements of the Technical and Financial Submission excluding the Proposal Security. In addition, and for reproduction purposes, the prospective Proponent should provide one unbound copy of the Technical and Financial Submission or an electronic copy of the Technical and Financial Submission (in Microsoft Word from the Microsoft Office Suite 97 or later, or Adobe Acrobat 4.0 or higher) excluding only the Proposal Security. The entire Technical and Financial Submission, including the original, the specified copies (including the unbound copy or the electronic copy), and the envelope containing the Proposal Security should be submitted in a sealed package. Only one Technical and Financial Submission and only one envelope containing the Proposal Security shall be submitted per sealed package.

The required elements of the Proposal Security are described in Section 3.8. A prospective Proponent must submit one (1) original copy of the Proposal Security, which should be contained in an envelope marked "Proposal Security".

The required elements of the Proposal Price Statement are set out in Section 3.6 and Appendix E. A prospective Proponent must submit one (1) original copy of the Proposal Price Statement in a separate envelope as specified in Section 3.6. Only one Proposal Price Statement shall be submitted per sealed envelope.

(c) Proponents to Follow Instructions

Proponents should structure their Proposals in accordance with the instructions in the Renewables II RFP. Where information is requested in the Renewables II RFP, any response made in a Proposal should make reference to the applicable section numbers of the Renewables II RFP where such request is made.

(d) Amending or Withdrawing Proposals Prior to Proposal Submission Deadline

At any time prior to the Proposal Submission Deadline, a Proponent may amend or withdraw a submitted Proposal. The right of Proponents to amend or withdraw prior to the

Proposal Submission Deadline includes amendments or withdrawals wholly initiated by Proponents and amendments or withdrawals in response to subsequent information provided by addenda to this Renewables II RFP.

Any amendment to a Proposal prior to the Proposal Submission Deadline should clearly indicate what part of the Proposal the amendment is intending to affect or replace.

Any amendment or notice of withdrawal must be submitted in the same manner as prescribed in this Renewables II RFP for the submission of the Proposal. Any notice of withdrawal submitted by any other method will not be accepted and shall be ignored.

(e) Renewables II RFP Incorporated into Proposal

All of the provisions of the Renewables II RFP are deemed to be accepted by each Proponent and incorporated into each Proponent's Proposal.

(f) Confidential Information of Ministry

All information provided by or obtained from the Ministry in any form in connection with the Renewables II RFP, either before and after the issuance of the Renewables II RFP (including, without limitation, any passwords that may be provided to prospective Proponents in order to access any restricted portion of the Renewables II RFP website www.ontarioelectricityrfp.ca):

- (i) is the sole property of the Ministry and must be treated as confidential;
- (ii) is not to be used for any purpose other than replying to the Renewables II RFP and the performance of the RES II Contract;
- (iii) must not be disclosed without prior written authorization from the Ministry; and
- (iv) shall be returned by the Proponents to the Ministry immediately upon the request of the Ministry.

(g) Irrevocability

Proposals shall be irrevocable in the form submitted by the Proponent for a period of one hundred and twenty (120) days after the Proposal Submission Deadline.

4.4 MINISTRY MAY SEEK CLARIFICATION AND INCORPORATE RESPONSE INTO PROPOSAL

The Ministry reserves the right to seek clarification of Proposals after the Proposal Submission Deadline. The Proponent shall be required to provide such clarification in writing to the Evaluation

Team within five (5) Business Days of the date of such request, or else the Proposal may be disqualified. The response received by the Ministry from a Proponent shall, if accepted by the Ministry, form an integral part of that Proponent's Proposal. If the Ministry receives information at any stage during this Renewables II RFP process which results in earlier information provided by the Proponent being deemed by the Ministry to be inaccurate, incomplete or misleading, the Ministry reserves the right to revisit the Proponent's compliance with the minimum mandatory technical and financial requirements set out in Section 3.0.

4.5 CHANGES TO PROPONENT TEAM

Prospective Proponents are advised that no changes in the Proponent Team or any lenders identified in the Proposal in connection with any source of financing set forth by the Proponent in its response to the Financial Questionnaire shall be permitted between the Proposal Submission Deadline and the execution of the RES II Contract without the prior written consent of the Ministry.

4.6 CANCELLATION OR RETURN OF PROPOSAL SECURITY

- (a) For each Proponent whose Proposal fails to meet the completeness requirements described in Stage 1 or the minimum mandatory technical and financial requirements described in Stage 2, the Proposal Security will be cancelled or returned within ten (10) Business Days of the Proponent being notified that it has failed to progress in the evaluation process to the next stage. In addition, the unopened envelope containing the Proposal Price Statement will be returned to the Proponent within the timelines set out above. The remaining documents comprising the original copy of the disqualified Proposal will be returned to the Proponent upon written request by the Proponent.
- (b) For each Proponent whose Proposal passes the minimum mandatory technical and financial requirements described in Stage 2 but is not selected, the Proposal Security relating to that Proposal will be cancelled or returned within ten (10) Business Days of the day the Ministry has announced that all of the RES II Contracts have been executed by the Buyer and the respective Suppliers. The original copy of the Proposal that is not selected, apart from the Proposal Price Statement, will be returned to the Proponent upon written request by the Proponent.
- (c) For each Supplier, the applicable Proposal Security will be cancelled or returned following delivery by the Supplier to the Buyer of the Completion and Performance Security and the Supplier's signature to the RES II Contract and the delivery by the Buyer to the Supplier of a fully executed copy of the RES II Contract.

4.7 SELECTION OF SELECTED PROPONENTS

From the Proposals that have passed Stages 1 and 2, as evaluated by the Evaluation Team, the Ministry will, subject to the approval of the Cabinet of the Government of Ontario, select Proposals in accordance with Stage 3. Proponents whose Proposals are selected will be advised by the Ministry that they are Selected Proponents, and they will be required to finalize their contract arrangements with the Buyer as described in Section 4.8.

4.8 CONTRACT ARRANGEMENTS

After being notified by the Ministry that it is a Selected Proponent, each Selected Proponent will then be required to deliver to the Ministry the Completion and Performance Security together with the Selected Proponent's signature to the finalized RES II Contract, and such other ancillary documents as may be reasonably required by counsel to the Buyer. The Completion and Performance Security shall be in the amount of \$33,000 per MW of RES II Contract Capacity, which amount shall be lowered to \$20,000 per MW of RES II Contract Capacity after the Commercial Operation Date. Prospective Proponents are advised that the terms and conditions set out in the RES II Contract are not subject to negotiation; rather, the finalization of the RES II Contract shall be limited only to the completion of any blanks, bullets, or similar uncompleted information, and the attachment of any Exhibits, that is required in order to tailor the RES II Contract to the particular Renewable Generating Facility and, subject to the agreement of the Supplier, to address any provisions rendered inapplicable as a result of any regulations under the Electricity Restructuring Act, 2004 (Ontario).

Should a Selected Proponent fail to sign the RES II Contract or fail to deliver the Completion and Performance Security within ten (10) Business Days of the date on which the Proponent is given the final RES II Contract to sign, or should the Proponent make a material misrepresentation in the Proposal, or should a Proponent be in breach or default of this Renewables II RFP, then the Ministry may draw on the Proposal Security provided by the Proponent with its Proposal. Moreover, the Ministry may deem that the Proposal of the Selected Proponent is invalid as a result of such failure and, subject to the approval of the Management Board of Cabinet of the Government of Ontario, select alternative Proposal(s).

The Buyer will execute the RES II Contract once the Completion and Performance Security and the RES II Contract, as signed by the Selected Proponent, have been received by the Buyer. At this point, the Selected Proponent shall become a Supplier. The Ministry reserves the right to make a public announcement with respect to any RES II Contract with a Supplier, once any such contract has been fully executed.

Prospective Proponents are advised to review the RES II Contract for a complete description of the contract terms, selected portions of which have been summarized in Section 5.0.

4.9 GENERAL TERMS

(a) Limitation of Costs and Expenses

Each Proposal will be prepared at the sole cost and expense of the Proponent. Proponents will bear all costs and expenses in connection with their Proposal, including any costs incurred in the review of this Renewables II RFP, the RES II Contract, and any other documents in connection with this procurement process and any expert advice required in responding to this Renewables II RFP. The Ministry and its technical advisors shall not be liable to pay any Proponent costs under any circumstances. In particular, the Ministry will not reimburse the Proponent in any manner whatsoever in the event of rejection of any or all Proposals or submissions, or in the event of the cancellation of this Renewables II RFP. By submitting a Proposal in response to this Renewables II RFP, the Proponent irrevocably and unconditionally waives any claims against the Ministry and its technical advisors relating to the Proponent's costs and expenses.

(b) Reserved Rights of the Ministry

The Ministry reserves the right to:

- (i) make public the names of any or all Proponents and members of Proponent Teams;
- (ii) request written clarification of any element of any Proposal from any Proponent and incorporate a Proponent's response to that request into the Proponent's Proposal;
- (iii) waive formalities and accept Proposals which substantially comply with each of the mandatory technical and financial requirements and other requirements of this Renewables II RFP;
- (iv) clarify or verify with any Proponent or with a third party any information set out in a Proposal;
- (v) reject any, all, or portions of the Proposals received for being incomplete or for failure to meet any criteria set forth in this Renewables II RFP;
- (vi) check references other than those provided by any Proponent;

- (vii) disqualify or invalidate any Proposal that contains material misrepresentations or any other materially inaccurate or misleading information;
- (viii) disqualify any Proponent or invalidate the Proposal of any Proponent who has engaged in conduct prohibited by this Renewables II RFP;
- (ix) make changes, including substantial changes, to this Renewables II RFP provided that those changes are issued by way of addenda in the manner set out in this Renewables II RFP;
- (x) cancel this Renewables II RFP process at any stage;
- (xi) cancel this Renewables II RFP process at any stage and issue a new request for proposals for the same or similar deliverables;
- (xii) accept any Proposal in whole or in part;
- (xiii) discuss with any Proponent different or additional terms to those contemplated in this Renewables II RFP or in any Proponent's Proposal;
- (xiv) if a single Proposal is received, reject the Proposal of the sole Proponent and cancel this Renewables II RFP process or enter into direct negotiations with the sole Proponent; or
- (xv) reject any or all Proposals in its absolute discretion.

and these reserved rights are in addition to any other express rights or any other rights which may be implied in the circumstances and the Ministry shall not be liable for any expenses, costs, losses or any direct or indirect damages incurred or suffered by any Proponent or any third party resulting from the Ministry exercising any of its express or implied rights under this Renewables II RFP.

By submitting its Proposal, the Proponent, on its own behalf and on behalf of each member of the Proponent Team to which it belongs, authorizes the collection by the Ministry of the information set out under Section 4.9(b)(iv) and (vi) in the manner contemplated in those subparagraphs.

The Ministry, in addition to any other remedies it may have in law or in equity, shall have the right to draw upon the entire amount of the Proposal Security if the Proponent, having become a Selected Proponent, fails to sign the RES II Contract or fails to deliver the Completion and Performance Security within ten (10) Business Days of the date on which

the Proponent is given the final RES II Contract to sign, or makes or has made a material misrepresentation in the Proposal, or is in breach or default of this Renewables II RFP.

(c) Governing Law of the Renewables II RFP Process

This Renewables II RFP process shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(d) No Fettering

Proponents are advised that no provision of this Renewables II RFP is intended to operate, nor shall any provision have the effect of operating, in any way so as to interfere with or otherwise fetter the rights of the Government of Ontario in the exercise of its legislative powers.

(e) Notification to Other Proponents of Outcome of Procurement Process

Once all Suppliers have executed their respective RES II Contracts with the Buyer, then all Proponents who have not become Suppliers will be notified by the Ministry in writing of the outcome of this Renewables II RFP procurement process and the award of the RES II Contracts to the Suppliers.

(f) Debriefing

Proponents who were not Selected Proponents may request a debriefing after receipt of a notification of the award to Selected Proponents. All requests must be in writing through the Renewables II RFP website www.ontarioelectricityrfp.ca and must be made within thirty (30) days of the notification in writing of the outcome of this Renewables II RFP procurement process and the award of the RES II Contracts to the Suppliers set out in Section 4.9(e). The purpose of the debriefing information session is to aid the Proponent in presenting a better proposal in subsequent procurement opportunities. Any debriefing provided is not for the purpose of providing an opportunity to challenge the Renewables II RFP procurement process.

(g) Prohibited Proponent Communications

The Ministry may, in its sole and absolute discretion, without any liability, cost or penalty, and in addition to any other remedies available to it at law or under this Renewables II RFP, revoke the Proponent's status as a prospective Proponent, Proponent, or Selected Proponent and reject any potential or actual Proposal submitted by the Proponent, if any Proponent (and prospective Proponent who has not submitted a Proposal) or any of their respective employees, agents, contractors or representatives:

- (i) discusses this Renewables II RFP, any Proposal, or the RES II Contract with any agent or representative of the Ministry or former agent or representative of the Ministry, any member of the Evaluation Team or member of the evaluation team for the 300 MW Renewables RFP, any expert or other adviser who is assisting or has assisted the Evaluation Team or the evaluation team for the 300 MW Renewables RFP, any staff or employee or former staff or employee of the Ministry's offices, any staff or former staff of the Premier of Ontario's office or the Cabinet of the Government of Ontario, and any members of the Cabinet of the Government of Ontario or their staff or former staff, except through the website www.ontarioelectricityrfp.ca dedicated to this Renewables II RFP process or in response to a request by the Evaluation Team for any clarification; or
- (ii) directly or indirectly communicates with the media in relation to this Renewables II RFP, any Proposal, or the RES II Contract without first obtaining the written permission of the Ministry, pursuant to a request made through the section of the website www.ontarioelectricityrfp.ca dedicated to this Renewables II RFP process.

The Proponent shall not engage in any Conflict of Interest communications or in any communications that would violate the prohibition against collusion set forth in Section 3.9(a)(ii), and should take note of the Conflict of Interest and non-collusion provisions contained in this Renewables II RFP.

For greater certainty, the prohibition on communications set out above, shall not prohibit a prospective Proponent, Proponent, or Selected Proponent from publishing any notice that is required in connection with regulatory processes relating to the development of the proposed Renewable Generating Facility.

5.0 DESCRIPTION OF THE RES II CONTRACT

5.1 STRUCTURE

As stated in Section 2.4, a Selected Proponent will sign a RES II Contract, pursuant to which the Selected Proponent is the “Supplier” and the OPA is the “Buyer”. The RES II Contract shall take effect from the date it is signed by both parties and shall expire twenty (20) years after the Term Commencement Date, except as otherwise noted below.

The RES II 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 Renewable Generating Facility is to attain Commercial Operation no later than October 31, 2008; however, in order to encourage Suppliers to supply electricity and Related Products to the Buyer as soon as practicable on or before December 31, 2007, the RES II Contract allows a Supplier that achieves Commercial Operation on or before December 31, 2007 to sell, and obligates the Buyer to purchase, the electricity and Related Products produced by the Renewable Generating Facility to the Buyer at the prices set out in the RES II Contract from the Term Commencement Date until October 31, 2028, unless the Supplier, in its sole discretion, advises the Buyer that it wishes to have the Term expire twenty (20) years from the Term Commencement Date instead. 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 electricity or for the delivery of any Related Products.

Subject to the annual electricity cap set forth in the RES II Contract, the Supplier shall offer the electricity output from the Renewable Generating Facility and all Related Products to the IESO-Administered Markets for the benefit, and the account, of the Buyer. The Buyer will be the “metered market participant” under the Market Rules for the electricity and Related Products. During the Term, all rights of ownership of electricity output and Related Products belong to the Buyer, and no other off-takers shall have any rights to the electricity or the Related Products of the RES II Contract Capacity of the Renewable Generating Facility. The Supplier is responsible to deliver all electricity and Related Products to the Delivery Point. The Supplier will be required to bid electricity and Related Products into the IESO-Administered Markets as a “price-taker”, bidding between minus One Dollar (-\$1.00) per MWh and its variable cost. Prospective Proponents should note that under the Market Rules, Intermittent Generation Facilities and Self-Scheduled Generation Facilities are not eligible to receive payments for Operating Reserves or for being constrained-off.

Moreover, the Supplier shall from time to time during the Term, on behalf of the Buyer, obtain, quantify, and register with the relevant authorities or agencies all Environmental Attributes related to the Renewable Generating Facility that are required pursuant to applicable legislation, and same shall be immediately transferred, assigned or held in trust for the Buyer who thereafter shall retain, all rights, title, and interest in all such Environmental Attributes. The Supplier shall not participate in any voluntary programs with respect to any Environmental Attributes associated with the Renewable Generating Facility without the prior written consent of the Buyer, which consent may be unreasonably withheld.

Notwithstanding the foregoing, the Supplier shall continue to be entitled to any rights, title, and interest to any nitric oxide and sulphur dioxide emission allowances, and any nitric oxide and sulphur dioxide Emission Reduction Credits, that pertain to the Renewable Generating Facility that were available as of September 13, 2004 under the Ontario Emissions Trading Program operating under Regulation 397/01 of the Environmental Protection Act (Ontario), as amended from time to time. For certainty, revenue arising from such OETP credits and allowances will not be included in revenue from Related Products.

The Ministry understands that the Federal Government is proposing upcoming regulations covering greenhouse gas emissions, pursuant to which greenhouse gas emissions permits, credits or other allowances may be granted to Suppliers under the RES II Contract. If these regulations are promulgated, and once the applicable details of such regulations and their effect are known, the Buyer will propose such amendments to the RES II Contract as are necessary with a view to transferring back to each Supplier, or otherwise relinquishing its rights to, such greenhouse gas emissions permits, credits or other allowances (to which the Buyer is currently entitled pursuant to the terms of the RES II Contract) required for such Supplier to operate. Any such amendments would provide that the Buyer will not have any obligation to transfer or otherwise relinquish to a Supplier any interest in greenhouse gas emissions permits, credits or other allowances under the regulations, other than those it has actually received or becomes entitled to receive from such Supplier. Further, the amendments would provide that the Supplier will not receive any greenhouse gas emissions permits, credits or other allowances otherwise allocated to it under the regulations other than those that are actually necessary for the operation of the Supplier's facilities pursuant to the RES II Contract.

In the future, it is possible the Renewable Generating Facility will be eligible to produce certain Related Products that relate to the RES II Contract Capacity for which there is no market currently, such as Capacity and Environmental Attributes. At the request of the Buyer, or alternatively at the request of the Supplier with the prior written approval of the Buyer, the Supplier will supply all such Related Products to the Buyer or for the benefit of the Buyer. The Supplier shall not sell, supply, or deliver any Related Products that relate to the RES II Contract

Capacity other than those requested or approved by the Buyer. To the extent such Related Products result in incremental costs to the Supplier, the Buyer will separately compensate the Supplier for such incremental costs to the extent that they are verifiable and reasonable, together with an amount equal to 25% of the difference, if positive, of the total revenues received by the Buyer from the sale of such Related Products (except Environmental Attributes) into the IESO Administered Markets or other markets less such incremental costs.

The Buyer will be responsible under the RES II Contract for paying the Supplier the Proposal Price for all electricity delivered to the Delivery Point, plus any Performance Incentive Payment that is due, and all other payments due to the Supplier under the RES II Contract, through appropriate settlement mechanisms.

The RES II Contract will provide that from and after the Term Commencement Date, no portion of the energy or Related Products from the RES II Contract Capacity shall be subject to any agreement or undertaking for the sale, delivery, or conveyance thereof other than this RES II Contract. A Supplier shall be required to provide the Buyer, upon request, with written evidence of the Supplier's compliance with this obligation, including evidence that appropriate amendments to any power purchase or other applicable agreements have been made.

If the Nameplate Capacity is greater than the RES II Contract Capacity and the electricity for which the Buyer would pay the Proposal Price cannot, regardless of the cost, be separately metered from the balance of the electricity generated by the Nameplate Capacity, the total electricity for which the Buyer would pay the Proposal Price, subject to the maximum set out in the RES II Contract, will be determined to be:

- (a) in the case of a proposed expansion or upgrade of a Renewable Generating Facility that was in commercial operation for at least five (5) calendar years prior to the Proposal Submission Deadline, the total electricity delivered to the Delivery Point flowing from the Nameplate Capacity less the baseline amount of electricity calculated in accordance with the formula set out in the RES II Contract, which is based on actual data over the last five (5) calendar years prior to the Proposal Submission Deadline; or
- (b) in all other cases the product of multiplying the total electricity delivered to the Delivery Point flowing from the Nameplate Capacity by a fraction, the numerator of which is the RES II Contract Capacity and the denominator of which is the Nameplate Capacity.

Any conflict or inconsistency between the RES II Contract, the Renewables II RFP, and a Proposal shall be resolved by interpreting such documents in the following order from highest priority to lowest priority, namely:

- the RES II Contract

- the Renewables II RFP, and
- the Proposal,

where a document of a higher priority shall govern over a document of a lower priority to the extent of any conflict or inconsistency.

5.2 COUNTERPARTY

The OPA will be the counterparty to the Supplier under the RES II Contract.

5.3 PAYMENTS

The payments to the Supplier in a given month are as follows:

- the Supplier receives the Proposal Price (as adjusted as set out below) in Canadian Dollars per MWh multiplied by the total electricity delivered (below the annual electricity cap set forth in the RES II Contract) to the Delivery Point in MWh. A portion of the Proposal Price equal to fifteen percent (15%) of the initial Proposal Price, as indexed, shall be indexed 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 Term Commencement Date to and including December 31 of the year that the Term Commencement Date occurs, divided by 365. The remaining portion of the Proposal Price equal to eighty-five percent (85%) of the initial Proposal Price shall not be subject to any indexation whatsoever. The price payable under the RES II Contract for the electricity delivered shall be calculated as the sum of the unindexed portion and the indexed portion of the Proposal Price, as adjusted accordingly on January 1 of each calendar year during the Term; plus
- a Performance Incentive Payment, which is intended to provide an incentive for the Supplier to deliver electricity when most needed by the market, is calculated on the basis of the production-weighted average price and the time-average price in a given month. The production-weighted average price is the market price in each hour of the month weighted by the Contract Energy (as that term is defined in the RES II Contract) delivered by the Supplier in that hour divided by total Contract Energy delivered by the Supplier in that month. The time-average price is the simple average of the market price for each hour for the month. If the production-weighted average price is less than or equal to the time-average price, the Performance Incentive Payment is zero. If the production-weighted average price is greater than the time-average price, the Performance Incentive

Payment is 25% of the difference between the production-weighted average price and the time-average price in a given month times the total Contract Energy delivered by the Supplier for that month. For the purposes of these calculations, if the market clearing price in any hour exceeds \$150.00/MWh, the price used in the calculation of the Performance Incentive Payment will be \$150.00/MWh. Notwithstanding the foregoing, once the Contract Energy has reached the maximum annual amount of electricity that the Buyer has agreed to purchase under the RES II Contract for the Proposal Price, then no further Performance Incentive Payments in relation to electricity delivered above such maximum amount will be payable; plus

- reasonable and verifiable incremental costs incurred by the Supplier, in excess of the cost of production of electricity, in relation to any Related Products that flow from the RES II Contract Capacity as requested or approved by the Buyer, plus an amount equal to 25% of the difference, if positive, of the total revenue from the sale of such Related Products (except for Environmental Attributes) less such incremental costs.

In addition to the foregoing, for any electricity supplied in excess of the cap set out in the RES II Contract, the Supplier will receive 50% of the gross profit from the sales of such electricity, as more particularly described in Article 4 of the RES II Contract. Also, a Supplier who is a load facility under the Market Rules shall be solely responsible for all charges (net of any applicable credits) in relation to electricity consumed by it in order to operate the facility in accordance with the RES II Contract.

In computing the Performance Incentive Payment, a cap on the hourly prices used in these calculations has been specified. The purposes of these payments are to provide a sufficient incentive for the Supplier to optimize the use of electricity. It is expected that basic compensation for development and operation of the facility will come from the payment of the Proposal Price, as indexed annually, under the RES II Contract, with the Proponent factoring into its Proposal Price an allowance for incentive revenue it can reasonably predict. The caps on market clearing prices have been specified so that these incentive payments will be sufficient to encourage optimal scheduling of the facility by the Supplier, but will not provide the Supplier with windfalls that may occur from rare and unpredictable price spikes that would not be accounted for in formulating Proposal Prices.

For a more detailed and complete description of the type and calculation of all of the payments to the Supplier for the electricity and Related Products, the prospective Proponent is advised to review Appendix A to this Renewables II RFP and Articles 3 and 4 of the RES II Contract.

The total payments under the RES II Contract are to cover all of the Supplier's costs associated with its facility for the entire duration of the RES II Contract, including without limitation all

development (including obtaining required permits and approvals), construction, financing, operations, maintenance and capital improvement costs for the project, including those related to connecting to the IESO-Controlled Grid or to a Local Distribution System, as applicable. It is also expected that prospective Proponents will take account of the expected value of the Performance Incentive Payments, and indexing of a portion of the Proposal Price, when determining the Proposal Price which is submitted in their Proposals.

However, prospective Proponents are advised that the transmission and distribution capital expenditures set out above are regulated by and subject to the jurisdiction of the OEB, and in the event that the OEB orders that Transmitters or LDCs instead of generators pay any or all of such expenditures, the Proposal Price will be adjusted in accordance with the terms of the RES II Contract.

Appendix A provides an example of a payment amount calculation.

APPENDIX A: EXAMPLE OF PAYMENTS¹

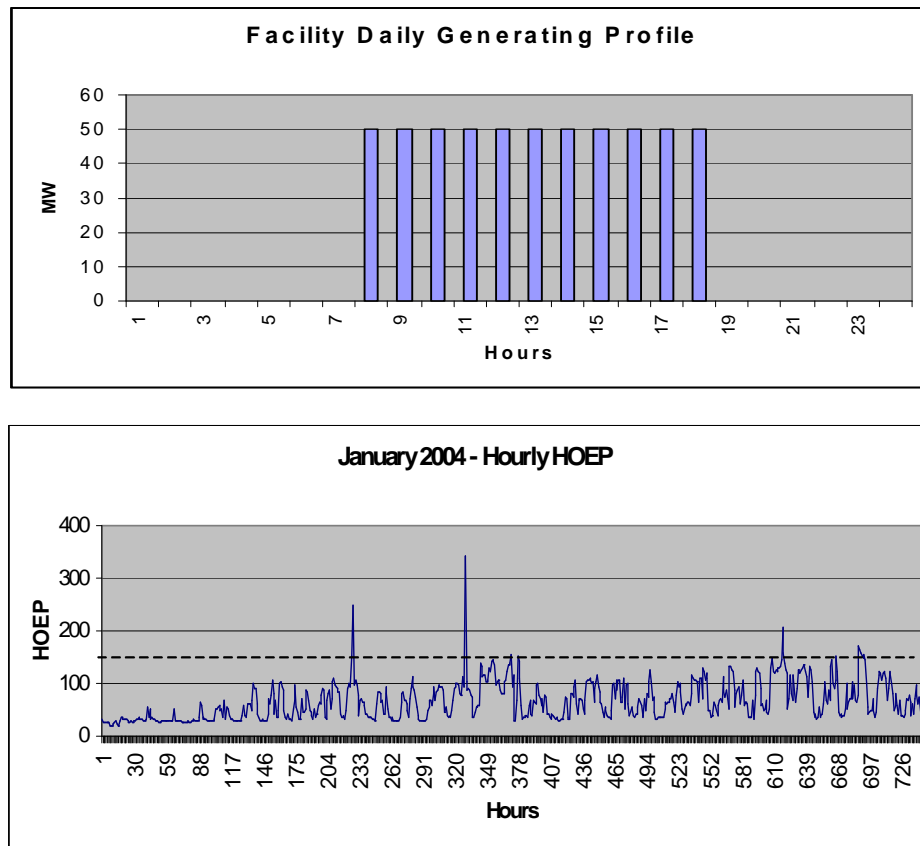
An example of the Supplier's resulting payments under the RES II Contract is provided below.

Suppose that a Supplier has submitted a Proposal Price of \$50.00/MWh in its Proposal. For simplicity, we will consider an example where the plant delivers 50 MW for each of hours 8 through 18 (profile shown in Figure 1). To derive the Performance Incentive Payment portion of the Supplier's energy revenue, we must calculate the time-weighted and production-weighted energy price averages.

To calculate the time-weighted price average for January 2004, we need only the hourly prices from January 2004 (available from the IESO website: www.ieso.ca) as shown in the second chart in Figure 1 and the total number of hours in the month (744). Notice the dashed line in the second chart in Figure 1, which indicates that all energy prices above the \$150.00/MWh maximum will be capped at \$150.00 for the purpose of calculating both the time-weighted and production-weighted average prices. Using this methodology and based on the January, 2004 data, the time-weighted average price is \$65.66 /MWh. This is calculated by dividing the sum of Hourly Ontario Energy Prices (HOEP) by the number of hours in the month, which equals \$65.66 /MWh. Figure 2 provides the individual components of this calculation.

¹ This payment example was developed by NERA Economic Consulting and is based on the example that was set out in Appendix A to the 300 MW Renewables RFP.

Figure 1. Energy Production and Hourly Prices



The production-weighted average is calculated as the sum of the hourly energy revenues for the Supplier, calculated as each HOEP times the associated MWs delivered to the Delivery Point in that hour, divided by the total energy production in the month for the Supplier. In this example, the production weighted average is \$75.85/MWh. Figure 2 provides the components of this calculation.

The difference between the production-weighted average and the time-weighted average is \$10.19/MWh. According to the RES II Contract, the Performance Incentive Payment would provide the Supplier 25 percent of this difference. Thus, the Performance Incentive Payment is 25 percent times \$10.19/MWh or \$2.55/MWh. Since the Supplier's Proposal Price is \$50.00/MWh, the Supplier's actual payment price is \$52.55/MWh. Figure 2 demonstrates how the Supplier's actual payment price is used to calculate its energy revenues. This calculation is simply the payment price times the total MWhs delivered. In this case, \$52.55/MWh x 17,050 MWhs (11 hours a day times 31 days in the month times 50 MW) equals \$895,936.

Figure 2 also shows how the Supplier's total revenues for the month are derived.

Figure 2. Supplier's Total Monthly Revenues

Supplier's Proposal Price (\$/MWh)	\$	50.00
Total Hours in Month		744
Sum of HOEP with \$150 cap	\$	48,850.60
Time-Weighted Avg.	\$	65.66
Total MWhs Delivered		17.050
Sum of (MWhs Delivered x HOEP with \$150 cap)	\$	1,293,236
Production-Weighted Avg.	\$	75.85
Production-Wt. Avg. – Time-Wt. Avg.	\$	10.19
Performance Incentive Payment (per MWh)	\$	2.55
Supplier's payment price (per (MWh)	\$	52.55
Supplier's Energy Revenues	\$	895,936

Note: Prospective Proponents are advised that all figures and calculations used to determine the monthly payment to the Supplier in this Appendix A are for example purposes only, and prospective Proponents are directed to the RES II Contract for the complete calculation of the Monthly Payment (as that term is defined in the RES II Contract).

APPENDIX B: GLOSSARY OF TERMS

The definitions of those capitalized terms and acronyms utilized in this Renewables II RFP, unless otherwise stated to be definitions contained in the RES II Contract, are provided below.

TERM OR ACRONYM	DEFINITION
300 MW Renewables RFP	Means the request for proposals for 300 MW of renewable energy supply issued by the Ministry on June 24, 2004, as amended.
Anaerobic Digestion	A biochemical process by which organic matter is decomposed by bacteria in the absence of oxygen, which produces methane and other by-products.
Ancillary Services	Means, as defined in the Market Rules, any services necessary to maintain the reliability of the IESO-Controlled Grid, including but not limited to frequency control, voltage control and reactive power.
Another Proponent Core Team	Means, in relation to a person or entity, a Proponent Core Team which is not the same as the Proponent Core Team to which such person or entity belongs.
Another Proponent Team	Means, in relation to a person or entity, a Proponent Team whose Proponent Core Team is not the same as the Proponent Core Team to which such person or entity belongs.
Bid Bond Form	Means the form attached as Appendix G.
Bio-fuel	Means a liquid fuel or product made solely from Renewable Biomass and includes without limitation ethanol and bio-diesel.
Bio-gas	Means a gaseous fuel or product made solely from Renewable Biomass, and for greater certainty includes gaseous output from Anaerobic Digestion of Source Separated Organics.
Business Day	Means a day, other than a Saturday or Sunday or statutory holiday in the Province of Ontario or any other day on which banking institutions in Toronto, Ontario are not open for the transaction of business.
Buyer	Means the OPA, for purposes of the RES II Contract.
Capacity	Means the rated, continuous load-carrying capability, expressed in MW, of a Renewable Generating Facility to generate and deliver electricity at a given time.
Capacity Products	Means any products related to Capacity.
Capital Lease	Means any lease of property, personal, real or mixed, under which an equity provider is the lessee and which would be capitalized on a balance sheet of the equity provider prepared as of such date in accordance with GAAP.
Capital Lease Obligation	Means, with respect to any Capital Lease, the amount of the obligation of the lessee under such Capital Lease.
Category A Lender	Means a lender referred to in Section 3.5(b)(ii)(A).
Category B Lender	Means a lender referred to in Section 3.5(b)(ii)(B).
Commercial Operation	Has the meaning set out in Section 2.3 of the RES II Contract.

Commercial Operation Date	Means the date on which Commercial Operation is first attained.
Completion and Performance Security	Means the financial security that the Selected Proponent is required to provide to the Buyer under the terms of this Renewables II RFP and the RES II Contract as additional assurance that the Supplier will meet the project milestone for Commercial Operation of the Renewable Generating Facility as specified in its Proposal, and will diligently operate and maintain the Renewable Generating Facility over the Term in accordance with the RES II Contract, in the amount and form as described in the RES II Contract.
Confidentiality Statement	Means the confidentiality statement described in Section 3.9(d).
Conflict of Interest	Includes any situation or circumstance where, in relation to this Renewables II RFP process, the Proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including (i) having or having access to information in the preparation of its Proposal that is confidential to the Government of Ontario and not available to other Proponents; (ii) communicating with any official or representative of the Government of Ontario or members of the Evaluation Team with a view to influencing preferred treatment in this Renewables II RFP process; or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the open and competitive Renewables II RFP process and render that process non-competitive and unfair.
Conflict of Interest Declaration	Means the conflict of interest declaration attached as Appendix I.
Connection Impact Assessment	Means a connection impact assessment referred to in Section 3.4(j).
Connection Point	Means (i) where the Renewable Generating Facility is to be connected to the IESO-Controlled Grid, the point or points of connection, as defined in the Market Rules, between the facility and the IESO-Controlled Grid; (ii) where the facility is connected to a Local Distribution System, the embedded connection point or points, as defined in the Market Rules, between the facility and the Local Distribution System. For certainty, the Connection Point will be defined by reference to electrical connection points. For greater certainty, the Connection Point(s) for a Renewable Generating Facility cannot be located in an Excluded Sub-Zone.
Consumer Price Index	Means the consumer price index for All Items published or established by Statistics Canada or its successors in relation to the Province of Ontario.
Controlled or Controls	Means, with respect to any person at any time, (i) holding, as owner or other beneficiary, other than solely as the beneficiary of an unrealized security interest, directly or indirectly, securities or ownership interests of that person carrying votes or ownership interests sufficient to elect or appoint the majority of individuals who are responsible for the supervision or management of that person, or (ii) the exercise of de facto control of that person whether direct or indirect and whether through the ownership of securities or

	ownership interests, by contract or trust or otherwise.
Customer Impact Assessment	Means a customer impact assessment referred to in Section 3.4(j).
DBRS	Means Dominion Bond Rating Service Limited or its successors.
Debt	<p>Means, in relation to an equity provider, at any time, without duplication:</p> <p>1. all debts and liabilities, present or future, to which any equity provider is or may become subject by reason of any obligations incurred on or before the time of calculation, whether contingent, unliquidated or otherwise, including, without limitation: (a) money borrowed and premiums (if any) and accrued/deferred interest (if any); (b) the principal, accrued or deferred interest, if any, and premiums, if any, in respect of any debenture, bond, note, loan stock or similar instrument; any accounts payable and accrued liabilities; (c) any deferred or future tax liabilities and deficits under any pension plans; (d) outstanding obligations in respect of any letter of credit issued on its behalf, acceptance, bill discounting or note purchase facility and any receivables purchase, factoring or discounting arrangement, which carries recourse to the equity provider; (e) all Capital Lease Obligations; (f) all marked to market amounts; (g) the amount of any recourse to any equity provider, in respect of any sale, securitization or other asset-backed financing of receivables or other assets; (h) any other transaction having the commercial effect of (1) a financial borrowing or (2) any other raising of money (other than by or in respect of the issue of share equity); and (i) all debts and liabilities of any other person referred to in this definition either (1) guaranteed directly or indirectly in any manner by an equity provider, or (2) having the commercial effect of being guaranteed directly or indirectly by an equity provider; less</p> <p>2. cash, trade receivables, and inventories.</p>
Deliverables	Means everything developed for or provided to the Buyer in the course of performing under a RES II Contract or agreed to be provided to or on behalf of the Buyer by the Supplier or its employees, volunteers, agents or subcontractors.
Delivery Point	Means a uniquely identified reference point determined in accordance with the Market Rules and used for settlement purposes in the real-time markets.
Dollars, dollars, or \$	Means Canadian dollars and cents, unless otherwise specifically set out.
EBITDA	Means, for a fiscal year for an equity provider, the aggregate of its (a) Net Income, plus (b) Interest Expense, plus (c) Taxes, plus (d) depreciation, plus (e) amortization minus (f) any extraordinary (or non-recurring) items.
Emission Reduction Credits	Means the credits associated with the amount of emissions to the air avoided by reducing the emissions below the lower of actual historical emissions or regulatory limits, including "emission reduction credits" as defined in O. Reg. 397/01 made under the Environmental Protection Act (Ontario), as amended from time to time, or such other

	regulation as may be promulgated under the Environmental Protection Act (Ontario).
Environmental Attributes	<p>Means environmental attributes associated with a Renewable Generating Facility having decreased environmental impacts, and includes:</p> <p>(a) rights to any fungible or non-fungible attributes, whether arising from the generating facility itself, from the interaction of the generating facility with the IESO-Controlled Grid or the Local Distribution System or because of applicable legislation or voluntary programs established by governmental authorities or agencies;</p> <p>(b) any and all rights relating to the nature of the energy source as may be defined and awarded through applicable legislation or voluntary programs. Specific environmental attributes include ownership rights to Emission Reduction Credits or entitlements resulting from interaction of the generating facility with the IESO-Controlled Grid or the Local Distribution System or as specified by applicable legislation or voluntary programs, and the right to quantify and register these with competent authorities; and</p> <p>(c) all revenues, entitlements, benefits, and other proceeds arising from or related to the foregoing,</p> <p>but shall exclude the Government of Canada's Wind Power Production Incentive (WPPI) which may be available in connection with the Renewable Generating Facility and any rights, title and interest to any nitric oxide and sulphur dioxide Emission Reduction Credits, that pertain to the Renewable Generating Facility that were available as of September 13, 2004 under the Ontario Emissions Trading Program operating under Regulation 397/01 of the Environmental Protection Act (Ontario), as amended from time to time.</p>
EPC	Means Engineering, Procurement and Construction.
Evaluation Team	Means, collectively, the Ministry's personnel and its technical advisors.
Excluded Sub-Zones	Means: (i) Goderich TS; (ii) 115 kV circuits A5A and T1M circuits (Alexander TS to Marathon TS); and (iii) any existing 28kV distribution circuit.
Financial Questionnaire	Means the financial questionnaire, the form of which is set out in Appendix D.
Fitch IBCA	Means Fitch IBCA, Duff & Phelps, a division of Fitch Inc., or its successors.
GAAP	Means Canadian or U.S. generally accepted accounting principles approved or recommended from time to time by the Canadian Institute of Chartered Accountants or the Financial Accounting Standards Board, as applicable, or any successor institutes, applied on a consistent basis.
Government of Ontario	Means Her Majesty the Queen in Right of Ontario.
Hydro One	Means Hydro One Inc.
IESO	Means the Independent Electricity System Operator established under Part II of the Electricity Act, 1998 of

	Ontario, as amended.
IESO-Administered Markets	Has the meaning ascribed to it by the Market Rules.
IESO-Controlled Grid	Means the IESO-Controlled Grid as defined by the Market Rules.
IESO Connection Assessment and Approval	Means the IESO connection assessment referred to in Section 3.4(j).
Including, or including	Means including without limitation.
Interest Expense	Means, for any period, the sum of (a) all cash payments made on account of any interest on Debt; plus (b) all fees payable in respect of any letters of credit or guarantees; plus (c) the interest component of any payments on Capital Leases; plus (d) the discount amount of any bankers' acceptance issued by the equity providers; plus (e) all financing, stamping, standby, commitment and other similar fees payable by the equity providers; plus (f) commitment commission; plus (g) other fees, costs and expenses in the nature of financing costs.
Intermittent Generating Facility	Has the meaning ascribed to the term "Intermittent Generator" under the Market Rules.
Investment Grade Credit Rating	Means a minimum credit rating of (i) BBB- with S&P, (ii) Baa3 with Moody's, (iii) BBB low with DBRS, or (iv) BBB- with Fitch IBCA, if applicable.
Letter of Credit Form	Means the form attached as Appendix F.
Local Distribution Company or LDC	Means a person licensed by the OEB as a "Distributor" in connection with a Local Distribution System.
Local Distribution System	Means a system for conveying electricity at voltages of 50 kilovolts or less and includes any structures, equipment or other things used for that purpose.
Market Rules	Means the rules made under section 32 of the Electricity Act, 1998 (Ontario), as amended from time to time.
MERX™	Means the national electronic tendering system owned and operated by Mediagrif Interactive Technologies Inc.
Ministry	Means the Ministry of Energy of the Government of Ontario.
Ministry of Natural Resources, Ministry of the Environment, Ministry of Finance, and Ministry of Municipal Affairs and Housing	Shall each refer to the applicable Ministry of the Province of Ontario.
Moody's	Means Moody's Investors Service, Inc. or its successor.
Municipal Solid Waste	Means: <div style="margin-left: 40px;">(a) any waste, whether or not it is owned, controlled or managed by a municipality; and</div> <div style="margin-left: 40px;">(b) solid fuel, whether or not it is waste, that is derived in whole or in part from the waste included in clause (a) of this definition,</div> but which, for greater certainty, shall not include hazardous waste, liquid industrial waste, gaseous waste, and Renewable Biomass.
MW	Means megawatt.
MWh	Means megawatt-hour.
Nameplate Capacity	Means, with respect to a Renewable Generating Facility, the rated, continuous load-carrying capability net of

	parasitic or station service loads, expressed in MW, of the Renewable Generating Facility to generate and deliver electricity at a given time, and which includes the RES II Contract Capacity and that is separately metered under one meter.
Net Income	Means, for any equity provider for any period, net income for such equity provider for such period determined in accordance with GAAP.
OEB	Means the Ontario Energy Board.
OPA	Means the Ontario Power Authority.
Operating Reserves	Means generation capacity which can be called upon on short notice by the IESO to replace scheduled energy supply which is unavailable as a result of an unexpected outage or to augment scheduled energy as a result of unexpected demand or other contingencies.
Performance Incentive Payment	Means the incentive payment described in Section 5.3.
Price Ceiling	Means a value, expressed in \$/MWh, that is 110% of the Weighted Average Price.
Proponent	Means an entity or person that submits one or more Proposals in response to this Renewables II RFP.
Proponent Core Team	Means, collectively, in respect of a Proposal, each member of a Proponent Team which is not at Arm's Length (as that term is defined in the RES II Contract) to the Proponent of that Proponent Team, or which Controls the Proponent of that Proponent Team, but which does not include the Proponent. For purposes of this definition, any person or entity which owns an interest of 50% or more, or otherwise Controls, the Proponent of that Proponent Team or another member of the Proponent Core Team shall also be deemed to be a member of the Proponent Core Team.
Proponent Core Team Declaration	Means the form attached as Appendix M.
Proponent Non-Core Team	Means, collectively, each member of a Proponent Team other than the Proponent and the Proponent Core Team.
Proponent Team	Means, collectively, a Proponent and all entities and persons (including, without limitation, all equity providers) involved in the preparation of the Proponent's Proposal(s) for the Renewables II RFP and/or required by the Proponent to successfully implement its Proposal(s) for the Renewables II RFP and to comply with the RES II Contract(s). For greater certainty, members of the Proponent Team shall include the Proponent's Core Team, the Proponent's technical, financial and legal advisors, and any other person otherwise assisting the Proponent in the preparation of its Proposal(s), but shall not include any lenders or any technical or legal advisors to lenders.
Proposal	Means a proposal made pursuant to this Renewables II RFP.
Proposal Price	Means the price set out by a Proponent in connection with its supply of electricity to the IESO-Administered Markets, and stated as a single \$/MWh amount in accordance with the Renewables II RFP as described in Section 3.6.
Proposal Price Statement	Means the form of statement set out in Appendix E.
Proposal Security	Means the financial security submitted with the Proposal as

	described in Section 3.8.
Proposal Submission Deadline	Means August 31, 2005 at 3:00:00 p.m. (EDT), as may be amended.
Related Products	Means all Capacity Products, Ancillary Services, transmission rights, any Environmental Attributes, and any other products or services that may be provided by the Renewable Generating Facility from time to time (excluding steam and hot water produced by a Renewable Generating Facility), that may be traded in the IESO-Administered Markets or other markets, or otherwise sold, and which shall be deemed to include products and services for which no market may exist.
Renewable Biomass	<p>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 (including spent pulping liquor) and sewage including manure, provided that:</p> <p>(i) such organic matter is not Municipal Solid Waste;</p> <p>(ii) such organic matter is not peat or a peat derivative;</p> <p>(iii) waste organic material shall not contain any treated by-products of manufacturing processes (e.g. chipwood, plywood, painted or varnished wood, pressure treated lumber, or wood contaminated with plastics or metals); and</p> <p>(iv) 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.</p>
Renewable Generating Facility	Means a facility that generates electricity from one or more of the following sources: wind, solar, Renewable Biomass, Bio-gas, Bio-fuel, landfill gas, or water.
Renewables II RFP	Means this Renewables II RFP, and any addenda to it.
RES Contract	Means a renewable energy supply contract awarded under the 300 MW Renewables RFP.
RES Contract Capacity	Means the "Contract Capacity" as that term is defined in a RES Contract.
RES II Contract	Means the renewable energy supply contract for the Deliverables, between a Supplier of a Renewable Generating Facility and the Buyer. The standard form of the RES II Contract, together with all addenda thereto, will be posted on the website: www.ontarioelectricityrfp.ca .
RES II Contract Capacity	Means that portion of the Nameplate Capacity from which electricity and Related Products are purchased pursuant to the terms of the RES II Contract.
Restricted Sub-Zone	Has the meaning given to it in Appendix L.
S&P	Means the Standard and Poors Rating Group (a division of McGraw-Hill Inc.) or its successors.
Selected Proponent	Means a Proponent whose Proposal(s) has been selected

	and accepted by the Ministry, in accordance with this Renewables II RFP.
Self-Scheduling Generation Facility	Has the meaning ascribed to it by the Market Rules.
Source Separated Organics	Means the organic portion of the Municipal Solid Waste collection stream which has been separated from potential contaminants such as metal, plastic and glass prior to collection and which does not contain any treated by-products of manufacturing processes or other materials that can adversely affect anaerobic processes or cause liquids and solids produced through anaerobic processes to become hazardous waste.
Stack	Has the meaning given to it in Section 3.1(c).
Stage 1	Means the stage of the Evaluation Team's evaluation of Proposals for completeness, as set out in Section 3.1(a) and Section 3.2.
Stage 2	Means the stage of the Evaluation Team's evaluation of Proposals for compliance with the Technical and Financial Mandatory Requirements, as set out in Section 3.1(b) and Section 3.3.
Stage 3	Means the stage of the Ministry's evaluation of Proposals for purposes of the Proposal Price Evaluation, as set out in Section 3.1(c) and Section 3.7.
Statutory Declaration	Means the form attached as Appendix H.
Sub-Zone Limit	Means, with respect to a particular Restricted Sub-Zone, the value, expressed in MW, set out in Appendix L.
Sub-Zone Screen	Means the step of the Proposal Price evaluation described in Section 3.7(a).
Supplier	Means a Selected Proponent which has executed an RES II Contract.
System Impact Assessment	Means a system impact assessment referred to in Section 3.4(j).
Tangible Net Worth	Means an amount determined in accordance with GAAP, and calculated as (a) the sum of capital stock, preferred stock, paid-in capital, contributed surplus, retained earnings, capital reserves, and cumulative translation adjustment (whether positive or negative), minus (b) the sum of any amounts shown on account of any common stock reacquired by the Supplier, patents, patent applications, service marks, industrial designs, copyrights, trade marks and trade names, and licenses, prepaid assets, goodwill and all other intangibles.
Tax Compliance Declaration	Means the form attached as Appendix J.
Technical and Financial Submission	Means that portion of a Proposal submitted by a Proponent which comprises the documentation set out in Sections 3.2(a), 3.2(b) and if applicable 3.9(d).
Technical Questionnaire	Means the technical questionnaire, the form of which is set out in Appendix C.
Term	Means, in the case of a Renewable Generating Facility that achieves Commercial Operation on or before December 31, 2007, the period of time commencing upon the Term Commencement Date and expiring on October 31, 2028, unless the Supplier elects to have the Term expire twenty

	(20) years after the Term Commencement Date. In all other cases, the Term shall mean the period of time commencing upon the Term Commencement Date and expiring twenty (20) years after the Term Commencement Date.
Term Commencement Date	Means the later of the Commercial Operation Date and the date of the RES II Contract.
Transmission System	Means a system for conveying electricity at voltages of more than 50 kilovolts and includes any structures, equipment or other things used for that purpose.
Transmitter	Means a Person licensed as a “transmitter” by the OEB in connection with a Transmission System.
Weighted Average Price	Means the weighted average, expressed in \$/MWh, of the initial Proposal Prices of all of the Proposals selected pursuant to Section 3.7(b), weighted by the expected annual electricity output of the Renewable Generating Facilities (in MWh) to be delivered in the first year of the Term to the Delivery Point as set out in such Proposals, respectively.

APPENDIX C: TECHNICAL QUESTIONNAIRE

Proponents are required to complete this Technical Questionnaire in full, including the attachment of additional documents as and where requested. PLEASE BE ADVISED THAT INCLUDING THE PROPOSAL PRICE OR ANY OTHER INFORMATION RELATED TO PRICE IN THIS TECHNICAL QUESTIONNAIRE WILL LEAD TO THE DISQUALIFICATION OF YOUR PROPOSAL.

1. Proponent Information

- a. Proponent's full registered legal business name and any other name under which it carries on business:

- b. Proponent's address, telephone, e-mail and facsimile numbers:

- c. Name, address, telephone and facsimile numbers of the contact person(s) for the Proponent:

- d. Name of the person who is primarily responsible for the Proposal:

- e. Name of the person who will be managing the operation of the proposed Deliverables:

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-
- f. Whether the Proponent is an individual, a sole proprietorship, a corporation, a partnership, a joint venture, an incorporated consortium or a consortium that is a partnership or other legally recognized entity:
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- g. Name(s) of the proprietor, where the Proponent is a sole proprietor; each of the directors and officers where the Proponent is a corporation; each of the partners where the Proponent is a partnership and applicable combinations of these when the Proponent is a joint venture or consortium, whichever applies:
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-

2. Executive Summary of Proposal

An executive summary of the Proposal, with a maximum length of 2 single-sided pages, must be provided which should state the following:

- a. that the Proposal is for a Renewable Generating Facility;
- b. the names of the Proponent, each member of the Proponent Core Team, and each member of the Proponent Non-Core Team, and any lenders in relation to the proposed Renewable Generating Facility;
- c. a short description of the key personnel involved in the preparation of the Proposal and in the delivery and operation of the Renewable Generating Facility;
- d. an organization chart that provides a schematic representation of ownership and contractual links among all entities or individuals involved in the development, construction, financing and operation of the project;
- e. a summary of the business arrangements and financing of the proposed Renewable Generating Facility; and

- f. a short description of the plant and equipment to be used in the Renewable Generating Facility including the technology, project design, location of such plant and equipment, as well as the proposed Commercial Operation Date of the Renewable Generating Facility.

☐ Executive summary attached.

3. Project Information

a. Project Name_____

b. State the municipal address (including the city or town) of the project

c. Source or fuel consumed by facility

- i. ☐ Wind
- ii. ☐ Solar
- iii. ☐ Renewable Biomass
- iv. ☐ Bio-gas
- v. ☐ Bio-fuel
- vi. ☐ Landfill gas
- vii. ☐ Water

d. Expected (or Actual) Commercial Operation Date
(mm/dd/yyyy)_____

e. RES II Contract Capacity in MW_____

f. Type of Facility (choose one)

- i. ☐ The proposed facility is a new Renewable Generating Facility;
- ii. ☐ The proposed facility is a conversion of a generating facility that has, for the four most recent quarters of its operation that occurred prior to March 31, 2005, used a fuel that is ineligible under this Renewables II RFP for more than 50% of the total fuel heat input of such generating facility over that time. If so,

- 1. Name and describe the existing generating facility, including a description of all fuels used during the four most recent quarters of its operation prior to March 31, 2005, the percentage of such ineligible fuel to the total fuel heat input of such facility over that time, and supporting calculations, using the enclosed attachment, if necessary.

☐ Attachment enclosed.

2. ☐ A statement from an independent professional engineer qualified to practice engineering in Ontario, certifying that ineligible fuel(s) comprised more than 50% of the total fuel heat input of the existing generating facility for the relevant period, is enclosed.
- iii. ☐ The proposed facility is an expansion or upgrade of an existing Renewable Generation Facility that will provide incremental energy from at least 20.0 MW of additional capacity above and beyond that which would otherwise have been provided by the existing Renewable Generating Facility. If so,
1. Name, and briefly describe, the existing Renewable Generating Facility.
- _____
- _____
- _____
2. Confirm whether the Proponent of the upgrade or expansion is also the operator of the balance of the existing Renewable Generating Facility.
- a. ☐ Yes; or
- b. ☐ No. If no, name the operator of the balance of the existing Renewable Operating Facility.
- _____
- _____
3. All or any portion of the output of the existing Renewable Generating Facility is subject to a RES Contract.
- a. ☐ Yes. If yes, state the name of the existing Renewable Generating Facility, the name of the Supplier, and the contract capacity under the RES Contract:
- _____
- _____
- _____
- b. ☐ No.
- g. State whether the Proponent is aggregating two (2) or more Renewable Generating Facilities in the Proposal. Proponents are advised that in the event that the Proponent is aggregating two (2) or more Renewable Generating Facilities in the Proposal, and if any one or more of the multiple renewable generating facilities is located within a Restricted Sub-Zone, then all individual facilities must be located in the same Restricted Sub-Zone, and must satisfy all of the requirements of the Renewables II RFP. Choose one:
- i. ☐ Yes, the Proponent is aggregating two (2) or more Renewable Generating Facilities in the Proposal. The requirements set out in Sections 3.4(a)(iv)(A) to (E) inclusive of the Renewables II RFP are all satisfied. The municipal address, the Capacity, and a brief description of each individual Renewable Generating Facility being aggregated is set out in the enclosed attachment; or
- ☐ Attachment enclosed

- ii. ☐ No, the Proponent is not aggregating two (2) or more Renewable Generating Facilities in the Proposal.
- h. State whether the Energy From Nameplate Capacity will be greater than the Total Contract Energy (as such terms are defined in the RES II Contract):
 - i. ☐ Yes. If yes, answer the subsequent questions below; or
 - ii. ☐ No.

If the answer immediately above is Yes, then state whether the Total Contract Energy can, regardless of the cost, be metered separately from the Energy From Nameplate Capacity:

- iii. ☐ Yes; or
- iv. ☐ No. If no, answer the subsequent questions below.

If the answer immediately above is No, then confirm whether the Contract Facility constitutes a proposed expansion or upgrade of an existing Renewable Generating Facility that was in commercial operation for at least the last five (5) calendar years prior to the Proposal Submission Deadline:

- v. ☐ Yes, the Contract Facility constitutes a proposed expansion or upgrade of an existing Renewable Generating Facility that was in commercial operation for at least the last five (5) calendar years prior to the Proposal Submission Deadline. The enclosed attachment provides the quantity of electricity (in MWh) generated and delivered by such Renewable Generating Facility for each month over the last five (5) calendar years prior to the Proposal Submission Deadline.
 - ☐ Attachment enclosed. Also, select either (A) or (B) below:
 - (A) the data setting out the quantity of electricity above is available from and can be verified with:
 - ☐ the IESO;
 - ☐ the LDC, namely: _____; and/or
 - ☐ Ontario Electricity Financial Corporation; or
 - (B) ☐ enclosed is a certificate provided by the Proponent from an independent professional engineer qualified to practice engineering in the province of Ontario certifying the quantity of electricity (in MWh) generated by such existing Renewable Generating Facility for each month over the last five (5) calendar years prior to the Proposal Submission Deadline; or
- vi. ☐ No, the Contract Facility does not constitute a proposed expansion or upgrade of an existing Renewable Generating Facility that was in commercial operation for the last five (5) calendar years prior to the Proposal Submission Deadline. The Nameplate Capacity of the Facility (in MW) is_____.
- i. State the Proposed Connection Point. Please note that if the proposed project has more than one Connection Point (whether based on the aggregation of two or more Renewable Generating Facilities or a single Renewable Generating Facility with multiple Connection Points), if any Connection Point is within any Restricted Sub-Zone, then all Connection Points must be located in the same Restricted Sub-Zone:

-
-
-
-
- i. ☐ A single line electrical drawing which identifies the point where the Renewable Generating Facility is expected to be connected to a Transmission System or a Local Distribution System clearly showing area transmission and distribution facilities, including the transmission station that is electrically closest to the Renewable Generating Facility, is enclosed; and
 - ii. ☐ No Connection Point is located within any Excluded Sub-Zone.

4. Additional Project Eligibility

Indicate by checking the boxes whether the following criteria are satisfied:

- a. ☐ Project located in the province of Ontario.
- b. ☐ Has a RES II Contract Capacity between 20.0 MW to 200.0 MW, inclusive.
- c. ☐ Project supplies energy to the IESO-Administered Markets as a participant through a connection to the IESO-Controlled Grid or Local Distribution System.
- d. Choose one of the following:
 - i. ☐ Project had not attained commercial operation before January 20, 2004 but will attain commercial operation no later than October 31, 2008; or
 - ii. ☐ Project attained commercial operation before January 20, 2004 but is an expansion or upgrade as described in Section 3.4(a)(i) or a conversion as described in Section 3.4(a)(i) of the Renewables II RFP.

5. Total RES II Contract Capacities

- a. State whether the Proponent or the same Proponent Core Team (other than the Proponent) has submitted any other Proposal in response to the Renewables II RFP:
 - i. ☐ Yes, the Proponent, or the same Proponent Core Team (other than the Proponent) has submitted a Proposal or Proposals other than this Proposal in response to the Renewables II RFP.
 - ii. ☐ No, neither the Proponent nor the same Proponent Core Team (other than the Proponent) submitted a Proposal other than this Proposal in response to the Renewables II RFP.
- b. If the answer to a. above is yes, indicate by checking each of the boxes below if the following criteria are satisfied:
 - i. ☐ The combined RES II Contract Capacities of all Proposals submitted in response to this Renewables II RFP by Proponents that are Controlled by any member of a Proponent Core Team is less than or equal to 400.0 MW.
 - ii. ☐ The lands of the proposed facility site is located at a distance of at least one (1) kilometer from the lands of any other facility or facilities proposed by the

same Proponent or on behalf of the same Proponent Core Team (other than the Proponent), where the combined RES II Contract Capacities set out in the Proposals for all such proposed facilities plus the RES Contract Capacity of any facilities expended or upgraded by such Proposal, exceeds 200.0 MW. For the purposes of this statement, the distance between lands of the proposed facilities shall be calculated along the straight-line path between the closest points of the boundaries of the lands of the proposed facilities to each other, and lands over which a proposed facility enjoys an easement shall be considered to be the lands of that proposed facility.

6. Description of the site and location

- a. Provide a map showing the location of the project site in relation to neighboring roads and lands, drawn to a scale of no less than 1:10,000 and no greater than 1:100,000, and having a size of at least 6 inches by 6 inches.

☐ Document(s) enclosed.

- b. Provide a plan of survey or its equivalent delineating the boundaries of the lands for the site, including any easements appurtenant to such lands. The survey or its equivalent should utilize Universal Transverse Mercator (NAP-83) coordinate to reference the lands and appurtenant easements.

☐ Document(s) enclosed.

- c. Provide a description of the project site and a diagram, clearly indicating anticipated placement of key facilities (for example, if a wind facility, show anticipated placement of wind turbines).

☐ Document(s) enclosed.

7. Control of Site

- a. In accordance with the requirements set out in Section 3.4(e) of the Renewables II RFP, provide a copy of one of the following:

- i. ☐ Registered transfer, lease, licence, or other agreement permitting the use of the land for the site is enclosed.
- ii. ☐ Written agreement to purchase the land for the site is enclosed.
- iii. ☐ Written agreement entitling the Proponent to an option to purchase, lease, licence, or use the land for the site, is enclosed.

- b. To the extent that the Proponent meets the requirements set out in Section 3.4(e) as they relate to the submission of copies of standard forms of leases, licences or agreements:

- i. ☐ full copy of such standard form is enclosed.
- ii. ☐ a statement by the Proponent setting out, in summary form, all information (including the parties, description of the site, commencement date, term and closing) that is particular to each such individual lease, licence, or agreement, as applicable to which the standard form was applied, is enclosed.

- iii. ☐ a certificate of an officer of the Proponent stating that all of the leases, licences, or agreements, as applicable, for all such sites have been signed and are in full force and effect is enclosed.
 - c. Proponents must identify whether their proposed project involves Crown resources, including Crown land for transmission, distribution and ancillary structures. If so, Proponents must provide written confirmation from the Ministry of Natural Resources that the Proponent has been identified as the "Applicant of Record" or has been granted an "Option to Lease Agreement".
 - i. ☐ Yes, the proposed project involves Crown resources.
 - 1. ☐ Confirmation of Proponent as "Applicant of Record" is enclosed; or
 - 2. ☐ Option to Lease Agreement is enclosed.
 - ii. ☐ No, the proposed project does not involve Crown resources.
 - d. Proponents must identify whether their proposed project involves lands that are defined as reserves under the Indian Act (Canada) or special reserves under Section 36 thereof. If so, Proponents must provide written confirmation from the band council for the lands that the Proponent has been given permission to use the lands for the proposed project with a term starting no later than the milestone date for the commencement of construction provided by the Proponent in response to the applicable question in Appendix C and expiring no earlier than the end of the Term.
 - i. ☐ Yes, the proposed project involves lands that are defined as reserves under the Indian Act (Canada) or special reserves under Section 36 thereof, and written confirmation from the band council for the lands is enclosed; or
 - ii. ☐ No, the proposed project does not involve lands that are defined as reserves under the Indian Act (Canada) or special reserves under Section 36 thereof.

8. Documentation relating to Environmental Assessments

Pursuant to Section 3.4(f) of the Renewables II RFP, Proponents are to select one of the following statements in subparagraphs a, b, or c below:

- a. ☐ The classification of proposed project falls within the Ontario Ministry of the Environment's "Guide to Environmental Assessment Requirements for Electricity Projects" dated March 2001 as referred to in O. Reg. 116/01 to the Environmental Assessment Act (Ontario) entitled "Electricity Projects". Choose one of the following:
 - i. ☐ Category A.
 - ii. ☐ Category B. If the project is within Category B, a copy of the "Notice of Commencement of a Screening" that has been prepared and published is enclosed.
 - iii. ☐ Category C. If the project is within Category C, a copy of the "Terms of Reference" submitted to the Ministry of Environment is enclosed, together with a statement of the date of such submission if it is not already set out on the submission.
- b. ☐ The proposed project falls under the "Class Environmental Assessment for Modifications to Hydroelectric Facilities" prepared under the Environmental Assessment Act (Ontario).

- i. ☐ Enclosed is a statutory declaration of an officer of the Proponent stating that the proposed project falls under the "Class Environmental Assessment for Modifications to Hydroelectric Facilities" together with a copy of all notices that are required pursuant to Section 4.2.6 (entitled "ER Planning Process") of the Class Environmental Assessment for Modifications to Hydroelectric Facilities.
- c. ☐ The proposed project is exempt from the application of the Environmental Assessment Act (Ontario).
 - i. ☐ Enclosed is a statutory declaration of an officer of the Proponent stating that the *Environmental Assessment Act* (Ontario) does not apply to the proposed project and providing the specific reasons for such exemption.

9. Schedule of major project milestones

MILESTONE EVENT	MILESTONE DATE (mm/dd/yyyy)
Obtaining Project and Site Approvals, and Permitting	
Completion of Connection assessments (including receipt of approvals from the IESO, the Transmitter, and LDC, as applicable.)	
Engineering, Equipment Procurement and Construction Contracts Executed	
Financial Closing	
Equipment Order	
Equipment Delivered	
Commencement of Construction	
Completion of Construction	
Connection of facility to the IESO – Controlled Grid or Local Distribution System	
Commercial Operation, which shall be no later than October 31, 2008	

10. Expected energy output of the Renewable Generating Facility

- a. ☐ The expected energy output of the facility (in MWh) and a description of how these expected quantities were determined are enclosed. If and to the extent that there is data relating to the actual electricity output of an existing Renewable Generating Facility that was in commercial operation for a period of less than the last five calendar years prior to the Proposal Submission Deadline, such data should also be enclosed.

- i. If the proposed facility is a wind facility, the following information on wind resource data must also be included:

1. ☐ List and summarize any studies that were relied upon by the Proponent that were conducted to collect wind data, including the dates of the studies, the time period covered.
2. Number of wind turbines _____
Capacity of each turbine (MW) _____
3. Estimate of the expected annual energy output (in MWh)

4. Estimates of the expected hourly energy output for an average day in each month (in MWh)

Month	Avg. Hourly Output (MWh)	Month	Avg. Hourly Output (MWh)
January		July	
February		August	
March		September	
April		October	
May		November	
June		December	

5. ☐ Wind data that supports the estimates of energy delivered and an explanation of the method used to develop these estimates.

- ii. If the proposed facility is a water power facility, the following information must also be included:

1. ☐ Water flow data used in developing the resource's estimate of expected hourly generation for an average day of each month, specifying the location at which the measurements were taken to collect such data.
2. ☐ Information on minimum, maximum, and expected average head.
3. Estimate of the expected annual energy output (in MWh)

4. Estimates of the expected hourly energy output for an average day in each month (in MWh)

Month	Avg. Hourly Output (MWh)	Month	Avg. Hourly Output (MWh)
January		July	
February		August	

March		September	
April		October	
May		November	
June		December	

5. ☐ An explanation of the methodology used to translate expected head and flow rate into the resource's estimates of energy delivered.

iii. If the proposed renewable project is for Renewable Biomass, Bio-fuel, Bio-gas or landfill gas, the following information must also be included:

1. ☐ Description of the fuel source(s) and describe how such sources are available on a renewable basis. If multiple fuel sources are used, provide percentage of generation associated with each fuel type.
2. ☐ Description of how each fuel will be extracted or obtained, the amount to be used.
3. ☐ For projects operating on landfill gas only, list and summarize any studies relied upon by the Proponent to measure the fuel source including the dates of the studies, the time period and the forecast period covered, if any.

4. Estimate of the expected annual energy output (in MWh)
-

5. Estimates of the expected hourly energy output for an average day in each month (in MWh)

Month	Avg. Hourly Output (MWh)	Month	Avg. Hourly Output (MWh)
January		July	
February		August	
March		September	
April		October	
May		November	
June		December	

6. ☐ An explanation of the methodology used to determine the estimates of the energy delivered.

- iv. If the proposed renewable project is solar, the following information must be included:

1. ☐ Description of the system details and the estimated useful life of the significant plant components, and the expected capacity factor degradation over the term of the RES Contract, if applicable.
2. Estimate of expected annual energy output (in MWh)_____
3. Estimates of the expected hourly energy output for an average day in each month (in MWh)

Month	Avg. Hourly Output (MWh)	Month	Avg. Hourly Output (MWh)
January		July	
February		August	
March		September	
April		October	
May		November	
June		December	

4. ☐ An explanation of the methodology used to determine the estimates of the energy delivered.

11. Evidence of progress toward certain approvals and permits

- a. Proponents must have notified the relevant local municipality (or municipalities) or planning authority (or planning authorities) of their project in writing.
 - i. ☐ A copy of the written notification(s) that have been delivered to the relevant local municipality (or municipalities) or planning authority (or planning authorities) of the Proponent's project is enclosed.
 - ii. ☐ The date(s) of delivery of such notification are as follows, if not set out on the notification(s):

- b. With respect to the impact of projects on the electricity system, Proponents must have initiated the appropriate assessments, and must provide the associated documentation. Specifically, details of the required assessments are described in Section 3.4(j) of the Renewables II RFP. In relation to these requirements, Proponents are required to submit each of the following, if required by the aforementioned specifications in connection with the facility:

System Impact Assessment (by the IESO)

- i. ☐ A copy of the System Impact Assessment (SIA) report that was prepared and issued by the IESO for the proposed project is enclosed; or
- ii. ☐ An executed copy of the System Impact Assessment (SIA) Agreement between the Proponent and the IESO for the proposed project is enclosed.

Customer Impact Assessment (by the Transmitter)

- i. ☐ A copy of the completed Customer Impact Assessment or Preliminary Customer Impact Assessment report which has been prepared and issued by the relevant Transmitter for the proposed project is enclosed; or
- ii. ☐ Both of the following two (2) documents are enclosed:
 - 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; and
 - 2. ☐ A copy of the letter or other documentation from the Transmitter evidencing that the application form for a "Preliminary Customer Impact Assessment" has been accepted by the Transmitter.

Connection Impact Assessment (by the LDC)

- i. ☐ A copy of the completed assessment of the project impact on the Local Distribution System prepared and issued by the LDC, which would be an Impact Assessment, Connection Assessment, Connection Impact Assessment or Preliminary Connection Impact Assessment, or equivalent is enclosed; or
- ii. ☐ Both of the following two (2) documents are enclosed:
 - 1. ☐ An executed copy of the "Preliminary Study Agreement" between the Proponent and the LDC for the proposed project; and
 - 2. ☐ A copy of a letter or other documentation from the LDC evidencing that the application form for a "Preliminary Connection Impact Assessment" has been accepted by the LDC.

12. Evidence of Proponent Team's prior experience

Proponents must describe the experience (as defined in Section 3.4(k) of the Renewables II RFP) that members of its Proponent Team collectively have in each of the planning, development, construction, and operating functions in relation to at least one (1) generating facility, other than the proposed Renewable Generating Facility, which entered into commercial operation, by filling in the following table for each of the following areas of experience: Planning, Development, Construction, and Operation.

Name of member of Proponent Team (including the names of any specific personnel):
Area of Experience:

Name of member of Proponent Team (including the names of any specific personnel):
Name of generating facility relating to said Experience:
Length of Experience:
Description of Experience (Describe such experience in the form of a resume, curriculum vitae, and any professional designations):

APPENDIX D: FINANCIAL QUESTIONNAIRE

Proponents are required to complete this Financial Questionnaire in full, including the attachment of additional documents as and where requested. PLEASE BE ADVISED THAT INCLUDING THE PROPOSAL PRICE OR ANY OTHER INFORMATION RELATED TO PRICE IN THIS FINANCIAL QUESTIONNAIRE WILL LEAD TO THE DISQUALIFICATION OF YOUR PROPOSAL.

Please note: all dollar amounts are to be expressed in Canadian dollars.

1. Complete Description of the Financing Plan of the Project

- a. Using the table below, repeated for **each** source of financing, funding or credit support, set out all sources of current and future financing, funding or credit support for the project, including the names of all sources and the amounts of (i) debt, (ii) equity and (iii) other funds being provided. Loans from affiliated entities, project partners, and loans that are subordinated to the primary or senior project financing should be reported as equity.

Name of Entity providing Financing:
Type of Financing [i.e. equity, debt, or other (if other, describe source)]:
Amount of Funds to be Provided:

☐ Description is continued on the attached.

- b. State the total amount of financing for the project provided from each of: (i) equity, (ii) debt, and (iii) other sources, and the total amount of financing for the project, based on the information set out in Question 1.a. above.

Total Equity Financing:

Total Debt Financing:

Total Financing from Other Sources:

Total of All Sources of Financing:

2. Equity Sources of Financing

- a. If, and to the extent that, equity is a source of financing for the proposed project but such equity is not in place as of the date of the Proposal, the Proponent shall provide a commitment letter stating the equity provider's Agreement in Principle, containing the required elements set out below, to put its equity in place by the milestone date for financial closing set out in the Technical Questionnaire, and the amount of its equity contribution.

The required elements of an Agreement in Principle for an equity provider are as follows:

An Agreement in Principle for an equity provider must state, at a minimum: (1) that such equity provider has reviewed the Renewables II RFP, the RES II Contract, and the financial model (including projected costs and revenues) of the proposed project; (2) the amount of its equity commitment; and (3) that such equity provider agrees in principle to advance or provide the amount of equity financing specified in the commitment letter by the milestone date for financial closing specified by the Proponent in response to the Technical Questionnaire, subject to the satisfaction of specific objective conditions. The commitment letter must disclose any and all of such objective conditions. However, a commitment that is conditional on amending the RES II Contract in any manner inconsistent with Section 11.3 thereof will not be considered sufficient to satisfy the minimum mandatory financial requirements of the Renewables II RFP.

☐ Commitment letters from equity providers, if any, proposing to provide equity are enclosed.

- b. If, and to the extent that, the equity structure of the Proponent is in place as of the date of the Proposal, the Proponent must submit a confirmation letter from each equity provider confirming that its equity is in place and the amount of its equity contribution.

☐ Confirmation letters from actual equity providers, if any, are enclosed.

- c. If, and to the extent that, equity is a source of financing for the proposed project, then:

Provide the name, percentage of total project equity held, and Tangible Net Worth of any one equity provider who accounts for 35% or more of the total project equity, or if applicable, any group of equity providers who together account for the 35% or more of the total project equity, together with each such equity provider(s)' percentage contribution of total project equity. Each such equity provider must have a Tangible Net Worth which satisfies the applicable criteria set out in Figure 1 below, as applicable:

Figure 1: Selecting the Applicable Value of Tangible Net Worth (in \$/MW).

Total Project Equity as a % of Total Project Financing	Minimum Tangible Net Worth (in \$ per MW of RES II Contract Capacity)
Up to and including 25.0% of Total Project Financing	\$125,000/MW
> 25.0% to and including 50.0% of Total Project Financing	\$250,000/MW
> 50.0% to and including 75.0% of Total Project Financing	\$375,000/MW
> 75.0% to and including 100.0% of Total Project Financing	\$500,000/MW

- d. List all equity providers named in response to Question 2(c) above that are also providing equity in respect of another project submitted by the same Proponent or the same Proponent Core Team and indicate all projects in respect of which equity is being provided, the amount(s) being provided to such projects and the corresponding % of Total Project Financing that such equity contributions represent:

- e. For each such equity provider named in Question 2(c) of this questionnaire:
- i. Provide the audited annual financial statements of such equity provider(s) for either the most recently completed fiscal year or for the most recently completed four (4) quarters on a rolling basis:
- ☐ Audited annual financial statements for the most recently completed fiscal year are enclosed; or
- ☐ Audited annual financial statements for the most recently completed four (4) quarters on a rolling basis are enclosed.
- ii. If audited annual reports or financial statements are not available, then an officer of the equity provider must confirm, to the best of his or her knowledge, that such financial statements present fairly, in all material respects, the financial position of the equity provider in conformity with generally accepted accounting principles in Canada or the United States consistently applied.
- ☐ Officer's certificate(s) confirming that the financial statements present fairly, in all material respects, the financial position of the equity provider in conformity with generally accepted accounting principles in Canada or the United States consistently applied is/are enclosed.
- iii. Whether the financial statements are audited or unaudited, an officer of each applicable equity provider must confirm, to the best of his or her knowledge, that there are no facts or circumstances that would materially adversely affect the equity provider's financial condition as set out in the annual reports or financial statements described above, by providing:
- ☐ Officer's certificate(s) confirming that there are no facts or circumstances that would materially adversely affect the equity provider's financial condition as set out in the enclosed annual reports or financial statements described is/are enclosed; or
- ☐ A copy of a public update required by Section 3.5(a)(ii)(B)(2) is included for each equity provider that has shares or units of ownership that are listed on a recognized stock exchange.
- iv. State whether there are facts or circumstances that would materially adversely affect the equity provider's financial condition as set out in the annual reports or financial statements:
- ☐ Yes, there are facts or circumstances that would materially adversely affect the equity provider's financial condition and the statutory declaration required by Section 3.5(a)(ii)(B) is enclosed.
- ☐ No, there are no facts or circumstances that would materially adversely affect the equity provider's financial condition.
- v. State whether there are facts or circumstances that are reasonably expected to materially adversely affect the equity provider's financial condition as set out in the annual reports or financial statements:
- ☐ Yes, there are facts or circumstances that are reasonably expected to materially improve the equity provider's financial condition and the statutory declaration permitted by Section 3.5(a)(ii)(C) is enclosed.

☐ No, there are no facts or circumstances that would materially improve the equity provider's financial condition.

f. In addition, for each such equity providers named in Question 2(c) of this questionnaire, provide the documentation required from one of the following three options, as set out below:

i. Investment Grade Credit Rating

All available credit ratings of the equity provider, if the equity provider has an Investment Grade Credit Rating which satisfies the minimum Investment Grade Credit Rating requirement from the following agencies: Standard and Poor's Rating Services (S&P), Moody's Investors Services Inc. (Moody's), Dominion Bond Rating Service Limited (DBRS), and Fitch IBCA if applicable.

☐ Investment Grade Credit Ratings enclosed; or

ii. If the equity provider does not have an Investment Grade Credit Rating, then provide a confirmation letter from a financial institution meeting the requirement of a Category A Lender that the equity provider(s) has credit available under an approved facility. For greater certainty, evidence of funds on deposit or cash equivalents, being assets that would be recorded pursuant to GAAP as 'cash' on the balance sheet of the equity provider(s), will not be sufficient to satisfy this requirement. Check the following box:

☐ Confirmation letter for each such equity provider enclosed; or

iii. Provide a certificate of an officer of the equity provider setting out the debt coverage ratio of the equity provider, which shall be calculated as at the last day of the most recently completed fiscal year or the last day of the most recently completed four (4) quarters on a rolling basis, by dividing (a) Debt, by (b) EBITDA, which ratio must be no greater than 7:1. Please refer to the definitions for Debt and EBITDA set out in Appendix B – Glossary of Terms. The certificate of the officer shall also set out the calculations of Debt and EBITDA (indicating whether the calculation was based on the most recent fiscal year on the most recent four (4) quarters).

Debt: _____

EBITDA: _____

Ratio of Debt to EBITDA is _____ to 1.

☐ Audited financial statements of the equity provider or statutory declaration of an officer of the equity provider enclosed per Section 3.5(a)(iii)(C).

☐ Officer's Certificate or public update enclosed per Sections 3.5(a)(iii)(C)(3) or 3.5(a)(iii)(c)(4), as applicable.

☐ Statutory declaration regarding material adverse effect on operating reserves from cash flow enclosed, per Sections 3.5(a)(iii)(C)(5) or 3.5(a)(iii)(C)(6), as applicable.

☐ Statutory declaration regarding material improvements on operating reserves from cash flow enclosed, per Sections 3.5(a)(iii)(C)(7) or 3.5(a)(iii)(C)(8), as applicable.

3. Debt Sources of Financing

- a. If, and to the extent that the debt is a source of financing for the proposed project state whether any such debt has already been put in place, such that the financing is available to be drawn upon by the Proponent, and provide a confirmation letter stating the amount of debt that has been provided by each such debt provider:

☐ Yes, debt has already been put in place for the project and confirmation letters for all lenders that have already committed funds to the project are enclosed

☐ No, there is no debt that has been put in place at this time.

- b. For each lender that is listed in the financing plan, identify whether they are a Category A Lender or a Category B Lender:

- i. ☐ All lenders listed as Category A Lenders meet the requirements of Sections 3.5(b)(ii)(A)(1) and (2).

- ii. ☐ All lenders listed as Category B Lenders have a Tangible Net Worth of at least \$1,750,000/MW of RES II Contract Capacity

☐ Audited financial statements for all lenders listed as Category B Lenders per Section 3.5(b)(ii)(B) are enclosed.

- c. If, and to the extent that, debt is a source of financing for the proposed project that has not yet been put in place, then provide a commitment letter from each of the lenders that have committed to the project containing all of the applicable requirements as set out below.

- i. ☐ Commitment letters (in the required form) for all Category A and Category B Lenders that have committed to provide financing are enclosed.

The minimum required elements of a commitment letter for a Category A Lender are as follows:

A commitment letter for a Category A Lender must state, at a minimum: (1) that such Category A Lender has reviewed the Renewables II RFP, the RES II Contract, and the financial model (including projected costs and revenues) of the proposed project; (2) the amount of its debt commitment; and (3) that the Category A Lender is highly confident that it will advance, provide or underwrite the amount of debt financing specified in the commitment letter by the milestone date for financial closing specified by the Proponent in response to the Technical Questionnaire, subject to the satisfaction of specific objective conditions. The commitment letter must disclose any and all of such objective conditions. However, a commitment that is conditional on amending the RES II Contract in any manner inconsistent with Section 11.3 thereof will not be considered sufficient to satisfy the minimum mandatory financial requirements of the Renewables II RFP.

The minimum required elements of an commitment letter for a Category B Lender are as follows:

A commitment letter for a Category B Lender must state, at a minimum: (1) that such Category B Lender has reviewed the Renewables II RFP, the RES II Contract, and the financial model (including projected costs and revenues) of the proposed project; (2) the amount of its debt commitment; and (3) that the Category B Lender agrees in principle to advance or provide the amount of debt financing specified in the commitment letter by the milestone date for financial closing specified by the Proponent in response to the Technical Questionnaire, subject to the satisfaction of specific objective conditions. The commitment letter must disclose any and all of such objective conditions. However, a commitment that is conditional on amending the RES II Contract in any manner inconsistent with Section 11.3 thereof will not be considered sufficient to satisfy the minimum mandatory financial requirements of the Renewables II RFP.

4. Sources of Financing other than Debt or Equity

- a. If, and to the extent that, the financing plan specifies a source of financing for the proposed project other than debt or equity, provide a commitment letter from each such source of financing stating its agreement in principle to provide such financing by the milestone date for financial closing as set out in the Technical Questionnaire and the amount of its proposed financial contribution.

The minimum required elements of an commitment letter for a source of financing other than debt or equity are as follows:

A commitment letter for a source of financing other than debt or equity must state, at a minimum: (1) that such source of financing has reviewed the Renewables II RFP, the RES II Contract, and the financial model (including projected costs and revenues) of the proposed project; (2) the amount of its commitment; and (3) that the source of financing agrees in principle to advance or provide the amount of financing specified in the commitment letter by the milestone date for financial closing specified by the Proponent in response to the Technical Questionnaire, subject to the satisfaction of specific objective conditions. The commitment letter must disclose any and all of such objective conditions. However, a commitment that is conditional on amending the RES II Contract in any manner inconsistent with Section 11.3 thereof will not be considered sufficient to satisfy the minimum mandatory financial requirements of the Renewables II RFP.

- i. ☐ Commitment letters from all sources of non-debt and non-equity financing are enclosed.

APPENDIX E: PROPOSAL PRICE STATEMENT

This Proposal Price Statement is to declare the Proponent's Proposal Price. Proponents must submit their Proposal Price in a separate, sealed, opaque envelope as described in Section 3.6 of the Renewables II RFP. It will only be unsealed and viewed if the Proponent's Proposal is determined to be complete (Stage 1) and meets the technical and financial requirements (Stage 2).

A Proposal Price is a price expressed in Canadian Dollars per MWh that includes, without limitation, the cost of energy from the Renewable Generating Facility and all development (including obtaining required permits and approvals), construction, financing, operations, maintenance and capital improvement costs for the project, including those related to connecting the facility to the IESO-Controlled Grid or to a Local Distribution System, as applicable. The Proposal Price shall be exclusive of applicable GST and PST payable by the Buyer in respect of the energy and Related Products purchased under the RES II Contract.

The Proposal Price must be entered precisely in numeric form using all of the boxes provided below without further information, condition, or qualification whatsoever in the Proposal. **Prospective Proponents are advised that any deviation from this required format whatsoever, including the provision of a price range, conditional price, qualified price, or an incomplete price, shall result in disqualification of the Proposal.**

Proposal Price: \$ ■ MWh

APPENDIX F: PROPOSAL SECURITY (LETTER OF CREDIT FORM)

DATE OF ISSUE: **[Insert Date]**

APPLICANT: **[Insert Proponent's Name]**

BENEFICIARY: Her Majesty the Queen in right of Ontario

AMOUNT: ●

EXPIRY DATE: **[Insert Expiry Date, being a minimum of one hundred and twenty (120) days after the Proposal Submission Deadline]**

EXPIRY PLACE: Toronto Counters of the issuing financial institution

CREDIT RATING: **[Insert credit rating only if the issuer is not a financial institution listed in either Schedule I or II of the Bank Act]**

TYPE: Irrevocable and Unconditional Standby Letter Of Credit

Number: ●

We hereby authorize you to draw on **[insert name of Bank and Bank's address]** in respect of irrevocable and unconditional standby letter of credit No. ● (the "Credit"), for the account of the Applicant up to an aggregate amount of \$● (Canadian dollars) available by your drafts at sight, accompanied by the Beneficiary's signed certificate stating that:

"The Applicant [whose Proposal has been selected and accepted by the Beneficiary, [has failed to sign the RES II Contract or has failed to deliver the Completion and Performance Security within ten (10) Business Days of the date on which the Applicant was given the final RES II Contract to sign,] or [has made a material misrepresentation in the Proposal,] or [is in breach or default of the Renewables II RFP] and therefore the Beneficiary is entitled to draw upon the Credit in the amount of the draft attached hereto." [as applicable]

Drafts drawn hereunder must bear the clause "Drawn under irrevocable and unconditional Standby Letter of Credit No. **[insert number]** issued by **[the bank]** dated **[insert date]**".

This Credit is issued in connection with the Request for Proposals for up to 1,000 MW of Renewable Energy Supply issued by the Ontario Ministry of Energy and dated June 17, 2005, as amended (the "Renewables II RFP") and the Proposal dated **[insert date of Proposal]** submitted by the Applicant in response thereto (the "Proposal").

We engage with you that all drafts drawn under, and in compliance with the terms of this Credit will be duly honored, if presented at the counters of **[insert the bank]** in Toronto, **[insert bank's address]** at or before 5:00 p.m. (EST) on **[insert the expiry date]**.

It is a condition of this Credit that if there should be an interruption of the issuing bank's business upon the expiry date, arising out of any of the circumstances provided for in Article 17 of the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, this Credit shall automatically be extended to the first following day on which the issuing bank resumes business. This Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500. This Credit shall be governed by and construed in accordance with the laws of the Province of Ontario, without regard to principles of conflict of laws. The place of jurisdiction shall be the Courts of the Province of Ontario.

[BANK OR QUALIFIED FINANCIAL INSTITUTION]

By:

Authorized Signatory

APPENDIX G: PROPOSAL SECURITY (BID BOND FORM)

BID BOND

Bond No.: ●

Bond Amount: \$(●)

[Insert Proponent's name] as Principal, hereinafter called the Principal, and **[insert Surety's name]** a corporation created and existing under the laws of **[insert originating jurisdiction]** and duly authorized to transact the business of Suretyship in the Province of Ontario as Surety, hereinafter called the Surety, are held and firmly bound unto Her Majesty the Queen in right of Ontario as Obligee, hereinafter called the Obligee, in the amount of ●/100.00 Dollars (\$●) of lawful money of Canada, for the payment of which sum the Principal and the Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally.

WHEREAS, the Principal has submitted a written proposal to the Obligee dated the **[insert date of Proposal]**, hereinafter called the Proposal, for the development and operation of a renewable generating facility in the Province of Ontario to generate and supply electricity, in response to a Request for Proposals for up to 1,000 MW of Renewable Energy Supply issued by the Ontario Ministry of Energy and dated June 17, 2005, as amended (hereinafter called the Renewables II RFP).

The condition of this obligation is that the Principal has failed to sign the RES II Contract or has failed to deliver the Completion and Performance Security within ten (10) Business Days of the date on which the Applicant was given the final RES II Contract to sign, or the Principal has made a material misrepresentation in its Proposal, or the Principal is in breach or default of the Renewables II RFP, in which case the Principal and the Surety will pay unto the Obligee the entire amount of the Bid Bond; otherwise, this obligation shall be null and void.

The Principal and the Surety shall not be liable for a greater sum than the Bond Amount.

Any suit under this Bond must be instituted before the expiration of twelve (12) months from the date of this Bond.

No right of action shall accrue hereunder to or for the use of any person or corporation other than the Obligee named herein, or the successors or assigns of the Obligee.

The Surety confirms that as of the date of this Bond, it has a financial strength rating of A- or higher by A.M. Best in financial size category VIII or higher.

IN WITNESS WHEREOF, the Principal and the Surety have Signed and Sealed this Bond this ● day of
●, 2005.

[PRINCIPAL]

By: _____

Name: ●

Title: ●

I have the authority to bind the Principal.

[SURETY]

By: _____

Name: ●

Title: ●

I have the authority to bind the Surety.

APPENDIX H: STATUTORY DECLARATION

PROVINCE OF ONTARIO
TO WIT

IN THE MATTER OF a proposal dated ● , 2005 to which this Declaration forms an integral part (the "Proposal") prepared by ● (the "Proponent"), and submitted in response to a Request for Proposals for up to 1,000 MW of Renewable Energy Supply issued by the Ontario Ministry of Energy and dated June 17, 2005, as amended (the "Renewables II RFP")

I, ●

OF THE ●

IN THE ●

SOLEMNLY DECLARE THAT

1. I am the ● of the Proponent and as such, have knowledge of the matters declared below, and am duly authorized by the Proponent to execute this declaration. All capitalized terms used in this declaration, unless otherwise stated, have the meanings ascribed to them in the Renewables II RFP.

PROPOSAL VALIDITY AND PROPOSAL SECURITY

2. All statements, specifications, data, confirmations, and information that have been set out in the Proposal, including, without limitation, the Technical and Financial Questionnaires, are complete and accurate in all material respects.
3. The Proposal is valid, irrevocable, and open for acceptance, until 5:00 P.M. (EST) on the one hundred and twentieth (120th) day after the Proposal Submission Deadline.
4. The Proponent has consented, pursuant to subsection 17(3) of the Freedom of Information and Protection of Privacy Act (Ontario), to the disclosure, on a confidential basis, of the Proposal by the Ministry to the Evaluation Team and the Ministry's other advisors retained for the purpose of evaluating or participating in the evaluation of the Proposal.
5. The Proponent has received and reviewed the Renewables II RFP issued by the Ministry, together with any and all addenda thereto either posted on the www.ontarioelectricityrfp.ca website or mailed to the Proponent from time to time, up to and including the Deadline for Issuing Addenda on August 5, 2005, and including Addendum No. 2 posted on the www.ontarioelectricityrfp.ca website on August 18, 2005.
6. The Proponent has received and reviewed the final RES II Contract issued by the Ministry, together with any and all addenda thereto either posted on the www.ontarioelectricityrfp.ca website or mailed to the Proponent from time to time, up to and including the Deadline for Issuing Addenda on August 5, 2005, and including Addendum No. 2 posted on the www.ontarioelectricityrfp.ca website on August 18, 2005, and has agreed to be bound by the terms of the RES II Contract.

7. Neither the Proponent, the proposed Renewable Generating Facility described in the Proposal, nor any member of the Proponent Team is the subject of any bona fide legal proceedings, investigation or regulatory hearings that could materially impact the financial condition of the Proponent or any of the entities involved in financing and operations for the proposed Renewable Generating Facility.
8. The Proponent has agreed that the Ministry of Energy shall be able to draw upon the full amount of the Proposal Security if the Proponent, having become a Selected Proponent, has failed to sign the RES II Contract or has failed to deliver the Completion and Performance Security to the Ministry of Energy within ten (10) Business Days of the date on which the Proponent was given the final RES II Contract to sign, or has made a material misrepresentation in the Proposal, or is in breach or default of the Renewables II RFP.
9. If Section 3.4(a)(vii)(A) and/or Section 3.4(i) of the Renewables II RFP is applicable to the Proponent, the Proponent hereby authorizes and consents to the disclosure by Ontario Electricity Financial Corporation, the IESO or the LDC, as applicable, to the Evaluation Team of any data that is in the possession of Ontario Electricity Financial Corporation, the IESO, or the LDC, as applicable, that relates to the quantity of electricity (in MWh) generated by the Renewable Generating Facility for each month over the last five (5) calendar years prior to the Proposal Submission Deadline.

NON-COLLUSION

10. In preparing the Proposal, no member of its Proponent Team has discussed or communicated any information relating to its Proposal(s) with Another Proponent Team.
11. The Proponent:
 - (a) is not a member of any other Proponent Team, except as a Proponent of a Proponent Team that is not Another Proponent Team;
 - (b) has not coordinated its Proposal Price Statement or any other aspect of any of its Proposal(s) with Another Proponent Team;
 - (c) has no knowledge of the contents of a proposal submitted by Another Proponent Team; and
 - (d) has kept and will continue to keep the Proposal confidential until the Suppliers are publicly announced.
12. No member of its Proponent Core Team has entered into any agreement or arrangement with any member of Another Proponent Core Team, which:
 - (a) may, directly or indirectly, affect the Proposal Price Statement or any other aspect of the Proposal(s) submitted by the Proponent and/or Another Proponent Team; or
 - (b) may result in any member of its Proponent Core Team controlling, directly or indirectly, more than 400.0 MW of RES II Contract Capacity under two or more RES II Contracts.
13. No member of the Proponent Core Team has provided advice or assistance in the preparation of the Proposal(s) of Another Proponent Team.
14. No member of its Proponent Non-Core Team has provided any advice or assistance in the preparation of the Proposal(s) of Another Proponent Team. In the alternative, if such person has provided such advice or assistance to Another Proponent Team, or if such person will be privy to information relevant to Another Proponent Team's Proposal(s), then the Proponent has taken

and/or put in place, or caused to be taken and/or put in place, appropriate measures or protections to ensure that such person does not serve as a conduit for the exchange, sharing or comparison of information relating to any Proposal between multiple Proponent Teams.

15. Only one Proposal has been entered by this Proponent for this proposed Renewable Generating Facility.

AND I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath.

DECLARED BEFORE ME at the ● of ● , in the
[County/Region] of ●, on ●.

Commissioner for taking affidavits

Name

APPENDIX I: CONFLICT OF INTEREST DECLARATION

PROVINCE OF ONTARIO

TO WIT

IN THE MATTER OF a proposal dated ● , 2005 to which this Declaration forms an integral part (the "Proposal") prepared by ● (the "Proponent"), and submitted in response to a Request for Proposals for up to 1,000 MW of Renewable Energy Supply issued by the Ontario Ministry of Energy and dated June 17, 2005, as amended (the "Renewables II RFP")

I, ●

OF THE ●

IN THE ●

SOLEMNLY DECLARE THAT

1. I am the ● of the Proponent and as such, have knowledge of the matters declared below, and am duly authorized by the Proponent to execute this declaration. All capitalized terms used in this declaration, unless otherwise stated, have the meanings ascribed to them in the Renewables II RFP.
2. By checking one of the following boxes that applies, I confirm that:
 - (a) ☐ "NO" - there is not, nor was there, any actual or potential Conflict of Interest relating to the preparation of the Proposal.
 - (b) ☐ "YES" - there is, or was, an actual or potential Conflict of Interest relating to the preparation of the Proposal.

[Note to Proponent: If you placed a checkmark in the box marked "NO", do not complete any of paragraphs 3, 4, and 5. If you placed a checkmark in the box marked "YES" above, complete each of paragraphs 3, 4, and 5.]

3. The following is a list of actual or potential Conflicts of Interest relating to the preparation of the Proposal or the performance of the contractual obligations contemplated in the Renewables II RFP:

4. In submitting the Proposal, the Proponent has /has no [**Note to Proponent: Strike out the inapplicable portion**] knowledge of or ability to avail itself of confidential information of the Crown in right of Ontario (other than confidential information which may have been disclosed by the Ministry to the Proponents in the normal course of the Renewables II RFP) which is relevant to the Renewables II RFP or the Proposal.
5. The following individuals, as employees, advisors, or in any other capacity (a) participated in the preparation of the Proposal; AND (b) were employees of the Ontario Public Service ("OPS") and have ceased that employment since April 23, 1997:

Name of Individual:
Job Classification (of last position with OPS):
Ministry/Agency (where last employed with OPS):
Last Date of Employment with OPS:
Name of Last Supervisor with OPS:
Brief Description of Individual's Job Functions (at last position with OPS):
Brief Description of Nature of Individual's Participation in Preparation of Proposal:

(Repeat above for each identified individual. If there are no identified individuals, state "N/A")

6. The Proponent has agreed that, upon request by the Ministry, the Proponent shall provide the Ministry with a Conflict of Interest Declaration from each individual identified in paragraph 5 above in the form prescribed by the Ministry.

AND I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath.

DECLARED BEFORE ME at the ● of ●, in the
[County/Region] of ●, on ●, 2005.

Commissioner for taking affidavits

Name

APPENDIX J: TAX COMPLIANCE DECLARATION

The Government of Ontario expects Proponents to pay their provincial taxes on a timely basis. In this regard, Proponents are advised that the Government of Ontario requires a declaration from the Proponent that the Proponent's provincial taxes are in good standing.

In order to be considered for an award of a RES II Contract, the Proponent must submit the following tax compliance status statement and the following consent to disclosure:

Declaration

The Proponent hereby certifies that _____

(legal name of Proponent)

at the time of submitting its Proposal is in compliance with all of the tax statutes administered by the Ministry of Finance for Ontario and that, in particular, all returns required to be filed under all provincial tax statutes have been filed and all taxes due and payable under those statutes have been paid or satisfactory arrangements for their payment have been made and maintained.

Consent to Disclosure

The Proponent consents to the Ministry of Energy releasing the taxpayer information described in this Declaration to the Ministry of Finance as necessary for the purpose of verifying that the Proponent is in compliance with all of the tax statutes administered by the Ministry of Finance.

Dated at _____ this _____ day of _____ 2005.

[Proponent]

Per: (authorized signing officer)

(Print Name)

(Title)

(Phone No.)

(Fax No.)

APPENDIX K: PROPOSAL RETURN LABEL

AFFIX THIS LABEL TO YOUR PROPOSAL SUBMISSION PACKAGE ENVELOPE

Prospective Proponent to complete the following:
(Full Legal Name and Address)

NAME _____

RFP No. SSB-071540

NAME _____

ADDRESS _____

PROPOSAL SUBMISSION DEADLINE:

Date: August 31, 2005

Time: 3:00:00 pm (EDT)

CONTACT _____

PHONE NO. _____

FAX NO. _____

E-MAIL ADDRESS _____

**Shared Services Bureau
Strategic Procurement Branch
Tenders Office
56 Wellesley St. West, 2nd Floor
Toronto, Ontario, M5S 2S3
Attention: Renewables II RFP**

Important Instructions

Proposals must be submitted in a sealed package(s) to the address indicated on the Proposal Return Label between the hours of 9:00 a.m. and 5:00 p.m. (EDT), Monday through Friday (excluding Statutory Holidays), AND NO LATER THAN THE PROPOSAL SUBMISSION DEADLINE NOTED ABOVE.

The Shared Services Bureau/Ministry of Energy does not accept responsibility for Proposal submissions directed to any location other than the Shared Services Bureau address indicated on the label above.

Failure to affix this Label to your submission envelope/ package may also result in submissions not being recognized as Proposals. This could result in your Proposal arriving late at the Tenders Office and will be deemed late, disqualified and returned to the Prospective Proponent.

PROPOSALS RECEIVED BY FAX OR ANY OTHER KIND OF ELECTRONIC TRANSMISSION WILL BE REJECTED.

APPENDIX L: RESTRICTED SUB-ZONES

This Appendix L contains detailed information regarding the Restricted Sub-Zones and their respective Sub-Zone Limits. The Restricted Sub-Zones Matrix set out in Table 1, and described below, identifies each Restricted Sub-Zone and its respective Sub-Zone Limit. These Sub-Zone Limits will be used for the purposes of the Sub-Zone Screen that is part of the Proposal Price Evaluation for this Renewables II RFP.

A Proposal for a Renewable Generating Facility will be subject to the Sub-Zone Screen if the proposed Connection Point(s) for the Renewable Generating Facility is located within one of the Restricted Sub-Zones identified in the Restricted Sub-Zones Matrix.

For the purposes of determining whether the Connection Point(s) for the proposed Renewable Generating Facility will be located in a particular Restricted Sub-Zone, the following principles apply: (i) where a circuit is defined with only an originating station, the entire circuit section up to the next station shall be included in the Restricted Sub-Zone; (ii) where a circuit is radially connected, the entire circuit is included in the Restricted Sub-Zone; and (iii) where a circuit is sectionalized by a “normally open switch”, only the circuit length from the originating station to the “normally open switch” shall be considered to be part of the Restricted Sub-Zone. Prospective Proponents are advised to consult with the IESO and Hydro One for a specific determination of whether the Connection Point(s) for their proposed Renewable Generating Facility are located in a Restricted Sub-Zone.

Restricted Sub-Zones Matrix

The Restricted Sub-Zones Matrix is a table containing all the Restricted Sub-Zones and their respective Sub-Zone Limit. Each Restricted Sub-Zone consists of a distinct group of Transmission System or Local Distribution System elements. A Sub-Zone Limit is the capability (expressed in MW) of the Transmission System or Local Distribution System elements in a given Restricted Sub-Zone to accommodate power injections from new Renewable Generating Facilities that are proposed in response to this Renewables II RFP. The Sub-Zone Limit that is listed in the third column of Table 1 is the total cumulative RES II Contract Capacity that can be accommodated by the Transmission System or Local Distribution System elements in that Restricted Sub-Zone. The columns in Table 1 are described as follows:

1. **Zone** – indicates a particular area in the Province of Ontario, which includes all Restricted Sub-Zones listed in the second column (as indicated in the maps attached to this Appendix L).

2. ***Restricted Sub-Zone*** – indicates the Transmission System or Local Distribution System elements that are subject to a Sub-Zone Limit. All Restricted Sub-Zones contained within a given Zone, and their respective Sub-Zone Limits, are independent of one another (except as otherwise noted in Table 1).
3. ***Sub-Zone Limit*** – is the total cumulative RES II Contract Capacity that can be accommodated within that Restricted Sub-Zone.

Excluded Sub-Zone

The following Transmission System or Local Distribution System elements are Excluded Sub-Zones: (i) Goderich TS; (ii) 115 kV circuits A5A and T1M circuits (Alexander TS to Marathon TS); and (iii) any existing 28kV distribution circuit. Prospective Proponents are advised that the Connection Point(s) for a Renewable Generating Facility cannot be located in an Excluded Sub-Zone.

Background

All Renewable Generating Facilities selected under this Renewables II RFP must be capable of being reliably integrated into the Ontario electricity system. The information and methodology set out in this Appendix L, which will be applied to the Proposal Price Evaluation, addresses material system considerations and has been simplified in order to keep the Proposal Price Evaluation transparent and manageable. Sub-Zone Limits were determined for each Restricted Sub-Zone recognizing:

1. the operating characteristics and physical constraints of the system;
2. all existing intermittent and self-scheduling generators and all intermittent and self-scheduling generators to be constructed under RES Contracts awarded pursuant to the 300MW Renewables RFP;
3. all existing generating capacity or, in the case of existing capacity from coal-fired generating facilities, replacement of such capacity by equivalent capacity from cleaner generation sources; and
4. all existing special protection schemes and any committed transmission projects (being all transmission projects that have obtained all necessary approvals and for which construction is underway or imminent).

Furthermore, in recognition of the intermittent and self-scheduled nature of the Renewable Generating Facilities to be proposed in response to this Renewables II RFP and for the purposes

of the Proposal Price Evaluation, it is assumed that the electricity from such facilities will be accepted into the IESO - Administered Markets.

The Sub-Zone Limits for the Restricted Sub-Zones were developed by the Ministry in consultation with the IESO and Hydro One for this Renewables II RFP and for no other purpose. Prospective Proponents are advised that the Restricted Sub-Zones Matrix contained in this Appendix L is a model that has been developed to ensure that the Proposal Price Evaluation is clear and transparent and that the limits and other values or descriptions contained in the Restricted Sub-Zones Matrix should not be relied upon as being definitive of the actual limits or other values or descriptions that may apply to the system. Notwithstanding the above, the resulting Sub-Zone Limits, although approximate, are sufficiently accurate for the purposes of the Sub-Zone Screen.

TABLE 1: RESTRICTED SUB-ZONE MATRIX

ZONE	RESTRICTED SUB-ZONE	Sub-Zone Limit (MW)
LAKE HURON AND GEORGIAN BAY ZONE		
	Radial 115 kV line connecting to Seaforth TS (61M18)	80
	Radial 115 kV line connecting to Seaforth TS (L7S)	80
	Bruce x Owen Sound 230 kV circuits	500
	Bruce x Hanover x Orangeville 230 kV circuits	450
	Bruce x Seaforth x Detweiler 230 kV circuits and Seaforth TS	500
	Elmira x Detweiler 115 kV circuit (D10H)	125
	Douglas Point TS	40
	Essa x Parry Sound 230 kV line (E26/E27)	400
	Owen Sound x Essa 115 kV circuit (S2S)	110
	Owen Sound x Hanover 115 kV circuit (S1H)	100
LAKE ERIE ZONE		
	Lauzon x Longwood 230 kV system	500
	Radial 115 kV system connected to Lauzon (K2Z/K6Z)	200
	Buchanan x Middleport 230 kV lines	500
	Radial 115 kV system connecting to Buchanan TS (W8T)	70
NIAGARA ZONE		
	230 kV & 115 kV systems	100
SOUTH LAKE SIMCOE ZONE		
	Claireville x Minden 230 kV lines	200
LAKE ONTARIO ZONE		

ZONE	RESTRICTED SUB-ZONE	Sub-Zone Limit (MW)
	Lennox x Hinchinbrook 230 kV lines	300
	Dobbin x Sidney x Cataraqui 115 kV system	150
	Brockville 115kV line (L1MB/L2MB)	30
	St. Lawrence TS	200
EASTERN LAKE SUPERIOR ZONE		
	230 kV & 115 kV systems	100
NORTH LAKE HURON ZONE: (WITH MANITOULIN ISLAND)		
	230 kV & 115 kV systems	100
WESTERN LAKE SUPERIOR ZONE: (WEST OF WAWA)		
	230 kV system	200
	Other 115 kV circuits	50
	Total Sub-Zone Limit for all Restricted Sub-Zones within the Zone (Note 1)	200
NORTHEAST ZONE: (NORTH AND EAST OF SUDBURY)		
	Entire Zone will be considered a Restricted Sub-Zone	50
ALL OTHER ZONES:		
	Any other 230 kV system connecting two stations (Note 2)	100
	Any other 115 kV system connecting two stations	50
	Any existing 44 kV distribution circuit (Note 3)	30

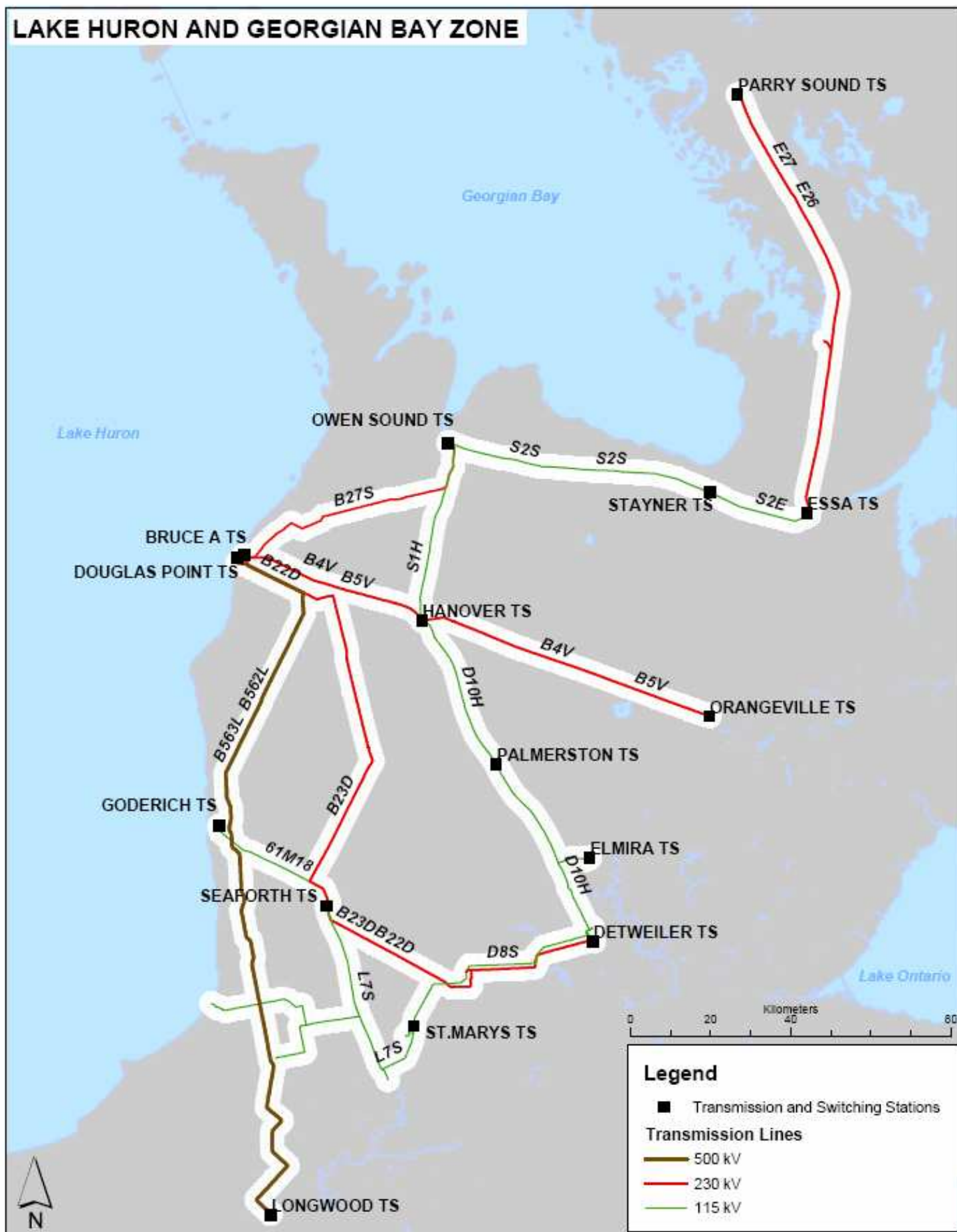
Note 1: Proposals located in the Western Lake Superior Zone will first be required to pass the applicable Sub-Zone Screen for the applicable Transmission System elements, which will be determined based on whether the Connection Point(s) is on the 230 kV system or the 115 kV system. In the event that the total cumulative RES II Contract Capacity for all Proposals that pass such Sub-Zone Screen exceed 200 MW, such Proposals will then be required to pass an

additional Sub-Zone Screen for the entire Zone, on the basis that the entire Zone is deemed to be a Restricted Sub-Zone with a Sub-Zone Limit of 200 MW.

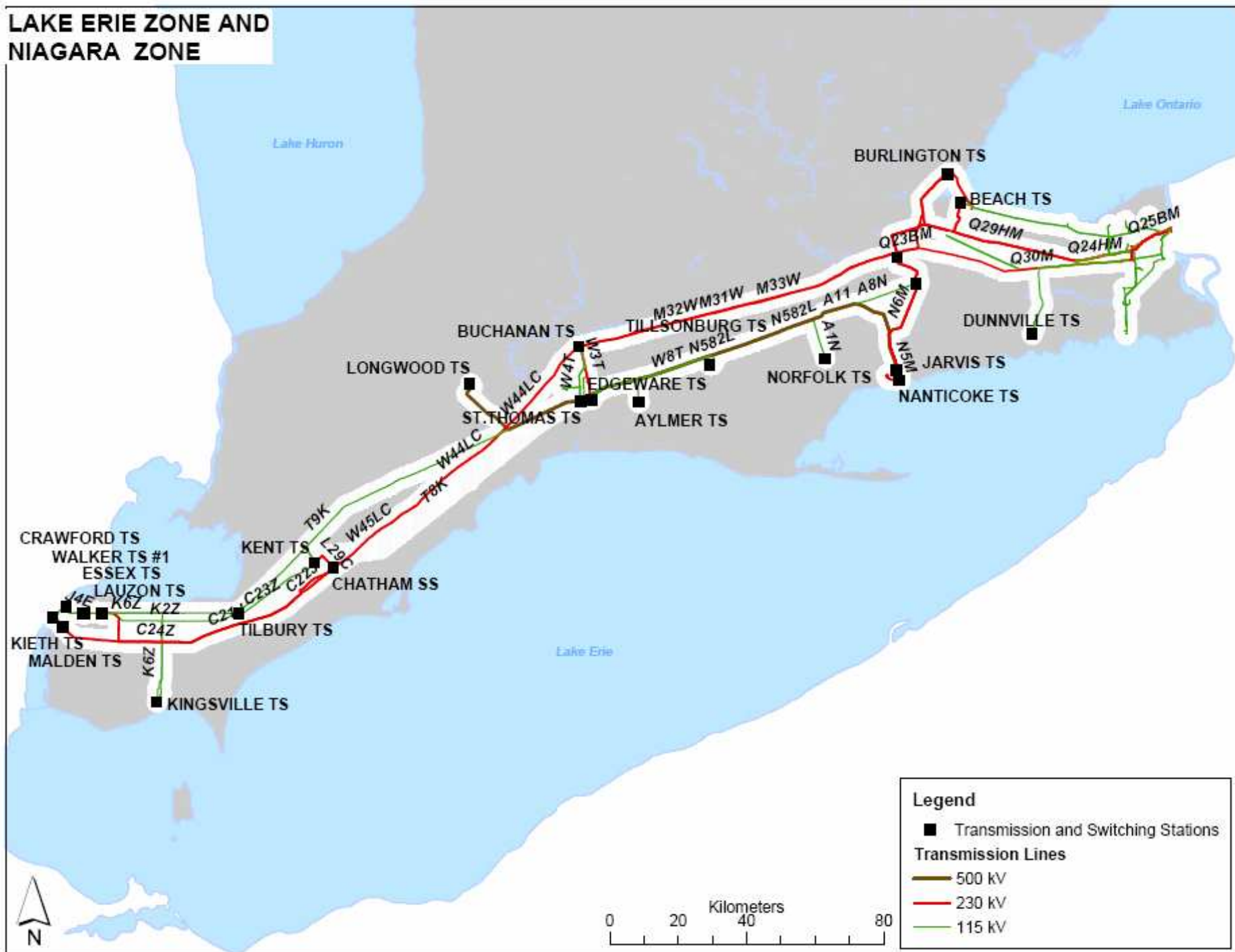
Note 2: For the purposes of the Sub-Zone Screen, the following sub-zones shall be unrestricted and there shall be no limit to the cumulative RES II Contract Capacity of Proposals that will be able to participate in the Proposal Price Evaluation in such unrestricted sub-zones: (i) Bruce x Longwood 500 kV line (B562L, B563L); (ii) Longwood x Nanticoke 500 kV line; and (iii) Nanticoke GS x Middleport 230 kV & 500 kV.

Note 3: Where a Connection Point(s) is located on an existing Local Distribution System element that connects directly to a Transmission System element in a Restricted Sub-Zone, the Proposal will first be required to pass the Sub-Zone Screen associated with such existing Local Distribution System element, and will then be required to pass the Sub-Zone Screen for such Transmission System element. Where a Connection Point(s) is located on an existing Local Distribution System element that connects directly to a Transmission System element in a Restricted Sub-Zone having a Sub-Zone Limit that is lower than the Sub-Zone Limit of such Local Distribution System element, the lower of the two Sub-Zone Limits will be used for the purposes of the Sub-Zone Screen for the Restricted Sub-Zone containing the existing Local Distribution System element.

LAKE HURON AND GEORGIAN BAY ZONE



LAKE ERIE ZONE AND NIAGARA ZONE



Legend

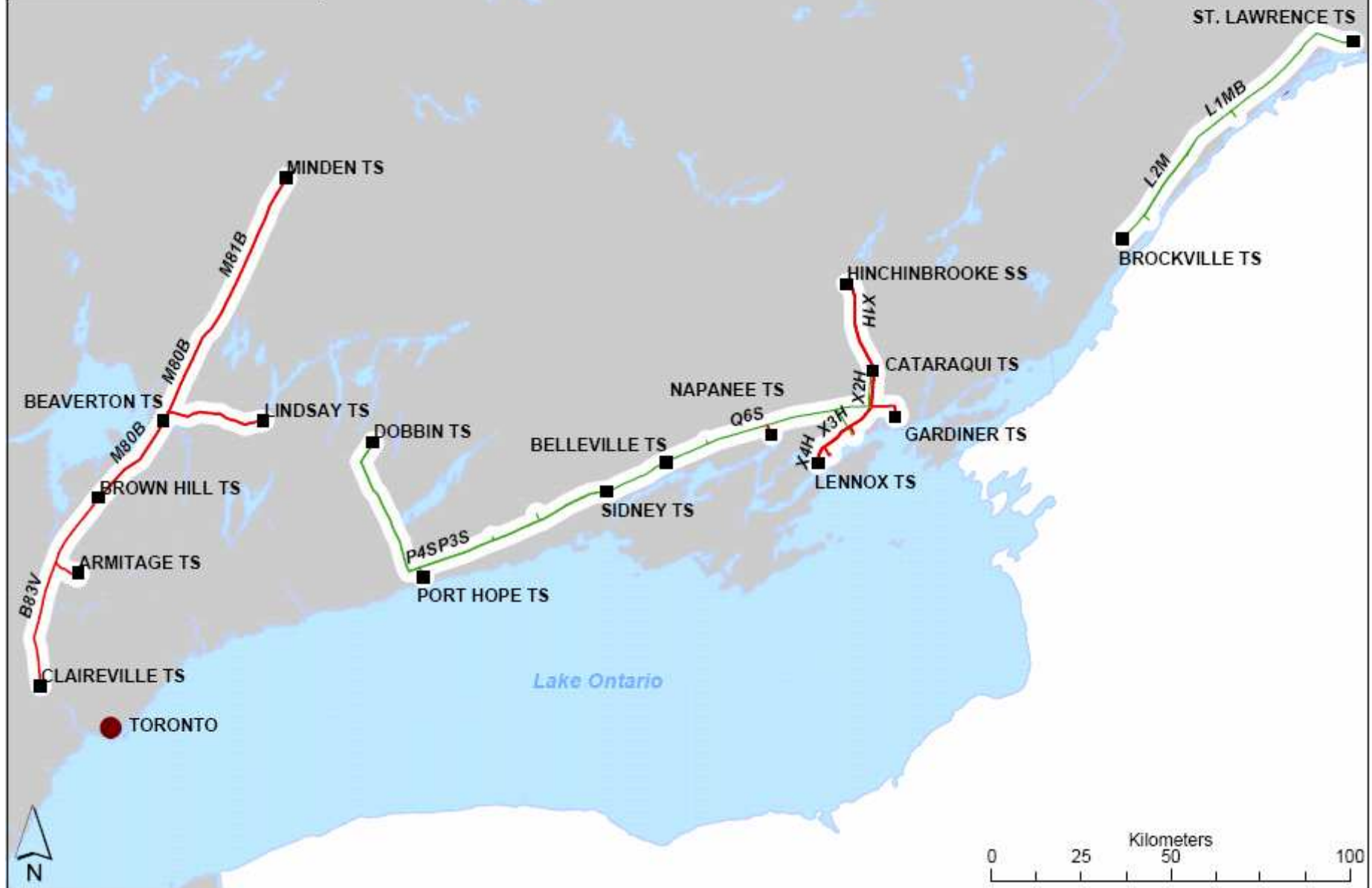
■ Transmission and Switching Stations

Transmission Lines

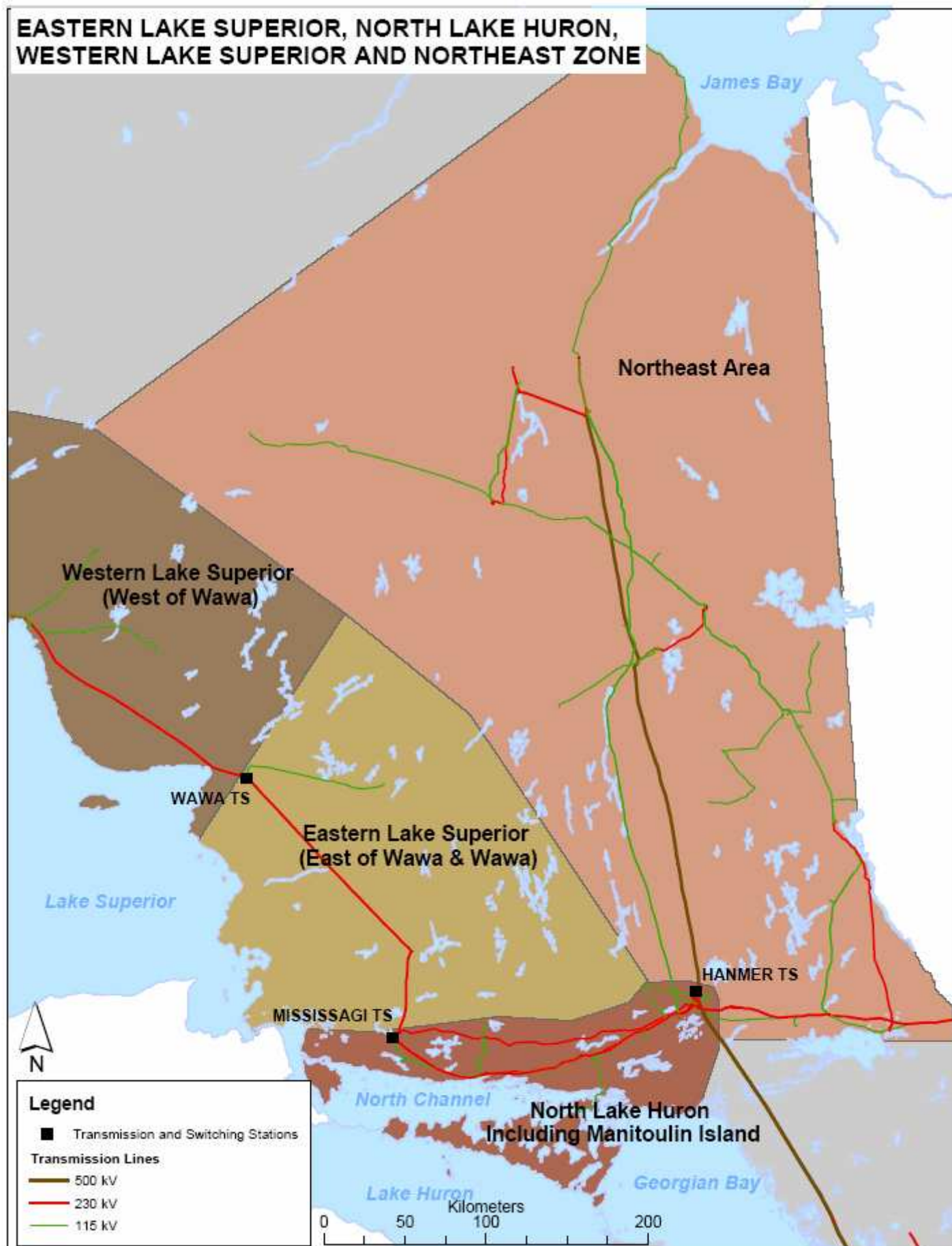
— 230 kV

— 115 kV

SOUTH LAKE SIMCOE AND LAKE ONTARIO ZONE



**EASTERN LAKE SUPERIOR, NORTH LAKE HURON,
WESTERN LAKE SUPERIOR AND NORTHEAST ZONE**



APPENDIX M: PROPONENT CORE TEAM DECLARATION

The Proponent must submit, as part of its Proposal, this Appendix M - Proponent Core Team Declaration executed by each member of the Proponent Core Team, and Proponents are referred to the definition of "Proponent Core Team" in Appendix B – Glossary of Terms.

All capitalized terms that are used in this Proponent Core Team Declaration, but not otherwise defined herein shall have the meanings given to them in the Renewables II RFP.

This Proponent Core Team Declaration may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Proponent Core Team Declaration to produce or account for more than one such counterpart.

Declaration

Each of the undersigned severally declares as follows:

1. The undersigned is a member of the Proponent Core Team with respect to the Proposal of which this Proponent Core Team Declaration forms a part, and all of the members of the Proponent Core Team are listed below.
2. The undersigned has carefully examined, and has a clear and comprehensive knowledge of the terms and conditions of, the Renewables II RFP together with any and all addenda thereto either posted on the www.ontarioelectricityrfp.ca website or mailed to the Proponent from time to time, up to and including the Deadline for Issuing Addenda on August 5, 2005, and including Addendum No. 2 posted on the www.ontarioelectricityrfp.ca website on August 18, 2005.
3. By submitting the Proposal, the undersigned agrees to be bound by the terms and conditions of the Renewables II RFP and to be jointly and severally liable with all of the other members of the Proponent Core Team to the Ministry of Energy, if the Proponent:
 - (a) fails to sign the RES II Contract, or fails to deliver the Completion and Performance Security to the Ministry, within ten (10) Business Days of the date on which the Proponent is given the final RES II Contract to sign;
 - (b) makes or has made a material misrepresentation in the Proposal; or
 - (c) is in breach or default of the Renewables II RFP.

4. The undersigned confirms that as of the Proposal Submission Deadline, neither the undersigned, nor any Affiliate of the undersigned, is in default under any RES Contract, or under any clean energy supply contract or demand response contract executed pursuant to the Ministry's RFP for 2,500 MW of New Clean Generation and Demand-Side Projects issued September 13, 2004 (referenced as SSB-069092).
5. The undersigned understands that the Ministry of Energy is relying upon the undersigned's declaration as an integral part of the Proposal.

Dated at _____ this _____ day of _____ 2005.

[Note to Proponent: Add additional signature lines as required.]

[Proponent]

By: _____

Name: ●

Title: ●

By: _____

Name: ●

Title: ●

I/we have the authority to bind
the ●

[Proponent Core Team Member]

By: _____

Name: ●

Title: ●

By: _____

Name: ●

Title: ●

I/we have the authority to bind the ●