



- FINAL -

**REQUEST FOR PROPOSALS
FOR UP TO 1,000 MW OF COMBINED HEAT AND
POWER GENERATION IN ONTARIO**

Request for Proposals No.: CHP-2006

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Incorporating CHP RFP Addendums 1, 2 and 3

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1. INTRODUCTION

1.1 Background

On June 15, 2005, the Ontario Minister of Energy directed the Ontario Power Authority to commence several procurement processes, including one for up to 1,000 megawatts (MW) of high efficiency combined heat and power generation projects across Ontario, including industrial co-generation and district energy projects. This directive (the “**Ministerial Directive**”) also stated that preference should be given, through a separate procurement process, for projects fuelled by renewable energy sources.

Accordingly, this Request for Proposals is the first step in fulfilling the Ministerial Directive with respect to high efficiency combined heat and power projects, and invites interested parties to submit Proposals for high efficiency combined heat and power generating facilities located in Ontario that affect supply or demand in the interconnected electricity grid in Ontario by delivering firm and reliable supply to either the IESO-Controlled Grid, a Local Distribution Company or an End User.

This Request for Proposals describes all of the terms and conditions relating to the OPA’s process of procuring up to 1,000 MW (the “**Target Capacity**”) of high efficiency combined heat and power generation projects across Ontario (the “**CHP RFP**”).

As noted above, the Ministerial Directive requires the OPA to consider, and give preference within, a broad spectrum of different Contract Facility configurations. The OPA anticipates that these different Contract Facility configurations will have fundamentally different operational and pricing characteristics. To reflect these differences, while preserving the intended competitive nature of the procurement process, the CHP RFP is structured to require that each Proposal be submitted into one of three distinct Proposal submission and evaluation Streams which are described more fully in Section 2.1 of the CHP RFP.

A proposed project must either be (i) a District Energy Facility, or (ii) a Natural Gas-Fired or By-product Fuel-Fired Industrial Cogeneration Facility, or (iii) a Renewable Fuel-Fired Industrial Cogeneration Facility, as further described in Section 2.1. Selected Proponent(s) of Contract Facilities that are either Natural Gas-Fired Industrial Cogeneration Facilities or District Energy Facilities will execute the OPA’s form of **CHP Contract**, and Selected Proponent(s) of Contract Facilities that are either Renewable Fuel-Fired Industrial Cogeneration Facilities or By-product Fuel-Fired Industrial Cogeneration Facilities will execute the OPA’s form of CHP Power Purchase Agreement (“**CHP PPA**”). The OPA has posted the CHP Contract and CHP PPA on the section of the Ontario Electricity RFP website located at www.ontarioelectricityrfp.ca dedicated to the CHP RFP (the “**RFP Website**”) for review by interested parties.

1.2 Communications

The CHP RFP, the CHP Contract, the CHP PPA and all addenda relating thereto will be public and accessible via the RFP Website. Interested parties shall promptly examine all such documentation and:

- report any errors, omissions or ambiguities; and
- send any questions they may have regarding the CHP RFP, the CHP Contract or the CHP PPA,

through the RFP Website, in writing, on or before the end of the Question and Comment Periods noted in the timetable in Section 4.1.1. No such communications are to be directed to any person or in any manner other than through the RFP Website. All questions, comments and responses will be posted on the RFP Website, but the identity of any interested party asking any question or posing any comment will not be revealed. It is the responsibility of any interested party to seek clarification by submitting questions or comments on any matter that it considers to be unclear. The OPA shall not be responsible for any misunderstanding on the part of any interested party or Registered Participant concerning any aspect of the CHP RFP, the CHP Contract and the CHP PPA. The questions, comments and responses posted on the RFP Website are for information purposes only. Any conflict or inconsistency between the questions, comments and responses posted on the RFP Website, the CHP RFP and the CHP Contract or CHP PPA, as applicable, shall be resolved by interpreting documents and information in the following order, from highest to lowest priority:

- CHP Contract or CHP PPA, as applicable;
- the CHP RFP; and
- questions, comments and responses posted on the RFP Website.

The OPA has, as noted in the Timetable, conducted technical information sessions for all interested parties; these technical information sessions were not mandatory.

After the deadline to become a Registered Participant, the process of which is explained in Section 1.3, additional Question and Comment Periods as noted in the Timetable are available only to Registered Participants. For greater certainty, only Registered Participants are able to post questions and comments, however all postings and responses will be made public without revealing the identity of any Registered Participant.

Proponents are advised that a failure on the part of a Proponent to restrict its communication with the OPA to the communications channels prescribed in the CHP RFP and as outlined in Section 4.1.15 may lead to a disqualification of their Proposal(s).

1.3 **Becoming a Registered Participant**

Interested parties are advised that, prior to submitting a Proposal in response to the CHP RFP, an interested party must first register and become a “**Registered Participant**” with respect to each proposed Contract Facility pursuant to the CHP RFP.

To register, an interested party must complete and submit a CHP RFP registration form (the “**Registration Form**”) and pay to the OPA a non-refundable registration fee of \$10,000 plus GST (the “**Registration Fee**”) in Canadian dollars. Please note that the OPA’s GST license number is 854195039RT0001. The Registration Form can be found in Appendix C of the CHP RFP. The Registration Fee shall not be refundable under any circumstances including, but not limited to, circumstances where a Registered Participant decides not to submit a Proposal for the proposed Contract Facility under the CHP RFP. An interested party must complete a separate Registration Form and pay a separate Registration Fee for each Proposal that it intends to submit in response to the CHP RFP. An interested party will be required to pay all Registration Fees by way of a certified cheque or a bank draft made out in favour of “Ontario Power Authority”. The Registration Form and Registration Fee should be sent to the OPA, before the date and time indicated in the Timetable in Section 4.1.1 at the following address:

Ontario Power Authority
Richmond-Adelaide Centre
120 Adelaide Street West
Suite 1600
Toronto, Ontario
M5H 1T1
Attention: CHP RFP

The onus remains solely with the Registered Participant to instruct courier and delivery personnel to deliver its Registration Form and Registration Fee to the exact location specified above by the deadline. The OPA will not be responsible for late deliveries.

Each Registered Participant will have the option to schedule one individual information session which will have a maximum duration of one (1) hour to discuss the proposed Contract Facility with representatives of the OPA’s project team as further set out in the Timetable presented in Section 4.1.1. The protocol and agenda will be set at the sole discretion of the OPA.

The purpose of these individual information sessions is to provide each Registered Participant with an opportunity to meet with the OPA project team and to discuss the CHP RFP process, the form of CHP Contract or CHP PPA, as applicable, and, on a confidential basis, the technical elements of its proposed Contract Facility. The information sessions are being offered only to Registered Participants and only as an aid to their understanding of the CHP RFP and the form of CHP Contract or CHP PPA. The Fairness Advisor will attend all individual information sessions, but there will be no verbatim recording of the information sessions. Interested parties are advised that information sessions do not form part of the evaluation process and there will be no pre-approval or pre-vetting of any Proposal or of any proposed Contract Facility during such sessions. Registered Participants are also advised that the final CHP RFP supersedes all discussions of any kind whatsoever between the OPA and Registered Participants. For further clarity, the OPA will not render any opinion on the proposed Contract Facility and no discussion will be permitted with respect to a Proponent's Economic Bid Statement or matters affecting price. In addition, no hand-outs or Contract Facility-related materials are to be provided.

At the conclusion of each individual information session, the OPA will compile a summary review of the information received during the session. In the event that the OPA determines that a clarification of the requirements of the CHP RFP or the form of CHP Contract or CHP PPA is required, the OPA will post such clarifications to the RFP Website and, as applicable, revise the terms of the CHP RFP and the form of CHP Contract or CHP PPA, as applicable. In addition, the Fairness Advisor will render a report on the conduct of these information sessions and such report will be posted to the RFP Website.

All scheduling requests for the individual information sessions should be sent after the Registration Deadline by Registered Participants to procurement.cogen@powerauthority.on.ca providing a contact name, email address and phone number to arrange the information session(s).

Only Proposals that were registered by a Registered Participant shall be accepted. For greater certainty, it is not necessary that the Proponent submitting the Proposal be the Registered Participant; where there has been a change from the Registered Participant the Proponent must clearly indicate the change within the Proposal.

As outlined in Section 4.1.11.4, the OPA reserves the right to accept late Registration Forms and Registration Fees following the deadline for Registration and prior to the deadline for Addenda. The OPA will not be conducting individual information sessions with late Registered Participants.

1.4 Ontario Power Authority

On December 9, 2004, the Government of Ontario enacted the *Electricity Restructuring Act, 2004*, which amended the *Electricity Act, 1998* (the "Act") and, among other things, established the OPA as a statutory

corporation that is not a Crown agent. Under the Act, the OPA is authorized to call on the private sector when needed for new generating capacity and demand-side initiatives to be secured through competitive procurement processes. However, although the OPA may not have an approved integrated power system plan and an approved procurement process in place by the time the CHP Contract(s) and CHP PPA(s) are scheduled to be entered into pursuant to the CHP RFP, the Ministerial Directive expressly authorizes and directs the OPA, pursuant to the Minister of Energy's authority under subsections 25.32(4) and (7) of the Act, to enter into the CHP Contract(s) and CHP PPA(s) selected under the CHP RFP. The net costs to the OPA, which includes the costs incurred in respect of the CHP Contract(s) and CHP PPA(s), 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 additional information about the OPA can be obtained from the OPA's website at www.powerauthority.on.ca.

1.5 Future Procurement Processes

The CHP RFP is only one of several procurement processes initiated by the Ministerial Directive. Additional procurement initiatives for generating capacity and/or demand-side projects may follow, and participation in the CHP RFP does not preclude participation in any present or future OPA procurement initiatives, provided that all eligibility criteria set out under such procurement initiatives are satisfied.

The CHP RFP is not in any way intended to preclude, restrict or otherwise discourage any interested party from proceeding with the development of new generating facilities outside the scope of the CHP RFP.

1.6 Definitions

Capitalized terms used in the CHP RFP 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 the CHP RFP.

1.7 No Exclusivity of Contract

Interested parties are advised that CHP Contract(s) and CHP PPA(s) executed with Suppliers will not be exclusive contract(s) for the provision of the Deliverables described in Section 2. The OPA may contract with others for the same or similar Deliverables or may otherwise obtain the same or similar Deliverables by other means.

1.8 The CHP RFP Documents

The CHP RFP, the CHP Contract, the CHP PPA and all addenda relating thereto will be public and accessible via the RFP Website. The following documents constitute the CHP RFP:

- the CHP RFP;
- the Appendices, specifically:
 - Appendix A Description of CHP Contract and CHP PPA
 - Appendix B Glossary of Terms
 - Appendix C Registration Form
 - Appendix D Proposal Submission Form
 - Appendix E Economic Bid Statements
 - Appendix F Financial Questionnaire
 - Appendix G Technical Questionnaire
 - Appendix H Proposal Security (Letter of Credit Form)
 - Appendix I Proposal Security (Bid Bond Form)
 - Appendix J Proposal Return Label
 - Appendix K Mandatory Technical Requirements
 - Appendix L Useful Heat Output
 - Appendix M Description of CHP Credit Provision
 - Appendix N Determination of Evaluated Costs
 - Appendix O Calculation of Adjusted Evaluated Cost of an Illustrative Proposal
 - Appendix P Specified Forecast Index
 - Appendix Q Statutory Declaration
 - Appendix R Conflict of Interest Declaration

2. DELIVERABLES

2.1 General

As noted in the introduction, the OPA is seeking Proposals for up to 1,000 MW of high efficiency combined heat and power generating facilities located in Ontario that affect supply or demand in the interconnected electricity grid in Ontario by delivering firm and reliable supply to either the IESO-Controlled Grid, LDC or an End User.

Each Proposal submitted in response to the CHP RFP will be submitted by its Proponent into one of three distinct Proposal submission and evaluation streams (the “Streams”; “Stream 1”; “Stream 2”; “Stream 3”) as follows:

- (1) Stream 1: for all proposed District Energy Facilities;
- (2) Stream 2: for all proposed Natural Gas-Fired and By-product Fuel-Fired Industrial Cogeneration Facilities; or
- (3) Stream 3: for all proposed Renewable Fuel-Fired Industrial Cogeneration Facilities.

Proposals that progress through all four stages in the evaluation, each stage of which is more fully described in Section 3, will be ranked according to their Adjusted Evaluated Cost within their respective Streams for the purpose of determining which Proposals, if any, will be selected within each Proposal Stream. The Notional Procurement Target for each Stream is as follows:

Proposal Stream	Notional Procurement Target
Stream 1: District Energy Facilities	75 MW
Stream 2: Natural Gas-Fired and By-product Fuel Fired Industrial Cogeneration Facilities	800 MW
Stream 3: Renewable Fuel-Fired Industrial Cogeneration Facilities	125 MW

These Notional Procurement Targets are not firm procurement targets. The OPA will determine the cumulative amount of Annual Average Contract Capacity, in MW, to be purchased within each Proposal Stream and the cumulative amount of Annual Average Contract Capacity to be purchased from all three Streams in accordance with Stage 4 – Selection of Contract Facilities as outlined in Section 3.6.

The OPA reserves the right to revise the Notional Procurement Targets for each Proposal Stream after the deadline to become a Registered Participant to reflect the expected capacity to be bid in each of the Proposal Streams.

2.2 Contract Arrangements

Proponents of those Proposals selected by the OPA under the CHP RFP as either a District Energy Facility or a Natural Gas-Fired Industrial Cogeneration Facility will be required to enter into the OPA's form of CHP Contract for the provision of the Deliverables. Proponents of those Proposals selected by the OPA under the CHP RFP as either a Renewable Fuel-Fired Industrial Cogeneration Facility or a By-product Fuel-Fired Industrial Cogeneration Facility will be required to enter into the OPA's form of CHP PPA for the provision of the Deliverables. An overview of the CHP Contract and the CHP PPA is provided in Appendix A. The CHP Contract and the CHP PPA will require the Proponent to develop and construct the proposed Contract Facility, attain Commercial Operation by the proposed milestone date for Commercial Operation, and operate and maintain the Contract Facility during the twenty (20) year Term in accordance with the provisions of the CHP Contract or the CHP PPA, as applicable. For greater certainty, District Energy and Natural Gas-Fired Industrial Cogeneration Facilities will have a deemed or directed dispatch schedule, whereas Renewable Fuel-Fired Industrial Cogeneration Facilities and By-product Fuel-Fired Industrial Cogeneration Facilities will self-schedule.

3. EVALUATION OF PROPOSALS

3.1 Overview of Stages of Proposal Evaluation

The evaluation of Proposals will be conducted by the OPA in four distinct Stages. A Proposal must meet the requirements of each Stage in order to proceed to the next Stage. The four Stages are as follows:

Stage 1 - Mandatory Requirements: In Stage 1, each Proposal will pass or fail depending on whether the Proposal meets each of the Mandatory Technical Requirements set out in Section 3.2.2 and whether the Proponent has provided in its Proposal each of the documents and all of the statements and information required by Section 3.2 (the “**Mandatory Requirements**”), which shall also be used to evaluate the proposed Contract Facility pursuant to the Rated Criteria in Stage 2. Proposals that do not satisfy each of the Mandatory Requirements will not be evaluated further and will be rejected. Each Proposal that passes Stage 1 will proceed to Stage 2.

Stage 2 - Rated Criteria: In Stage 2, each Proposal that passed Stage 1 will be awarded a point score, up to a maximum of 100 points, based on the Proponent’s responses to the information requested in Stages 1 and 2. Each Proponent’s responses will be reviewed by the OPA and evaluated against the Rated Criteria set out in Section 3.4 to assess the Proponent’s technical and financial resources as well as the maturity, quality and timing of the proposed Contract Facility, including consideration of such matters as the status of applicable municipal, regional, environmental and other permits and approvals, site control, risk mitigation and fuel supply arrangements. In order to proceed to Stage 3, a Proposal must achieve a minimum required individual point score for both the Proponent Team Experience Rated Criteria and for the Financial Plan Rated Criteria and, in addition, must achieve the minimum required total point score set out in Tables 3.1 and 3.3. All Proposals that do not achieve such minimum required total point score will be rejected. Each Proposal that passes Stage 2 will proceed to Stage 3.

Stage 3 – Economic Bid Evaluation: In Stage 3, each Proposal that passed Stages 1 and 2 will have its Economic Bid Statement opened and be evaluated as further described in Section 3.5 to determine its Evaluated Cost. This Evaluated Cost will then be discounted by a factor based on the Proposal’s total point score in Stage 2 to determine the Proposal’s Adjusted Evaluated Cost.

Stage 4 – Selection of Contract Facilities: In Stage 4, the Adjusted Evaluated Cost will then be used to select the most competitive Proposals in each Stream with cumulative Annual Average Contract Capacities up to the Notional Procurement Target for the Stream. Remaining proposals will be set aside.

Furthermore in Stage 4, the OPA will establish a uniform price limit (the “**Uniform Price Limit**”) that is **150%** of the weighted average Adjusted Evaluated Cost of those Proposals, regardless of their Proposal

Stream, that provide at least 1,000 MW of Annual Average Contract Capacity at the lowest total Adjusted Evaluated Cost. The process for determining these Proposals is outlined in greater detail in Section 3.6.2.1. The OPA will, at its discretion, apply the Uniform Price Limit in the manner described in Section 3.6.2.3.

All Proposals that were set aside from Streams 1, 2 and 3, and not rejected by the OPA’s discretionary establishment and application of the Uniform Price Limit will form the generic evaluation pool (the “**Generic Evaluation Pool**”). Any difference between the cumulative Annual Average Contract Capacity of the selected Proposals within each Stream and the Notional Procurement Target for that Stream will be re-allocated as generic evaluation capacity (the “**Generic Evaluation Capacity**”). At its discretion, the OPA will select additional Proposals in the Generic Evaluation Pool in accordance with Section 3.6.2.5.

Further details on the Economic Bid Evaluation process are provided in Section 3.5 and Appendix N.

TABLE 3.1		
SUMMARY OF EVALUATION PROCESS		
EVALUATION STAGE		POINT SCORES AWARDED
1	Stage 1 – Mandatory Requirements	Pass/Fail
2	Stage 2 – Rated Criteria	100 points
	a) Contract Facility	
	(i) Contract Facility Maturity	15 points
	(ii) Contract Facility Risk Mitigation	15 points
	(iii) Host Facility Risk Mitigation	15 points
	b) Proponent	
	(i) Proponent Team Experience	20 points with a Minimum Point Score of 10 points
	(ii) Financial Plan	35 points with a Minimum Point Score of 10 points
	Maximum Combined Point Score: 100	Minimum Combined Point Score of 40 points
3	Stage 3 – Economic Bid Evaluation	
4	Stage 4 – Selection of Contract Facilities	

3.2 Stage 1 - Mandatory Requirements

Proposals will be assessed and examined to ensure that they satisfy each of the Mandatory Requirements. The evaluation of the Proposal against the Mandatory Requirements will be conducted based on the statements, information and documentation provided by the Proponent in the Proposal. Any Proposal that does not satisfy each of the Mandatory Requirements will not be evaluated further and will be rejected.

Proponents are advised that all statements, information and documentation submitted as part of the Proposal are subject to verification and enforcement in accordance with the terms of the CHP RFP and the CHP Contract or CHP PPA as applicable. If such statements, information or documentation are determined by the OPA to be incorrect or misleading, the OPA reserves the right to re-evaluate the Proponent's compliance with the Mandatory Requirements in Stage 1 and revise any point scores awarded to the Proposal in Stage 2, to revise the Adjusted Evaluated Cost for the Proposal that was determined in Stage 3 and to revise the Proposal's ranking in Stage 4.

The requirements and documents set out in Sections 3.2. and 3.2.6 inclusive, together with the documents, information and statements requested therein, constitute the Mandatory Requirements. 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 documents set out in Sections 3.2. and 3.3. Interested parties are advised that the forms of the documents set out in Section 3.2.1 through 3.2.6 inclusive will be made available on the RFP Website in a writable PDF format following the deadline for issuing addenda as indicated in the Timetable presented in Section 4.1.1 Any amendments made to the forms of such documents, whether on the face of such forms or contained elsewhere in the Proposal, may result in the disqualification of the Proposal.

The Mandatory Requirements are:

3.2.1 Proposal Submission Form (Appendix D)

The Proposal Submission Form is provided in Appendix D.

3.2.2 Mandatory Technical Requirements

All technical and other information relating to the proposed Contract Facility must be provided by responding to the Technical Questionnaire set out in Appendix G, and by providing supporting evidence, information, and documentation where indicated.

Proposals will be assessed and examined to ensure that they satisfy each of the "Mandatory Technical Requirements", set out in Sections 3.2.2.1 to 3.2.2.16 inclusive. For greater certainty, the evaluation of the Proposal against each of the requirements set out in Sections 3.2.2.1 to 3.2.2.12 inclusive will be conducted based on, and can be satisfied by, the Proponent's statements in the Technical Questionnaire and by providing supporting evidence, information, and documentation where indicated.

In addition, the Technical Questionnaire also contains a declaration (“**Mandatory Technical Requirements Declaration**”) that the proposed Contract Facility will adhere to additional mandatory technical requirements as set out in Section 3.2.2.13 to 3.2.2.16 inclusive.

Any Proposal that does not satisfy each of the following Mandatory Technical Requirements will not be evaluated further and will be rejected. Furthermore, a failure on the part of a Proponent to provide any of these items will constitute an incomplete response to the Technical Questionnaire and will result in disqualification of the Proposal.

The proposed Contract Facility must meet each of the following requirements as outlined in Sections 3.2.2.1 to 3.2.2.12:

3.2.2.1 The proposed Contract Facility must be one of the following types of facilities:

- a District Energy Facility; or
- a Natural Gas-Fired Industrial Cogeneration Facility; or
- a Renewable Fuel-Fired Industrial Cogeneration Facility; or
- a By-product Fuel-Fired Industrial Cogeneration Facility.

This requirement shall be satisfied by the Proponent’s statement in response to the Technical Questionnaire.

3.2.2.2 The proposed Contract Facility must either be:

- a Host Developed Contract Facility; or
- a Third Party Developed Contract Facility.

This requirement shall be satisfied by the Proponent’s statement in response to the Technical Questionnaire. For greater certainty, if the requirement in Section 3.2.2.16 is not met or the information outlined in the executive summary in Section 3.2.4 does not support the definition of a Host Developed Contract Facility as outlined in Appendix B, the Contract Facility will automatically be considered a Third Party Developed Contract Facility.

3.2.2.3 The proposed Contract Facility must be a single generating facility with a minimum Annual Average Contract Capacity of 5 MW, except for a District Energy Facility, which must have a minimum Annual Average Contract Capacity of 2 MW.

This requirement shall be satisfied by the Proponent's statement in response to the Technical Questionnaire;

- 3.2.2.4 The proposed Contract Facility must attain Commercial Operation on or before June 1, 2012.

To satisfy this requirement, the Proponent must identify the Commercial Operation Date in its response to the Technical Questionnaire. In addition, in the Technical Questionnaire, the Proponent must state the Milestone Date for achieving Financial Closing, if applicable, which shall occur following Contract execution and prior to Commercial Operation;

- 3.2.2.5 The proposed Contract Facility must be located in the Province of Ontario and will be connected to either the IESO-Controlled Grid, a Local Distribution Company or an End User and will affect supply or demand in the interconnected electricity grid in Ontario;

To satisfy this requirement, the Proponent must submit a map or maps showing the proposed site in relation to neighbouring roads and lands. The map shall indicate key components of the proposed Contract Facility, including the proposed Connection Point. In addition, the Proponent must also provide a site plan and layout, as well as an electrical single line diagram showing the Connection Point of the proposed Contract Facility. The map(s) shall be utilized to confirm that the location of the proposed Contract Facility is consistent with the description of the lands set out in the documentation supporting evidence for this section as well as for site control as required in Section 3.2.2.5;

- 3.2.2.6 The Proponent must evidence site control by having, at a minimum, an option to purchase, lease, license or use the land for the site. Any such option must be exercisable by the Proponent for at least one hundred and eighty (180) days after the Proposal Submission Deadline. The Proponent must be able to exercise site control no later than the milestone date for Financial Closing with site control expiring no sooner than the end of the Term.

To satisfy this requirement, in addition to providing the Proponent's statement confirming its control of the site, the Proponent must provide supporting documentation of the site control in the form of either: (i) an executed copy of an agreement entitling the Proponent to an option to lease, licence or purchase the land, (ii) a registered title, lease or licence, or (iii) if the Contract Facility involves Crown resources, including Crown

land for transmission, distribution and ancillary structures, the Proponent must have written confirmation from the appropriate Ministry, or Ministries, that the Proponent has been granted the opportunity to pursue development approvals for the Contract Facility in the form of a “Site Release”.

The Proponent is permitted to redact pricing and other proprietary information from the evidence of site control, as long as this information is not needed in order for the Evaluation Team to evaluate the evidence for purposes of this requirement.

- 3.2.2.7 The Contract Heat Rate for the proposed Contract Facility, and if applicable the restated Contract Heat Rate, must not exceed 9.0 MMBtu/MWh (HHV) for Contract Facilities that are either Natural Gas-Fired Industrial Cogeneration Facilities or District Energy Facilities.

To satisfy this requirement, the Proponent must identify the Contract Heat Rate and the restated Contract Heat Rate in its response to the Technical Questionnaire.

For greater certainty, Renewable Fuel-Fired Industrial Cogeneration Facilities and By-product Fuel-Fired Industrial Cogeneration Facilities do not need to meet this requirement;

- 3.2.2.8 The proposed Contract Facility must meet or exceed the heat rate qualification for cogeneration or specified-waste fuelled systems required for Class 43.1 capital cost allowances under the relevant regulations and schedules contained in the *Income Tax Act (Canada)*, as detailed in Section 1.4 of the *Class 43.1 Technical Guide for Energy Conservation and Renewable Energy Equipment* published by Natural Resources Canada. For greater certainty, the annual consumption of fossil fuels (HHV basis, not including any of the specified-waste fuels) chargeable to the gross electricity generated must not exceed 6,000 Btu/kWh (6,330 kJ/kWh).

To satisfy this requirement, a heat and mass balance diagram and associated calculations must be submitted as supporting documents identifying the information required to confirm the proposed Contract Facility meets or exceeds the heat rate qualification for cogeneration or specified-waste fuelled systems required for Class 43.1 capital cost allowances under the relevant regulations and schedules contained in the *Income Tax Act (Canada)*. For the avoidance of doubt, for the purposes of this requirement, the Contract Facility must only demonstrate the heat rate qualification and not necessarily all other

requirements needed for compliance with the requirements of Class 43.1 capital cost allowance;

- 3.2.2.9 The proposed Contract Facility must provide Useful Heat Output to a Host Facility for a term of not less than five years, which term must commence on the Commercial Operation Date and terminate no sooner than the day following the fifth anniversary of the Commercial Operation Date. The volumes of Useful Heat Output to be purchased by or conveyed to (for Host Developed Contract Facilities) the Host Facility throughout the aforementioned term must be not less than the amount necessary for the Contract Facility to comply with the requirements of Section 3.2.2.12.

To satisfy this requirement, Proponents must provide a copy of the Off-take Agreement and any supporting evidence to substantiate the term and quantity of the Useful Heat Output purchases by the Host Facility. A District Energy Facility must provide evidence to substantiate the minimum five (5) year term of the Useful Heat Output purchases by the Host Facility, but is not required to demonstrate that the Host will purchase a volume of Useful Heat Output necessary for the Contract Facility to comply with the requirements of Section 3.2.2.12. The Proponent may redact pricing and other proprietary information from the Off-take Agreement as long as this information is not needed in order for the Evaluation Team to evaluate the evidence for purposes of this requirement;

- 3.2.2.10 The proposed application of Useful Heat Output must be exclusively reserved by the Host Facility, and so indicated in the Off-Take Agreement, as an application for which the required Useful Heat Output will be obtained solely from the proposed Contract Facility if it is selected under the CHP RFP, and in the event the proposed Contract Facility is not selected, will not be obtained from any other proposed Contract Facility under the CHP RFP. For greater certainty, this requirement applies to Coupled Proposals.

For greater certainty, a Host can commit to purchasing Useful Heat Output from more than one proposed Contract Facility or Coupled Proposals provided that the application of Useful Heat Output purchased from each such proposed Contract Facility or Coupled Proposal is (a) demonstrably a separate and distinct application with respect to the applications committed to any other proposed Contract Facilities or the other Coupled Proposal; and (b) covered by a separate Off-Take Agreement; and (c) required by the Host Facility independent of every other application such that any single application will proceed in conjunction with the selection of the corresponding proposed Contract Facility

under the CHP RFP, regardless of whether or not any other proposed Contract Facility from which the Host has also committed to purchase Useful Heat Output is or is not selected under the CHP RFP. Where a Host commits to purchasing Useful Heat Output from more than one Contract Facility or Coupled Proposals, the Proponent of each such Contract Facility must include in its Proposal a completed declaration confirming that the Host's proposed purchases and applications of Useful Heat Output comply with the requirements of this Section 3.2.2.10. Where more than one Proponent is required by this Section 3.2.2.10 to submit the aforementioned declaration with respect to a common Host and any one such Proponent fails to do so, then the relevant Proposals from all such Proponents will be rejected and not considered further;

- 3.2.2.11 The proposed application of Useful Heat Output produced by the Contract Facility must be for a gainful commercial or industrial purpose such as district energy, manufacturing, mining, chemical or other industrial process.

In order to comply with this Section 3.2.2.11, the Proponent shall provide a copy of the letter from the OPA which approves the application of the Useful Heat Output and in addition, the Proponent shall provide a full description of the application of Useful Heat Output and provide a declaration that the application of the Useful Heat Output in the Proposal is the same as that approved by the OPA;

- 3.2.2.12 The proposed Contract Facility must have a Useful Heat Output equal to or greater than 15% of the total energy output of the Contract Facility, calculated on an average annual basis as set forth in Appendix L.

In order to comply with the requirements of this section, the Proponent must provide heat and mass balance diagrams and supporting calculations demonstrating that, on an average annual basis, the Useful Heat Output shall be equal to or greater than 15% of the total energy output. For Coupled Proposals, the Proponent shall also provide a combined heat and mass balance diagram showing that the requirements of this section are met for the Coupled Contract Facilities.

Further, in order to comply with the requirements of this section, the Proponent must provide a copy of the Off-take Agreement demonstrating that the required amount of Useful Heat Output is contracted under the terms of the Off-take Agreement. For greater certainty, for a Proponent offering a District Energy Facility, it is not necessary that the amount contracted under the Off-take Agreement be equal to or greater than 15% of the total energy output on an average annual basis.

In addition to the Mandatory Technical Requirements outlined above (Sections 3.2.2.1 to 3.2.2.12 inclusive), the proposed Contract Facility must also meet the requirements outlined below (Section 3.2.2.13 to 3.2.2.16). To satisfy these requirements, the Proponent has to sign the Mandatory Technical Requirements Declaration provided in Appendix K stating that the proposed Contract Facility will adhere to the following:

3.2.2.13 The proposed Contract Facility must be designed, constructed and operated in compliance with all relevant requirements of the IESO Market Rules, the OEB Transmission System Code, the OEB Distribution System Code and all other laws and regulations, as applicable.

3.2.2.14 The Proponent must not have commenced procurement for the purposes of the Contract Facility of any of the following major equipment: gas turbine generator sets, steam turbine generator sets, steam generators, condensers, transformers, switchgear equipment; and, with respect to construction of the Contract Facility, must not have issued a Notice to Proceed prior to September 28, 2005. For greater certainty, commencing procurement means the signing of a purchase order or execution of a contractual obligation to procure equipment for the purposes of the Contract Facility. For greater certainty, existing major equipment owned by the Proponent or options on major equipment held but not assigned nor allocated specifically to the Contract Facility prior to September 28, 2005 are considered acceptable.

3.2.2.15 The proposed Contract Facility must not be an Existing Facility or an Upgrade. For greater certainty, a proposed Contract Facility that is an Expansion of an Existing Generating Facility is eligible under the CHP RFP with respect to the Contract Capacity relating to the Expansion.

3.2.2.16 The Proponent of a Host Developed Contract Facility must state that either:

- the legal entity that is the Host or that Controls the Host (or if a District Energy Facility, the district energy business) is the legal entity that is the Proponent or owns 30 percent or more, either directly or indirectly, of the Proponent; or
- the Proponent acknowledges that the legal entity that is the Host or Controls the Host (or if a District Energy Facility, the district energy business) must execute the Form of Guarantee for Host Developed Contract Facility attached as Exhibit U to the CHP Contract or Exhibit Q to the CHP PPA, as applicable, prior to the execution of such contracts.

For greater certainty, Proponents of Third Party Developed Contract Facilities do not need to meet this requirement.

3.2.3 Financial Plan

All financial information relating to a proposed Contract Facility must be provided in the Financial Plan, which includes the responses and supporting documentation to the Financial Questionnaire set out in Appendix F. For greater certainty, the information and documentation provided in the Financial Plan will form the basis upon which the Financial Evaluation Team will evaluate the Financial Plan of the proposed Contract Facility relating to the Rated Criterion. Proponents must submit the Financial Plan and supporting documentation in a separate, sealed, opaque envelope, marked “Financial Plan” followed by the name of the Proponent and the name of the proposed Contract Facility.

3.2.4 Executive Summary

Proponents must provide an executive summary, which is not to exceed six (6) pages, that shall encapsulate information about (1) the proposed Contract Facility, (2) the Host and (3) the Proponent Team. For greater certainty, the information in the executive summary will also be used to confirm the requirements in Sections 3.2.2.2 and 3.2.2.16.

The executive summary must include, but is not limited to, the following:

Part 1: Proposed Contract Facility:

- A description of the location of the proposed Contract Facility, including the municipal address, as well as the proposed Financial Close Date, Commercial Operation Date and Restatement Date of the Contract Facility.
- a short description of the plant and major equipment to be used in the Contract Facility including:
 - an overview of major equipment, including the manufacturer(s) of the major equipment
 - the number of generating units of each technology (gas turbine, steam turbine etc.)

- a description of the type of steam turbine (if applicable) including a description of whether or not the steam turbine can be bypassed, whether and the steam turbine is condensing or back-pressure
- whether or not supplementary firing will be used
- indication if back-up boilers will be used
- indication of any other redundancy measures that may be employed
- the footprint (including stack heights and any additional physical features) of the proposed Contract Facility
- details regarding the Primary and Secondary Fuels to be used by the facility including the fuel type, fuel heating value, fuel delivery system and fuel suppliers
- Details regarding air and noise emissions and proposed mitigating technologies
- a short description of the interconnection arrangement including (voltage and interconnection point)

Part 2: Host

- a description of the Host, including:
 - a description of the Host facility, a summary of the Host's business and the proposed application of the Useful Heat Output
 - a description of the Useful Heat Output delivery system, including approximate distance from the Contract Facility to the Host Facility, and pressure, temperature and quantity and amount of condensate return
 - a description of the metering arrangement which outlines how the Proponent proposes to meter both electricity and Useful Heat Output from the Contract Facility to ensure that the CHP Contract or CHP PPA obligations, as applicable, are met and that verification, monitoring and settlement can be undertaken fairly and accurately. For Proposals which are Coupled, the Proponent should consider the metering of input fuel (renewable, by-product, natural gas or other fuel source as applicable), Useful Heat Output and electricity, using revenue quality meters where appropriate, to ensure that the CHP Contract or CHP PPA obligations, as applicable are met

Part 3: Proponent Team:

- an outline of any changes from the Registered Participant to the Proponent
- a description and a schematic representation of the organizational structure outlining ownership and contractual links among all entities and/or individuals involved in the development, construction, financing and operation of the proposed Contract Facility
- a summary of the business arrangements for the development, construction and operation of the proposed Contract Facility
- a short description of the key personnel involved in the preparation of the Proposal and in the development of the proposed Contract Facility
- an overview of the proposed operation of the proposed Contract Facility, including the expected number of employees, and any unmanned operation capabilities

3.2.5 Proposal Security

The Proposal Security must be payable to and in favour of the “Ontario Power Authority” in the amount of \$25,000 per MW of Annual Average Contract Capacity subject, however, to a maximum amount of \$1,000,000. The Proposal Security must be in the form of:

- a certified cheque or a bank draft issued by a financial institution listed in either Schedule I or II of the Bank Act (Canada);
- 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 H; or
- 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 I.

Failure to submit the Proposal Security will result in the disqualification of the Proposal. At the OPA’s sole and absolute discretion, failure to tender the Proposal Security in the form required in respect of a Proposal may result in the disqualification of the Proposal.

The Proposal Submission Form contains the Proponent's agreement that the OPA may draw upon the Proposal Security if the Proponent, having become a Selected Proponent, exhibits one of the following:

- fails to deliver the Initial Completion and Performance Security within eight (8) Business Days of being notified by the OPA that it is a Selected Proponent;
- fails to sign the CHP Contract or CHP PPA, as applicable, within ten (10) Business Days of the date on which the Proponent is given the CHP Contract or CHP PPA, as applicable, to sign;
- fails to deliver the Initial Completion and Performance Security prior to executing the CHP Contract or CHP PPA, as applicable;
- makes material misrepresentations in the Proposal;
- is in breach or default of the CHP RFP; or
- in the event that the Contract Facility is a Host Developed Contract Facility, fails to deliver the executed Form of Guarantee for Host-Developed Contract Facilities, if applicable.

Proposal Security will be returned to Proponents in accordance with Section 4.1.7.

3.2.6 Economic Bid Statement

Each Proponent must submit one completed Economic Bid Statement, in the form set out in Appendix E1 or Appendix E2, as applicable for the proposed Contract Facility, in a separate, sealed, opaque envelope marked "Economic Bid Statement" followed by the name of the Proponent and the name of the proposed Contract Facility.

The values to be set out in the Economic Bid Statement must be entered precisely in numeric form using the format provided in Appendix E1 or Appendix E2, as applicable, without further information, condition or qualification whatsoever. Proponents are advised that any deviation from the required format of the Economic Bid Statement whatsoever, including, but not limited to, the provision of a price range, conditional price, qualified price, or an incomplete price, a range of values, conditional values, qualified values or incomplete values, will result in the disqualification of the Proposal. Further, disclosure by the Proponent or any member of the Proponent Team of

any of the elements of the Economic Bid Statement elsewhere in the Proposal or otherwise shall result in disqualification of the Proposal.

Interested parties should note that errors contained in a Proponent's Economic Bid Statement are the sole responsibility of the Proponent and that the OPA will be unable to communicate any perceived error to a Proponent.

Proponents should note that all financial parameters provided in the Economic Bid Statement will not be subject to any escalation or indexing between the Proposal Submission Deadline and the Commercial Operation Date.

For greater certainty, the Fixed Capacity Payment, Variable O&M Costs and, if applicable, Restated Fixed Capacity Payment for District Energy Facilities and Natural Gas-Fired Industrial Cogeneration Facilities provided in the Economic Bid Statement will be applicable, without adjustment, on the Commercial Operation Date of the Contract Facility. In the event of Restatement for eligible Contract Facilities, any difference between the Restated Fixed Capacity Payment and the Fixed Capacity Payment will be fully indexed to the Specified Index during the period between the Commercial Operation Date and the Restatement Date and then added to the Indexed Fixed Capacity Payment that would otherwise apply on the Restatement Date to determine the Indexed Restated Fixed Capacity Payment at the Restatement Date.

The Contract Price for Renewable Fuel-Fired and By-product Fuel-Fired Industrial Cogeneration Facilities provided in the Economic Bid Statement will be applied, without adjustment, on the Commercial Operation Date of the Contract Facility. In the event of Restatement, any Restated Contract Price would be adjusted to reflect the Escalation Rate for the Contract Price (expressed as a percentage of the Specified Index and not to exceed 100%) specified by the Proponent in the Economic Bid Statement and the Specified Index from the Commercial Operation Date to the Restatement Date.

3.3 Additional Declarations and Confidentiality Statement

As part of its Proposal, each Proponent must complete, sign and submit the declarations described below and in the forms set forth in Appendices R and S, 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 the preamble to Section 3.2. Proponents are reminded that the onus is solely on them to conduct all investigations and verifications necessary, including any investigations required of any member(s) of the Proponent Team, in order to confirm that each of the statements set out in the declarations can be made.

If any member of the Proponent 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. Proponents are advised that if, in the sole and absolute determination of the OPA, any matter declared in the following declarations is not materially true and correct, then the Proposal may be invalidated and disqualified, and the OPA 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.

3.3.1 Appendix Q: Statutory Declaration regarding Proposal and Non-Collusion

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

3.3.1.1 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 ninety (90) days from the Proposal Submission Deadline; (iii) that the Proponent agrees to be bound by the terms of the CHP Contract or CHP PPA, as applicable, including any security that may be required under the CHP Contract or CHP PPA, as applicable; and (iv) that the Proponent, its proposed Contract Facility and each member of its 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 Contract Facility. Moreover, the declaration shall certify that the Proponent agrees that the OPA may draw upon the Proposal Security if the Proponent, having become a Selected Proponent, fails to sign the CHP Contract or CHP PPA, as applicable, or fails to deliver the Initial Completion and Performance Security, within the timeframe required, or makes or has made a material misrepresentation in the Proposal, or is in breach or default of the CHP RFP.

3.3.1.2 Non-Collusion:

The Proponent must declare that:

- in preparing its Proposal(s), only specified individuals were involved in determining pricing of its Proposals (whether as a member of its Proponent Team or otherwise), no other individuals were so involved and such individuals were not involved in determining pricing of a Proposal of Another Proponent Team, unless the Proponent of Another Proponent Team is the same as, is owned as to 50% or more by, is Controlled by or is under common Control with, the Proponent making the Proposal, in which case, employees of the Proponent and an entity which Controls the Proponent and such other Proponent may be involved in determining pricing of a Proposal of Another Proponent Team; and
- the Proponent:
 - has not coordinated its Economic Bid Statement or any other aspect of its Proposal(s) with Another Proponent Team; and
 - has kept and will continue to keep its Proposal(s) confidential until the Selected Proponents are publicly announced; and
- no member of its Proponent Core Team has entered into any agreement or arrangement with any member of Another Proponent Core Team, which may, directly or indirectly, affect the Economic Bid Statement or any other aspect of the Proposal(s) submitted by the Proponent and/or Another Proponent Team; and
- neither the Proponent nor any member of its Proponent Core Team has engaged in any Prohibited Conduct.

3.3.2 Appendix R: Conflict of Interest Declaration

Each Proponent must provide a statutory declaration, in the form provided in Appendix R, 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 OPA, the Proponent is found to have a Conflict of Interest, the OPA may, in addition to any other remedies available at law or in equity, reject 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 OPA discovers a Proponent's failure

to disclose all actual or potential Conflicts of Interest, the OPA may reject the Proponent or terminate the CHP Contract or the CHP PPA, as applicable, if awarded to that Proponent in accordance with the CHP RFP.

3.3.3 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 OPA 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 OPA that no portion of the Proposal contains proprietary or confidential information for which confidentiality is to be maintained by the OPA or its technical advisors.

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

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

Proponents are advised that their Proposals will, as necessary, be disclosed on a confidential basis, to the Evaluation Team, the Financial Evaluation Team, the Government of Ontario, the OPA’s

Fairness Advisor, the OPA's counsel and other advisers retained for the purpose of evaluating or participating in the evaluation of the Proposals and the CHP RFP process.

3.4 Stage 2 - Rated Criteria

In Stage 2, for each Proposal that passed Stage 1, the information provided in the Proposal, including the responses to the Technical Questionnaire and the Financial Questionnaire, will be reviewed against the Rated Criteria to assess the Proponent's experience and financial resources, as well as the maturity and quality of the proposed Contract Facility and Host. The Stage 2 Rated Criteria are as follows:

TABLE OF RATED CRITERIA		
SUMMARY OF RATED CRITERIA		
RATED CRITERIA	MAXIMUM POINT SCORE AWARDED	MINIMUM POINT SCORE REQUIRED
3.4.1	<u>Contract Facility</u>	
	1. Contract Facility Maturity	15
	<i>(a) Proposed Commercial Operation Date</i>	5
	<i>(b) Status of Permits and Approvals</i>	5
	<i>(i) Environmental Assessment</i>	3
	<i>(ii) Municipal and Regional Zoning</i>	2
	<i>(c) Status of Impact Assessments</i>	2
	<i>(i) System Impact Assessment</i>	1
	<i>(ii) Customer or Connection Impact Assessment</i>	1
	<i>(d) Status of EPC Contract</i>	3
	2. Contract Facility Risk Mitigation	15
	<i>(a) Technology and Generation Facility</i>	5
	<i>(b) Fuel Supply</i>	5
	<i>(c) Other Risks</i>	5
	3. Host Facility Risk Mitigation	15
	<i>(a) Host Financial Strength</i>	6
	<i>(b) Status of Off-Take Agreement</i>	4
	<i>(c) Duration of the Off-Take Agreement</i>	5
3.4.2	<u>Proponent</u>	55
	4. Proponent Team Experience	20
	<i>(a) Designated Facility</i>	10
	<i>(b) Designated Employees</i>	10
	5. Financial Plan	35
	TOTAL	100
	Minimum Required Total Points Score	40

Proponents are advised that the information set out in the Proposal, including responses to the Technical Questionnaire and the Financial Questionnaire for each Proposal, should contain sufficient detailed information allowing the OPA to evaluate the merits of both the Proponent and the proposed Contract Facility. For greater certainty, the onus is on the Proponent to demonstrate its technical and financial abilities to develop, construct and operate the proposed Contract Facility, as well as present the work that has already been done on the proposed Contract Facility. Proponents are encouraged, where possible, to provide additional information and supporting evidence to substantiate their statements in response to the Rated Criteria, even if this additional information is not specifically requested in this CHP RFP. Failure to provide sufficient detailed information or supporting statements or documentation may lead to zero (0) points being awarded with respect to any criterion or sub-criterion.

For multiple Proposals by a single Proponent, and for Coupled Proposals, the OPA reserves the right to reassess the Proponent Rated Criteria in Stage 2 on the basis of all such Proposals, taken cumulatively, proceeding and being selected. If, based on this reassessment, the Proponent achieves the minimum required point score for the Proponent Rated Criteria, then all such Proposals shall proceed to Stage 3. Otherwise, the OPA reserves the right to reject such Proposals following Stage 4 in accordance with the procedure outlined in Section 3.6.3.

Furthermore, in order to proceed to Stage 3, a Proposal must achieve the minimum required point scores where indicated for certain criteria, as well as achieve the minimum required Total Point Score of 40 points; otherwise the Proposal will be rejected. The OPA, in its sole and absolute discretion, reserves the right to lower the minimum required Total Point Score to 30 points.

3.4.1 Contract Facility Criteria (45 points)

The first set of Rated Criteria will evaluate the quality of the proposed Contract Facility in terms of its technical and operational features. This criterion is subdivided into the following three (3) sub-criteria:

- (1) Contract Facility Maturity (15 points)
- (2) Contract Facility Risk Mitigation (15 points)
- (3) Host Facility Risk Mitigation (15 points)

3.4.1.1 Contract Facility Maturity (15 points)

The Contract Facility maturity criterion is designed to ensure that a sufficient amount of work has gone into the proposed Contract Facility such that there is a reasonable degree of likelihood that the proposed Contract Facility will achieve Commercial Operation by the proposed Commercial Operation Date.

The maximum score of **15** points for Contract Facility maturity and timing will be calculated based on the combined scores of the following sub-criteria, which are further described in each respective section:

	Contract Facility Maturity	Maximum Point Scores
a	Proposed Commercial Operation Date	5
b	Status of Permits and Approvals	5
c	Status of Impact Assessments	2
d	Status of EPC Contract	3

(a) Proposed Commercial Operation Date (**5** points) – Higher points will be awarded for a proposed Contract Facility with earlier Milestone Dates for Commercial Operation. Points will be allocated from highest to lowest for the following categories:

- on or before June 1, 2008.
- after June 1, 2008 but on or before June 1, 2009.
- after June 1, 2009 but on or before June 1, 2010.
- after June 1, 2010 but on or before June 1, 2011.
- After June 1, 2011.

(b) Status of Permits and Approvals (**5** points) - This sub-criterion will assess the status of the Proponent's progress in attaining those permits and approvals with respect to the areas of:

- (i) Environmental Assessment, and;
- (ii) Municipal and Regional (Zoning) Approvals

(i) Environmental Assessment (3 points)

Points will be allocated depending on the status of the Proponent's progress in any environmental assessment process required pursuant to the appropriate category of the Environmental Assessment Guide referred to below.

Proponents are requested to state the category to which the proposed Contract Facility 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". The aforementioned Guide describes three possible categories: Categories A, B, and C as follows:

- Category A (where there is no requirement for an environmental assessment under the *Environmental Assessment Act*);
- Category B (i.e., a Contract Facility subject to an environmental screening process);
- Category C (i.e., a Contract Facility which requires an individual environmental assessment);

If the proposed Contract Facility is within Category C, as referred to in the aforementioned Guide (i.e., a Contract Facility which requires an individual environmental assessment), the Proponent should 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.

Points will be allocated from highest to lowest for the following levels of progress:

- no permits or approvals are required for the proposed Contract Facility or all required permits or approvals have been obtained, or the Minister of the Environment or the Director of the Environmental Assessment and Approvals Board has granted approval for the proposed Contract Facility

- a notice of completion has been filed and the final environmental screening report has been submitted to the Ministry of the Environment
- a draft environmental screening report has been submitted to Ministry of the Environment
- environmental screening report is being drafted and Proponent is working with local community
- public consultations, including open houses, have been completed
- public consultations are in the process of being conducted
- a notice of commencement has been published
- Proponent has commenced work internally on the environmental assessment process, such as retaining expert advice, but has not filed a notice of commencement
- a Proponent has not yet commenced any work on the environmental assessment process

Proponents should submit a description of the work already undertaken and provide any supporting documentation evidencing their status. Furthermore, Proponents should include a timeline and a description of the major milestones necessary to complete the applicable environmental assessment process.

(ii) Municipal and Regional (Zoning) Approvals (2 points)

This sub-criterion will have a maximum of 2 points and will assess the site's status regarding existing land use approvals and/or the steps taken to obtain the appropriate land use approvals or for the proposed Contract Facility with the local municipality and, where applicable, the regional municipality.

Highest to lowest points will be allocated for a proposed Contract Facility with a site that falls within the following categories:

- has appropriate zoning for proposed Contract Facility (i.e. municipal approvals have been received)

- municipal and regional approvals are currently being processed
- application for municipal and regional approvals has been submitted and accepted
- has met with the municipal and regional planners to commence the approvals process
- has not applied for any municipal or regional approvals

Proponents should submit any supporting documentation evidencing their status, however, Proponents should indicate, but are not limited to:

- excerpts from the applicable municipal official plan, secondary plan and zoning by-laws and elaborate on the current designation and zoning of the subject lands for the proposed Contract Facility by the local and regional municipality's official plan and zoning by-law.
- description of the extent to which the proposed Contract Facility does not conform with the official plan or regional official plan designation and zoning and what steps, if any, have been taken to amend the official plan, the regional official plan, and zoning by-law to permit the development, construction and operation of the Contract Facility and state the expected time frame for receiving each of such approvals;
- indication of whether any variances will be needed to accommodate the physical features of the Contract Facility, such as the stack height or foot print for example; and
- description of the processes involving the local municipality and, where applicable, the regional municipality, to obtain appropriate zoning and permitted use to ensure development and operation of the proposed Contract Facility on the subject lands.

In addition, as supporting evidence, the Proponent, should provide a letter, or letters, from each of the local municipality and, where applicable, the regional

municipality, outlining conformance or non-conformance with the official plan, secondary plan and zoning by-laws and stating whether the proposed Contract Facility requires:

- a change of the current designation and zoning of the subject lands;
- an amendment to the official plan, the secondary plan, (or proposed official plan, if applicable) and zoning by-law; and/or
- any variances to accommodate any and all physical features of the proposed Contract Facility such as the stack height or foot print.

(c) Status of Impact Assessments (2 points)

This sub-criterion will assess the status of any applicable System Impact Assessment with the IESO, any applicable Customer Impact Assessment with the Transmitter or any applicable Connection Impact Assessment with the LDC or an End User in relation to the proposed Contract Facility.

In order for the connection related assessments to be completed in a timely manner, Registered Participants and Proponents should start the application process with the IESO, Transmitter or LDC as early as possible. The IESO, Transmitter or LDC will not be responsible for expediting any impact assessments for the purposes of the CHP RFP.

Proponents should provide a list of applicable impact assessments and submit evidence to support the status of each such applicable impact assessment, including but not limited to completed impact assessment reports, executed copies of an agreement to undertake the applicable assessment or other documentation evidencing an application to the IESO and/or the Transmitter or filing with an LDC or End User. Should an impact assessment not be required, the Proponent should provide a written statement confirming that the impact assessment is not applicable and stating the reasons, as well as providing supporting documentation.

(i) Status of System Impact Assessment (1 point)

Points will be awarded from highest to lowest for the following levels of progress:

- A completed System Impact Assessment report, Part One System Impact Assessment or equivalent assessment prepared and issued by the IESO or an executed copy of a System Impact Assessment Agreement between the Proponent and the IESO.
 - A copy of a letter or other documentation from the IESO evidencing that the application form for a “System Impact Assessment” has been accepted by the IESO.
 - An application has been made to the IESO to conduct a System Impact Assessment, but has not yet been accepted.
 - Process for obtaining System Impact Assessment has not yet been commenced.
- (ii) Status of Customer Impact Assessment or Connection Impact Assessment (1 point)

For the Customer Impact Assessment, points will be awarded from highest to lowest for the following levels of progress:

- A completed Customer Impact Assessment or Preliminary Customer Impact Assessment report which has been prepared and issued by the relevant Transmitter, or both of the following two (2) documents:
 - An executed copy of a “Preliminary Study Agreement” between the Proponent and the Transmitter for the “Preliminary Customer Impact Assessment” for the proposed Contract Facility, and
 - 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.
- 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.

- An application has been made to the Transmitter to conduct a Customer Impact Assessment, but has not yet been accepted.
- Process for obtaining Customer Impact Assessment has not yet been commenced.

OR:

For a Connection Impact Assessment, which is prepared and executed by a distributor, points will be awarded from highest to lowest for the following levels of progress:

- A completed assessment of the impact on the distribution system prepared and issued by the distributor which would be an Impact Assessment, Connection Assessment, Connection Impact Assessment or Preliminary Connection Impact Assessment or equivalent, or both of the following two (2) documents:
 - An executed copy of the “Preliminary Study Agreement” between the Proponent and the distributor for the proposed Contract Facility, and
 - A copy of a letter or other documentation from the distributor evidencing that the application form for a “Preliminary Connection Impact Assessment” has been accepted by the distributor.
- A copy of a letter or other documentation from the distributor evidencing that the application form for a “Preliminary Connection Impact Assessment” has been accepted by the distributor.
- An application has been made to the distributor to conduct a Connection Impact Assessment, but has not yet been accepted.
- Process for obtaining Connection Impact Assessment has not yet been commenced.

(d) Status of EPC Contract (3 points)

This sub-criterion will assess the degree to which the Proponent has made progress in obtaining firm pricing from external contractors, such as an EPC contractor, involved in the engineering, procurement and construction of the proposed Contract Facility.

Points will be allocated from highest to lowest for the following categories:

- Proponent has executed a contract with an EPC contractor or applicable external contractors, or corporate commitment for resources to develop proposed Contract Facility in-house. For greater certainty, such contracts may be conditional upon the Proponent being awarded and entering into a CHP Contract or CHP PPA, as applicable, pursuant to the CHP RFP
- Proponent has a firm pricing commitment (such as a binding price quotation) from the applicable contractor(s)
- Proponent has a soft pricing commitment (such as a non-binding or indicative budget price quotation) from the applicable contractor(s)
- No contractor(s) has been identified or has provided either a firm pricing commitment or soft pricing commitment with respect to the proposed Contract Facility

In order to evidence the Proponent's classification, the Proponent should provide a letter from the external contractor stating whether it has executed a contract with the Proponent or provided a firm or soft pricing commitment, if applicable. If no evidence is provided, it is assumed that no contractor has been identified or has provided either a firm or soft pricing commitment with respect to the proposed Contract Facility and minimum points will be awarded.

For greater certainty, Proponents who will solely rely on in-house expertise and capability and will not use external contractor(s) should outline the commitment of resources to the project cost and risk mitigation measures.

3.4.1.2 Contract Facility Risk Mitigation (15 points)

A proposed Contract Facility will also be assessed and awarded points on the basis of the Proponent's mitigation of specific elements of risk that are not evaluated in the other Rated Criteria and which risks relate to the proposed Contract Facility being developed successfully and on time.

A Proponent should provide a statement setting out all risks associated with the timely development of the proposed Contract Facility (the "**Statement of Risks**"). Where specific risks are addressed elsewhere in a Proposal, the Statement of Risks should include appropriate references to identify where these risks are addressed, such that the Statement of Risks comprises a comprehensive list of all risks pertaining to timely and successful development of the proposed Contract Facility. The Statement of Risks should be accompanied by a description of actions and measures on the part of the Proponent to mitigate against such risks and all supporting materials as may be required to assure the OPA that, if selected, the Contract Facility will be developed in accordance with the Proposal and achieve Commercial Operation by the stated Milestone Date for Commercial Operation.

For this criterion, each Proposal will be assessed according to its Statement of Risks and those Proposals that are found to represent a lower overall level of risk, which may be as a result of the Proponent's demonstration of significant risk mitigation actions or measures associated with the proposed Contract Facility, will be awarded more points than those that represent a higher level of risk.

For greater certainty, Proponents will not be penalized for providing a comprehensive and detailed list that includes a description of the risks that are pertinent to their project and addresses how these risks are being mitigated. The intent is that a comprehensive Statement of Risks will be considered more favourably, as it demonstrates the experience and understanding with respect to successfully developing a project. And as stated previously, failure to provide sufficient detailed information or supporting statements or documentation may result in zero (0) points being awarded.

The maximum score of **15** points will be calculated based on the combined scores of the following three main sub-criteria as summarised in the table below

	Contract Facility Risk Mitigation	Maximum Point Scores
a	Technology and Generation Facility	5
b	Fuel Supply	5
c	Other Risks	5

(a) Technology and Generation Facility (5 points)

The Proponent should provide information about the risks associated with the proposed Contract Facility's electricity generation technology and major equipment, the generation technology manufacturer's experience with the generation technology and major equipment, the changes that will be made to the overall project configuration in the event of a Restatement, as well as any other risks related to the technology and major equipment of the proposed Contract Facility.

In particular, Proponents should address, but are not limited to, the following areas, as applicable.

- (i) Performance of the proposed generation technology and major equipment and any associated risks, as well as strategies to mitigate these risks;
- (ii) Number of installations and cumulative operating hours using the generation manufacturer's technology and major equipment;
- (iii) Number of years the proposed manufacturer's generation technology and major equipment has been commercially employed; and
- (iv) Any other risks associated with the technology or major equipment of the Contract Facility.

Higher points will be awarded for Contract Facilities using proven technology and major equipment (i.e., those with a greater number of existing installations and those with a proven length in service), and that demonstrate mitigated technology risks.

Lower points will be allocated for proposed Contract Facilities with unproven technology that have less commercial operating experience and/or do not provide a comprehensive technology risk mitigation plan.

(b) Fuel Supply (5 points)

Proponents should include information about the risks associated obtaining fuel supply and the status of the fuel supply arrangements. In particular, Proponents should describe and address any associated risks related to the following points, as applicable:

(i) Fuel Supply

- Risks associated with securing adequate fuel supply for the Term of the contract or being able to secure firm fuel transportation, or alternative fuel transportation arrangements for the Term of the Contract
- Proponents of District Energy Facilities and Natural Gas-Fired Industrial Cogeneration Facilities should provide a letter from the entity or entities responsible for providing and transporting natural gas, confirming whether and to what extent the fuel supply or gas transportation arrangements to the Contract Facility are firm and in place
- Proponents of By-product Fuel-Fired Industrial Cogeneration Facilities should provide a letter from the entity or entities responsible for providing By-product fuels and transporting supplemental fuels. In addition, Proponents should provide descriptive information regarding the source and supply of the by-product fuels and arrangements for supplemental fuels, including evidence (such as relevant historical data, which may include, for example, by-product gas flows on an hourly basis) regarding the variability of the availability of all fuels and how this compares to the assumptions regarding the Contract Facility's proposed output profile
- Proponents of Renewable Fuel-Fired Industrial Cogeneration Facilities should provide a letter and descriptive information, including historical data, from the entity or entities responsible for providing and transporting fuel supply, and should provide:

- a description of the fuel source(s) and how such sources are available on a renewable basis. If multiple fuel sources are used, provide the percentage of generation associated with each fuel type. 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;
- a description of how each fuel will be extracted or obtained and the amount to be used; and the status of control of any off-site fuel storage facilities required; and
- for Proponents of Contract Facilities operating on landfill gas, a list and summaries of any studies conducted to measure the fuel source that were relied upon by the Proponents including the dates of the studies, the time period and the forecast period covered, if any.

(ii) Fuel Supply Infrastructure

- Risks associated with developing the necessary infrastructure that will need to be constructed and easements (if applicable) to be obtained in order to supply fuel to the Contract Facility, including providing an estimate of the cost as well as the entities/individuals involved in constructing and installing such infrastructure

(iii) Permits and Approvals

- any major approvals, permits or consents that are expected to be required from any party to proceed, develop, construct, obtain and operate the necessary fuel supply infrastructure

(iv) Other risks

- any other risks that may impact the Contract Facility from having access to reliable fuel supply

Higher points will be awarded for Proponents that have undertaken work to secure fuel supply and transportation, as applicable, as well as demonstrating mitigated fuel supply risks.

(c) Other Risks (5 points)

In this Section, Proponents shall address any other risks that may impact the proposed Contract Facility being developed in accordance with the Proposal and meet the proposed Milestone Date for Commercial Operation. Proponents should address the following non-exhaustive list of potential risks, but, for greater certainty, Proponents are not limited to the following specific considerations:

- Risks associated with procuring all required easements
- Risks associated with ability to access adequate water, sewage, roadways and other critical infrastructure
- Risks associated with the Proponent's ability to achieve all necessary internal approvals within the required time frame
- Risk that members of the Proponent Team will not continue to be involved in the Contract Facility in the roles indicated in the Proposal
- Risks of any litigation or similar proceeding that may have a material adverse effect on the ability of the Contract Facility to proceed
- Risks regarding community opposition to the proposed Contract Facility. As such, Proponents should include information regarding the level of contact by the Proponent with municipal or regional officials and whether the Proponent has received any form of support from local or regional municipalities. The Proponent shall provide a contact at the municipality, including the name, title, phone number and e-mail address, as well as a description of the proposed Contract Facility's proximity to any residential neighbourhoods, significant environmental features that might represent a competing land use and sensitive land uses.

Higher points will be awarded for Proponents that have undertaken work, and have plans to mitigate risks impacting on the successful development of the proposed Contract Facility.

3.4.1.3 Host Facility Risk Mitigation (15 points)

The Host Facility risk mitigation criterion is designed to incent Proponents to seek out and execute an Off-Take Agreement with the most financially viable Host and to incent arrangements that are firm and have contract durations through the end of the CHP Contract or CHP PPA Term.

The maximum score of **15** points for Host Facility risk mitigation will be calculated based on the combined scores of the following sub-criteria, which are summarised in the table below.

	Host Facility Risk Mitigation	Maximum Point Scores
a	Host Financial Strength	6
b	Status of Off-Take Agreement	4
c	Duration of the Off-Take Agreement	5

Proponents should provide all information regarding commercial arrangements with the Host, including the financial strength of the Host, the status of the Off-Take Agreement, the length and form of the Host Facility commitments and the Useful Heat Output volumes covered by these commitments. The Host Facility's obligations under the Off-Take Agreement may be guaranteed by a credit support commitment, in which case the Proponent should submit a copy of the credit support documentation.

- a) **Host Financial Strength (6 points)** – This sub-criterion will evaluate the financial strength of the counterparty to the Off-take Agreement, being the Host. A Host whose characteristics include significant indicators of financial strength will be considered to have a greater ability to meet its commitment to the Proponent and will receive higher points. In order to demonstrate the financial strength of the Host, Proponents should provide evidence of the credit rating and audited financial statements of the Host. If there is a corporate guarantee of the Host's

financial commitments to the Proponent, then the credit rating and/or the audited financial statements of the guarantor should be provided.

Hosts or guarantors with better credit ratings and stronger financial indicators will be scored more highly. Hosts who lack sufficient indicators of financial strength (e.g. non-Investment Grade Credit Rating) will receive a lower score. Points will be awarded based on the following financial indicators:

- Credit Rating of the Host;
- Debt to EBITDA ratio; and
- Debt to total capitalization.
- If the Host does not have a credit rating or audited financial statements, Proponents are encouraged to provide other information which may be available, such as unaudited financial statements, in order to more completely review the Host's financial strength. While the presentation of information such as unaudited financial statements does not assure the Proponent of a higher score, this evidence will assist in more completely reviewing the financial strength of the Host.

If no information is provided regarding the credit quality of the Host, the Proponent will receive a lower score.

b) Status of Off-Take Agreement (4 points) - This sub-criterion will have a maximum of 4 points and will be evaluated based upon the copy of the Off-take Agreement submitted as part of the Mandatory Requirements. Points will be allocated from highest to lowest for the following categories:

- All Host Developed Contract Facilities will receive the highest score for this sub-criterion
- Third-Party Developed Contract Facilities with Off-Take Agreements that are only contingent on the award of a contract by the OPA and the completion of the proposed Contract Facility will receive a high score
- Off-take Agreements which are subject to other conditions than the award of a contract by the OPA and the completion of the proposed

Contract Facility will receive a lower score. The conditions will be evaluated in terms of the significance to the execution of a final Off-take Agreement

- c) Duration of the Off-Take Agreement (**5** points) - This sub-criterion assesses the term of the Off-take Agreement and the degree to which the Off-take Agreement covers the Useful Heat Output Volume.

Highest points will be awarded for Off-take Agreements which are for the full duration of the contract Term. Lower points will be awarded to Off-take Agreements which only meet the minimum Mandatory Requirements.

As per the requirements of Section 3.2.2.12, Proponents must provide a copy of the Off-take Agreement and further information regarding the Useful Heat Output sales quantities and the quality of the Useful Heat Output (i.e., temperature, pressure, etc.) required to achieve the Proponent's Contract Heat Rate. In addition, information regarding the Host's historical steam or hot water usage should be provided and this should be contrasted to the assumptions made regarding future requirements.

3.4.2 Proponent Criteria (55 points)

3.4.2.1 Proponent Team Experience (**20** points, with a minimum requirement of **10** points)

This Proponent Team experience criterion is designed to ensure that the team that has been assembled by the Proponent has a sufficient level of experience with projects substantially similar to the proposed Contract Facility, such that there is a high degree of likelihood that the proposed Contract Facility will reach Commercial Operation by the proposed Milestone Date and will be developed in accordance with its Proposal and good engineering practices.

This criterion consists of the two following sub-criteria: (a) Designated Facility, with a maximum of **10** points, and (b) Designated Employees with a maximum of **10** points. Each of these two sub-criteria has a minimum required point score that has to be achieved. Proposals that do not achieve each of the required minimum point scores will be rejected and not evaluated further.

- (a) Designated Facility Sub-criterion (**10** points, with a minimum requirement of **5** points)

To achieve the minimum required points for this criterion, the Proponent must demonstrate that it has prior experience in planning, developing, constructing, owning and operating at least one Designated Facility.

For a Host Developed Contract Facility, the Designated Facility must be either i) a generation facility ii) a cogeneration facility or iii) a substantially similar major construction project. For Host Developed Contract Facilities, the degree to which a Designated Facility is viewed as being substantially similar to the proposed Contract Facility will be evaluated in terms of whether the project was of at least an equivalent capital expenditure and technical complexity with respect to planning, managing, development, construction, ownership and operation. For greater certainty, the Designated Facility must meet each of the following requirements:

- if the Designated Facility is not a generation or cogeneration facility, in order for Designated Facilities to be considered substantially similar, the Designated Facility must be a major construction project with an equivalent capital expenditure of 25% or greater than the Total Project Cost of the proposed Contract Facility.
- the Designated Facility has entered into commercial operation, meaning that it has commenced operation in compliance with all laws and regulations after the completion of construction; and
- the Designated Facility has been in operation for at least one (1) year after entering into commercial operation.

For a Third Party Developed Contract Facility, a Designated Facility should be either the same or similar type of generation or cogeneration facility as the proposed Contract Facility, as further outlined below. The Designated Facility must meet each of the following requirements:

- Uses the same or similar type of generation technology as the proposed Contract Facility. For greater certainty, a combined cycle gas turbine or simple cycle gas turbine project will be considered to be the same or similar as a gas turbine based proposed Contract Facility;
- has a Nameplate Capacity of at least 25% of the Nameplate Capacity of the Nameplate Capacity of the proposed Contract Facility;

- has entered into commercial operation, meaning that it has commenced operation in compliance with all laws and regulations after the completion of construction; and
- has been in operation for at least one (1) year after entering into commercial operation.

For both Host Developed and Third Party Developed projects, higher points will be awarded to Proponents who have experience in planning, developing, constructing, and operating more than one Designated Facility.

Lower points will be awarded where the Designated Facility experience is less relevant (e.g., significantly different generation technology, significantly less capital expenditure, or significantly smaller facility) to the proposed Contract Facility.

Proponents should indicate, provide supporting evidence, and describe the Designated Facility or Facilities. For each Designated Facility, the Proponent should provide a description of the Designated Facility, the capital cost expenditure, the Nameplate Capacity (for generation projects), and the commercial operation date.

- (b) Designated Employees Sub-Criterion (**10** points, with a minimum requirement of **5** points)

To achieve the minimum required points for this sub-criterion, the Proponent must demonstrate that it has Designated Employees with prior experience in planning, developing, constructing and operating a Designated Facility or Designated Facilities.

The Proposal should clearly identify each of the Designated Employees, or Designated Associates if applicable, and describe how they acted in a Managerial Capacity with respect to the Designated Facility or Designated Facilities. Proposals should describe the relevant experience in the form of resumes, curriculum vitae and any professional designation(s) of the Designated Employees or Designated Associates.

Each Designated Employee must have experience with at least one Designated Facility. For greater certainty, the Designated Facility does not need to be the same for all of the Designated Employees.

In order to achieve the minimum required points, the Proponent must meet have at least five Designated Employees who have each satisfied one or more of the following requirements:

- planned and developed
- overseen the construction
- operated

a Designated Facility or Designated Facilities. For greater certainty, a Proponent must have:

- at least one of the Designated Employees, identified above, must have planned and developed a Designated Facility; and
- at least one of the Designated Employees, identified above, must have overseen the construction of a Designated Facility. For certainty, the Designated Employee(s), who has planned and developed a Designated Facility may be the same or different from the Designated Employees who have overseen the construction of a Designated Facility; and
- at least one of the Designated Employees, identified above, must have operated a Designated Facility. For certainty, the Designated Employee(s), who has planned and developed, and/or overseen the construction of a Designated Facility may be the same or different from the Designated Employee(s) who has operated a Designated Facility.

For proposed Contract Facilities with less than 20.0 MW of Nameplate Capacity, a maximum of three Designated Associates may be used to meet the minimum requirement as outlined above. For greater certainty, this means that proposed Contract Facilities with less than 20.0 MW of Nameplate Capacity must have, at a minimum, two or more Designated Employees and no more than three Designated Associates to receive the minimum required point score.

To the extent that the minimum requirements of this sub-criterion are exceeded, highest to lowest points will be allocated to Proposals whose project team has:

- significantly more Designated Employees who have extensive successful experience with the proposed type and equivalent sized (MW) combined heat and power generation facilities
- significantly more Designated Employees, who have experience with combined heat and power projects or similar generation projects
- more Designated Employees, with extensive experience working together in the development of these Designated Facilities
- additional Designated Employees have limited experience

3.4.2.2 Financial Plan (35 points, with a minimum requirement of 10 points)

The Financial Plan criterion is designed to ensure that the Proponent's Financial Plan is sound and that either the Proponent has secured the necessary financing for the proposed Contract Facility or that there is a reasonable degree of likelihood that the Proponent will be able to secure the necessary financing and be able to develop the proposed Contract Facility within the proposed timeframe and in the manner that is described in the Proposal.

The Financial Plan consists of the Proponent's response to the Financial Questionnaire (attached as Appendix F) and all supporting financial information that is provided by the Proponent (the "**Financial Plan**"). The detailed Financial Plan that a Proponent must submit, in accordance with Section 3.2.3, must specify the legal form of the entity or entities that comprise the Proponent, and that are to develop, finance, own (or lease) and operate the proposed Contract Facility, the relationship between all the members of the Proponent Core Team and all sources of current and future financing or credit support for the proposed Contract Facility, including the names of all sources of financing required, the characterization of each source as either equity, debt or other (i.e., neither debt nor equity) and cost overrun support, if any. 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. For the avoidance of doubt, the Proponent is the legal entity that will actually develop, finance and own (or lease) the proposed Contract Facility and will be the entity evaluated in respect to this Financial Plan and such entity must be the recipient of all financing and commitment letters.

The Financial Plan must also specify Total Project Costs. This information will be used solely to confirm that Total Project Costs are equal to or less than total sources of

financing outlined in the Financial Plan. If Total Project Costs are greater than total sources of financing, the OPA reserves the right to clarify the discrepancy with the Proponent and/or, in the OPA's sole and absolute discretion, reject the Proposal.

Proponents must submit the Financial Plan in a separate, sealed, opaque envelope, marked "Financial Plan" followed by the name of the Proponent and the name of the proposed Contract Facility. The Financial Plan will be evaluated by a separate sub-evaluation team, which is separate from the remaining Evaluation Team (the "**Financial Plan Evaluation Team**").

If the Financial Plan or any financing commitment provided in the Proposal is conditional on amending the CHP Contract or the CHP PPA other than as may be expressly stated in the CHP Contract or the CHP PPA, as applicable, the OPA reserves the right, at its option, to reject the Proposal.

(a) Requirement to Achieve Minimum Required Points (**10** points):

The requirement to achieve minimum required points for the purposes of the Financial Plan is divided into those Proponents who are offering Host Developed Contract Facilities and those Proponents who are offering Third Party Developed Contract Facilities.

Proponents who meet the requirements of a Host Developed Contract Facility will be awarded the minimum required number of **10** points without being required to satisfy a Tangible Net Worth threshold.

Proponents who meet the requirements of a Host Developed Contract Facility should still provide Tangible Net Worth figures, as outlined below, to achieve additional points.

Third Party Developed Contract Facility shall be required to meet the Tangible Net Worth test in order to achieve the minimum required points, as outlined below.

Proponents who are offering or who are considered to be a Third Party Developed Contract Facility will receive the minimum required number of **10** points, if the Proponent can demonstrate that any one equity provider who accounts for fifty (50) percent or more of the total project equity, or if applicable, any two equity providers who together account for sixty-five (65) percent or more of the total project equity (the "**Designated Equity Provider(s)**"), has an individual Tangible Net Worth (or a

collective Tangible Net Worth, in the case of any two Designated Equity Providers), of \$250,000 or more per MW of Annual Average Contract Capacity, at each of the following times:

- at the end of each of the last two fiscal years of each Designated Equity Provider, based on audited financial statements, and
- at the end of the most recently completed fiscal quarter of each Designated Equity Provider (if the most recently completed fiscal quarter is not already contained in the last two fiscal years set out above), based on audited or unaudited financial statements.

If the Designated Equity Provider(s) in relation to a Third Party Developed Contract Facility is an investment fund that does not have financial statements which allow it to meet the individual Tangible Net Worth threshold (or a collective Tangible Net Worth threshold, in the case of any two Designated Equity Providers), it will receive the minimum required number of **10** points, if the Proponent can demonstrate that:

- The fund has unutilized commitments in the amount of at least \$250,000/MW of Annual Average Contract Capacity and there are no restrictions (size of investment, concentration of investment, etc.) which would reduce the investment below the prorata equity contribution; and
- Investors in the fund are not at liberty to selectively choose their investments within the fund. Those funds having funding obligations which are not mandatory pursuant to approval by the appropriate board or committee will not be considered. The Proponent shall provide evidence of the investment process of the fund including the obligation of each investor to fund a proposed investment and the impact on an investor of failure to fund an investment as required.

Additionally, the Proponent must provide:

- Financial statements of the fund's investors in accordance with this section that demonstrate the investors (in the aggregate) have a Tangible Net Worth of at least \$250,000/MW of Contract Capacity. The Proponent shall provide financial statements; or

- a Firm Commitment letter from a Category A Lenders indicating that they have reviewed and evaluated the CHP Contract or CHP PPA, as applicable, and have reviewed the Proponent's cost estimates and financing assumptions for the proposed Contract Facility and based on this evaluation that debt is available in the amount of the fund's equity commitment.

Such Designated Equity Provider(s) will still have to satisfy the requirements outlined in this RFP to obtain additional points on their prorate contribution to the Proponent

Proponents of Host Developed Contract Facilities or Third-Party Developed Contract Facilities who assert unconditionally that no equity will be required to finance the proposed Contract Facility must provide evidence from lenders stating that 100% of the required financing will be provided as debt. In addition, a Firm Commitment letter from these lenders must be provided, indicating that they have reviewed and evaluated the CHP Contract or CHP PPA, as applicable, and have reviewed the Proponent's cost estimates and financing assumptions for the proposed Contract Facility and based on this evaluation consider that the proposed Contract Facility can be financed with 100% debt.

If any Designated Equity Provider is also listed as a Designated Equity Provider in respect of more than one Proposal submitted under the CHP RFP, then the Tangible Net Worth of such Designated Equity Provider must be equal to or exceed the combined Tangible Net Worth requirements for all such Proposals, as further outlined in Section 3.6.3.

The Proponent must evidence the amount of Tangible Net Worth of each Designated Equity Provider by providing the following documentation:

- audited year-end financial statements, as required by GAAP, of the Designated Equity Provider with respect to the last two fiscal years for which audited statements have been issued (which are the 2004 and 2005 fiscal years inclusive for a Designated Equity Provider with a calendar year end). Notwithstanding the foregoing, a Designated Equity Provider who is an individual shall be permitted to provide unaudited financial statements instead of audited financial statements in response to this requirement together with a statutory declaration of such person stating that such unaudited financial statements present fairly, in all material respects, the financial position of the Designated Equity Provider in conformity with GAAP. However, all other Designated Equity Provider(s) who do not have

audited financial statements will not be able to satisfy this minimum requirement;

- audited financial statements, if available, of the Designated Equity Provider with respect to its most recently completed fiscal quarter (which is the period January to March 2006 for a Designated Equity Provider with a calendar year end), if the most recently completed fiscal quarter is not already contained in the last two fiscal years set out above. If audited financial statements are not available for its most recently completed fiscal quarter, the Proponent should submit unaudited financial statements in response to this requirement together with a statutory declaration of an officer of the Designated Equity Provider (or the Designated Equity Provider if it is an individual) stating that such financial statements present fairly, in all material respects, the financial position of the Designated Equity Provider in conformity with GAAP; and
- confirmation from an officer of the Designated Equity Provider (or the Designated Equity Provider if it is an individual), with respect to above, in the form of a certificate to the best of his or her knowledge that since the date of the latest of the financial statements provided above, no facts or circumstances have arisen that may be reasonably expected to materially adversely affect the Designated 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, 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 Designated Equity Provider's financial condition. If, and to the extent that, there are facts or circumstances that would materially adversely affect the Designated Equity Provider's financial condition as set out in the annual reports or financial statements, the Proponent should also provide a statutory declaration of the Designated Equity Provider stating, in detail:
 - any facts or circumstances that are reasonably expected to materially adversely affect the Designated Equity Provider's

financial condition as set out in the annual reports or financial statements submitted in response to this requirement; and

- the revised value of the Designated Equity Provider's Tangible Net Worth, estimated reasonably and in accordance with GAAP having regard to the facts and circumstances set out in response to the point immediately above, together with the calculations supporting such revised value of the Designated Equity Provider's Tangible Net Worth.

(b) Additional Points Allocation:

The additional **25** points of the maximum of **35** points for the Financial Plan criterion will be allocated based upon the following two sub-criteria: (i) the status of commitment from all financing sources; and (ii) the financial strength of such financing sources. Both sub-criteria will be evaluated for all sources of financing on an individual source basis and the number of additional points awarded to a Financial Plan will be on a weighted average basis, according to the proportion of financing each source provides. For avoidance of doubt, if information is unavailable on a source of funding, the Financial Plan Evaluation Team will be unable to assess the status and strength of commitment of such funding source and additional points will not be awarded in the proportion that such source of financing represents in the Financial Plan.

(i) Status of Commitment (**10** points)

The status of commitment from all financing sources will be evaluated according to the following methodology:

- Highest points will be awarded to a Financial Plan that demonstrates that all of the financing necessary for the development of the proposed Contract Facility is already in place and will be available to the Proponent at Financial Closing upon execution of the CHP Contract or CHP PPA, as applicable, in the event that the Proponent becomes a Selected Proponent;
- Intermediate point scores will be awarded to a Financial Plan that demonstrates that the Proponent has received Firm Commitments

from all of the sources of financing listed in the Financial Plan description provided by the Proponent; and

- Lower point scores will be awarded to a Financial Plan that demonstrates that the Proponent has received Soft Commitments from all of the sources of financing listed in the Financial Plan description provided by the Proponent.

(ii) **Strength of Commitment (15 points)**

In addition to the status of commitment, the Evaluation Team will also evaluate the financial strength of each source of financing and adjust the allocation of the additional points that can be awarded accordingly. For purposes of the point allocation, higher points will be awarded in respect of financing sources that demonstrate a greater ability to meet their commitment to the Proponent. A Firm Commitment from a source with greater financial strength will receive a higher score than a Firm Commitment from a source with less financial strength.

For debt sources of financing, a Category A Lender will be considered to have a greater ability to meet its commitment to the Proponent than a Category B Lender. The Evaluation Team reserves the right to deem a contribution or commitment from a source of debt that does not meet the requirements of a Category A Lender or Category B Lender as constituting a lesser commitment on the part of such lender.

In determining the strength of sources of equity financing, the types of indicators that the Evaluation Team will consider will include the following:

- the Tangible Net Worth of the equity provider (or in the case of an investment fund, the investors in the fund) relative to Total Project Costs;
- the Credit Rating of the equity provider or investment fund investors;
- any confirmation letters from a financial institution or other entity, meeting the minimum requirements of a Category A Lender, that

the equity provider has credit available under an approved facility sufficient to fund its equity contribution;

- Debt to EBITDA ratio;
- for a publicly listed equity provider, information in relation to its stock including number of shares issued and outstanding, market capitalization, trading volumes and amounts held by insiders; and
- relevant capital raising experience of the Proponent.

An equity provider whose characteristics include significant indicators of financial strength will be considered to have a greater ability to meet its commitment to the Proponent. The Financial Evaluation Team reserves the right to deem a contribution or commitment from an equity provider that lacks sufficient indicators of financial strength as constituting a lesser commitment on the part of such equity provider.

For all other sources of financing, the Financial Evaluation Team will evaluate the financial strength of the source based on the information provided by the Proponent. However, the Financial Evaluation Team will be free to rely on public sources of information to assess the financial strength of any of the funding sources.

In evaluating the financial strength of each source of financing, the Financial Evaluation Team will also consider the currency of any financial statements provided by the Proponent and whether such financial statements are audited or unaudited.

3.5 Stage 3 – Economic Bid Evaluation

3.5.1 Overview

All Proposals that have passed Stages 1 and 2 will have their Economic Bid Statements opened, and each such Proposal will undergo the Economic Bid Evaluation. Proposals whose Economic Bid Statement does not comply with the requirements in Section 3.2.6. will be disqualified and not evaluated further.

Proponents of Natural Gas-Fired Industrial Cogeneration Facilities and District Energy Facilities are advised to review Appendix A1, and Proponents of Renewable Fuel-Fired and By-product Fuel-Fired Industrial Cogeneration Facilities are advised to review Appendix A2, for respective descriptions of the CHP Contract and CHP PPA, which include information regarding a Proponent's options to propose Restatements in its Proposal. Proponents are similarly advised to review Appendix M for a description of the CHP Credit. For greater certainty, District Energy Facilities are not eligible to propose Restatements but are eligible to propose a CHP Credit.

3.5.2 Economic Bid Evaluation Process

The two steps in the Economic Bid Evaluation process are described below.

3.5.2.1 Step 1: Calculating Evaluated Costs

The Evaluated Costs will be calculated using two different approaches to reflect differences in the structure of the Economic Bid Statement between different types of Proposals. One approach will apply to District Energy Facilities and Natural Gas-Fired Industrial Cogeneration Facilities that submit Economic Bid Statements that include Contract Heat Rate and Contract Capacity, among other parameters, and a different approach will apply to Renewable Fuel-Fired and By-product Fuel-Fired Industrial Cogeneration Facilities that submit Economic Bid Statements that include a Contract Price per MWh and Contract Facility output profile. These two alternative approaches provide results that allow the various Proposals to be evaluated on a uniform basis.

A series of Prospective Power Years describing relevant market data will be used in the Economic Bid Evaluation process. The data for each Prospective Power Year are available in the Evaluated Cost Model, which is public and posted on the RFP Website.

Please note that Step 1 is described in greater detail in an example provided in Appendix O.

(a) Calculating the Evaluated Cost for District Energy Facilities and Natural Gas-Fired Industrial Cogeneration Facilities

The Evaluated Cost for District Energy Facilities and Natural Gas-Fired Industrial Cogeneration Facilities is given by (1) the present value at the mid-point of the first Contract Year of the Fixed Capacity Payment less the Imputed Net Revenue plus the CHP Credit Payment in each Contract Year, divided by (2) the Annual Average Contract Capacity over the contact term. The net present

value will be calculated at a discount rate of 7%. The calculation of each of these components is described in greater detail in Appendix N.

Where the Proponent has submitted restated Contract Heat Rates, restated Contract Capacities and/or an Incremental Fixed Capacity Payment, the Contract Heat Rates, Contract Capacities and the Fixed Capacity Payment will be replaced by the Restated Contract Heat Rates, the Restated Contract Capacities and the Fixed Capacity Payment plus the Incremental Fixed Capacity Payment during the Earliest Restatement Year and in each subsequent year of the Term thereafter. In addition, the Annual Average Contract Capacity over the Term will reflect the Restated Contract Capacities during the Earliest Restatement Year and in each subsequent year of the Term thereafter.

For greater certainty, Proponents of District Energy Facilities are not eligible to submit Restatements to their Contract Heat Rates, Contract Capacities or an Incremental Fixed Capacity Payments.

(b) Calculating the Evaluated Costs for Renewable Fuel-Fired and By-product Fuel-Fired Industrial Cogeneration Facilities

The Evaluated Cost for Renewable and By-product Fuel-Fired Industrial Cogeneration Facilities is given by (1) the present value of the Above Market Cost in each Contract Year, which is given by the difference between the Contract Price multiplied by the total output of the Contract Facility and the Gross Energy Market Revenues earned by the Contract Facility based on the Submitted Hourly Electricity Output Profile and the HOEP, divided by (2) the Annual Average On-Peak Contract Capacity over the Term. The present value will be calculated at a discount rate of 7%. The calculation of each of these components is described in greater detail in Appendix N.

Where the Proponent has submitted an Incremental Contract Price and Restated Submitted Hourly Electricity Output Profile, the Above Market Cost for each Contract Year including and following the Earliest Restatement Year is calculated using the proposed Contract Price plus Incremental Contract Price and Restated Submitted Hourly Electricity Output Profile.

3.5.2.2 Step 2: Calculating Adjusted Evaluated Costs

In Step 2, the Adjusted Evaluated Cost for each Proposal will be calculated as the product of one (1) minus the Discount Factor and the Proposal's Evaluated Cost. A Discount Factor will be calculated for each Proposal based on the Proposal's point score in Stage 2.

Specifically, the Discount Factor for the Proposal will be calculated as the product of the point score awarded in Stage 2 and a scaling factor of **0.0025**. As a result, Proposals receiving higher point scores in Stage 2 will be given a higher Discount Factor.

3.6 Stage 4 – Selection of Contract Facilities

3.6.1 Overview

The selection of Contract Facilities is comprised of up to five steps as follows:

- Determination of the lowest Adjusted Evaluated Cost for 1,000 MW of Annual Average Contract Capacity (establishing the Uniform Price Limit);
- Ranking and Stacking Proposals Within Each Proposal Stream;
- Application of the Uniform Price Limit;
- Selection of the Final Stack; and
- Selection from the Generic Evaluation Pool.

3.6.2 Selection of Contract Facilities Process

The steps in the process used for the selection of Contract Facilities are described below.

3.6.2.1 Step 1: Determination of the lowest Adjusted Evaluated Cost for 1,000 MW of Annual Average Contract Capacity (establishing the Uniform Price Limit)

In Step 1, all Proposals that passed Stages 1 and 2, and have not been disqualified in Stage 3, will be ranked from lowest to highest Adjusted Evaluated Cost regardless of their Proposal Stream to establish the Uniform Price Limit. The stacking begins with the Proposal that has the lowest Adjusted Evaluated Cost and progresses in sequence to each Proposal with the next higher Adjusted Evaluated Cost until the cumulative sum of the Annual Average Contract Capacity prior to restatement is equal to or greater than the 1,000 MW Target Capacity. For greater certainty, the marginal Proposal, being the

Proposal that is required to achieve or exceed the 1,000 MW Target Capacity, will also be included in the stacking. In the event that the combined total Annual Average Contract Capacity of all Proposals in the stack is less than 1,000 MW, all such Proposals will be included. The weighted average Adjusted Evaluated Cost of the Proposals in the stack will be used to establish the Uniform Price Limit that is **150%** of the lowest Adjusted Evaluated Cost for 1,000 MW of Annual Average Contract Capacity, which may be applied at the OPA's discretion in Step 3 and as described in Section 3.6.2.3.

3.6.2.2 Step 2: Ranking and Stacking Proposals Within Each Proposal Stream

In Step 2, Proposals will then be ranked within their respective Proposal Stream from lowest to highest Adjusted Evaluated Cost. In each Stream, Proposals will be progressively included in the initial stack (the "**Initial Stack**") of the Proposal Stream, such that the cumulative Annual Average Contract Capacity prior to any restatement of the Initial Stack does not exceed the Notional Procurement Target of the Stream. For greater certainty, the marginal Proposal that would result in cumulative Annual Average Contract Capacity surpassing the Notional Procurement Target for the Stream will not be included in the Initial Stack. Any Proposals not included in the Initial Stack through this process will be set aside and placed in the Generic Evaluation Pool. In the event that the combined total Annual Average Contract Capacity prior to restatement of all Proposals in the Stream is less than the Stream's Notional Procurement Target, all such Proposals will be included in the Initial Stack.

For each Stream, a "**Stream-Specific Adjusted Evaluated Cost Threshold**" will then be established at 125% of the weighted average Adjusted Evaluated Cost for the aforementioned Initial Stack. The OPA may, at its discretion, remove any Proposal in the Initial Stack with an Adjusted Evaluated Cost that exceeds the Stream-Specific Adjusted Evaluated Cost Threshold. Any such Proposal will be set aside and placed in the Generic Evaluation Pool.

The Initial Stack, which now includes all Proposals below the Stream-Specific Adjusted Evaluated Cost Threshold, will form the intermediate stack (the "**Intermediate Stack**"). For greater certainty, if the OPA chooses not to apply the Stream-Specific Adjusted Evaluated Cost Threshold to any particular Stream, the Initial Stack for that Stream will be the Intermediate Stack.

3.6.2.3 Step 3: Application of the Uniform Price Limit

In Step 3, the OPA may at its sole and absolute discretion apply the Uniform Price Limit that is **150%** of the lowest Adjusted Evaluated Cost for 1,000 MW of Annual Average Contract Capacity as calculated in Step 1 above. The OPA may apply the Uniform Price Limit to the Generic Evaluation Pool and either (1) the Intermediate Stack for Streams 1 and 2, or (2) the Intermediate Stack for Streams 1, 2 and 3. In applying the Uniform Price Limit, the OPA will reject any Proposal, including those in the Generic Evaluation Pool, with an Adjusted Evaluated Cost that exceeds the Uniform Price Limit. For greater certainty, any rejected Proposal by the application of the Uniform Price Limit will be disqualified and not considered further.

After the application of the Uniform Price Limit, the resulting stack for each Stream, will become the final stack (the “**Final Stack**”) for the Stream. If Stream 3 is not subject to the Uniform Price Limit, the Intermediate Stack for Stream 3 will be the Final Stack for Stream 3. Furthermore, if the OPA does not apply the Uniform Price Limit, the Intermediate Stack for all Streams will be the Final Stack for the Stream.

3.6.2.4 Step 4: Selection of the Final Stack

The Final Stack for each Stream represents the most competitive and lowest cost Proposals that, taken together, deliver aggregate Annual Average Contract Capacity approximate to the Target Capacity. Therefore, all Proposals in the Final Stack will be selected in accordance with Section 4.1.8. The OPA reserves the rights set out in Section 4.1.11 in respect of the conduct of the Economic Bid Evaluation, including selection of the Final Stack.

3.6.2.5 Step 5: Selection from the Generic Evaluation Pool

In Step 5, the OPA may select, at its sole and absolute discretion, additional Proposals from the Generic Evaluation Pool to fill any available capacity arising from the difference between the total capacity selected in Step 4 and the 1,000 MW Target Capacity (the “**Generic Evaluation Capacity**”).

The OPA will rank all Proposals in the Generic Evaluation Pool from lowest to highest Adjusted Evaluated Cost regardless of the Stream and will sequentially select one or more Proposals, beginning with the Proposal with the lowest Adjusted Evaluated Cost until all Proposals selected, including those selected in Step 4, reach the 1,000 MW Target Capacity. For greater certainty, the marginal Proposal that results in the 1,000 MW Target Capacity being exceeded will be selected, provided that the cumulative

Annual Average Contract Capacity of all selected Proposals does not exceed 125% of the 1,000 MW Target Capacity.

For greater certainty, the OPA is not obligated to select any of the Proposals in the Generic Evaluation Pool, regardless of the amount of Generic Evaluation Capacity available.

3.6.3 Treatment of Coupled Proposals or Multiple Proposals by a Single Proponent

For multiple Proposals from a Single Proponent or Coupled Proposals, the OPA will conduct a reassessment of the Proponent Rated Criteria as outlined in Section 3.4. If, based on this reassessment, the Proponent does not satisfy the minimum requirements based on all Proposals taken cumulatively and, as such, does not achieve the minimum score for the Proponent Rated Criteria, then the OPA reserves the right to reject, starting with the Proposal with the highest Adjusted Evaluated Cost, one or more of the Proponent's selected Proposals up to a point where the remaining Proposals satisfy the criteria required to achieve the minimum score for these Rated Criteria. In the event that a Coupled Proposal is rejected and the Proponent has not indicated that the other Coupled Proposal can proceed independently, pursuant to Section 3.6.4, then both Coupled Proposals may be rejected.

In the event that a Proposal is rejected due to the reassessment described above or, in the case of Coupled Proposals, a Coupled Proposal is rejected pursuant to Section 3.6.4, the OPA reserves the right to repeat the evaluation process, starting with Stage 4 Step 2, excluding those Proposals that were rejected in accordance with this Section.

3.6.4 Treatment of Coupled Proposals by a Single Proponent

The OPA permits the submission of up to two (2) Proposals which are Coupled, subject to particular conditions as outlined below.

Proposals that are Coupled must meet each of the following conditions:

- (a) A separate Proposal must be submitted for each Coupled Proposal
- (b) Each Coupled Proposal must separately meet all of the requirements of the CHP RFP
- (c) Each Coupled Proposal must have the same Proponent and Proponent Core Team

- (d) Each Coupled Proposal must clearly identify in the executive summary that the Proposal is a Coupled Proposal and to which other Proposal the Proposal is coupled
- (e) Each Coupled Proposal must clearly identify in the executive summary whether the Proposal can separately be selected in the event that the other Coupled Proposal is not selected
- (f) Each Coupled Proposals must be submitted in a separate Stream. For greater certainty, Coupled Proposals which both compete in the same Stream are not permitted and both Proposals will be rejected
- (g) Coupled Proposals must each use a different Primary Fuel
- (h) Coupled Proposals must both have the same Milestone Dates and Restatement Date

In the event that Coupled Proposals are submitted, the OPA reserves the right to evaluate the Coupled Proposals together in Stage 1 and Stage 2 of the evaluation in order to determine compliance with the above conditions. In the event of any discrepancy between the Coupled Proposals, or that the Coupled Proposals do not meet the conditions above, the OPA reserves the right to clarify any discrepancy between the Coupled Proposals and to reject one or both of the Coupled Proposals.

In the event that one of the Coupled Proposals does not pass Stage 1, 2 or 3 and the Proponent has not identified that the other Coupled Proposal can proceed independently, then both Coupled Proposals will be rejected and neither Coupled Proposal will proceed to Stage 3 and Stage 4 of the evaluation.

In the event that only one of the Coupled Proposals is selected in Stage 4, that Coupled Proposal will only be selected if the Proponent has clearly identified that the Coupled Proposal can proceed in the event the other Coupled Proposal is not selected. Otherwise that Proposal will be rejected.

In the event that both Proposals are selected in Stage 4, the OPA reserves the right to reassess the Proponent Rated Criteria, as outlined in Sections 3.4 and 3.6.3, on the basis of both Coupled Proposals from the Proponent proceeding. If, based on this reassessment, the Proponent does not satisfy the criteria required to achieve the minimum score for the Proponent Team Experience or Financial Plan Rated Criteria, then the OPA may to reject one or both of the Coupled Proposals.

In the event that both Coupled Proposals are selected, the OPA requires that the Selected Proponent execute a separate contract for each Coupled Proposal.

3.6.5 Potential for Need to Repeat Evaluation in Event a Proposal is No Longer Valid

If for any reason a Proposal ceases to be valid, such as if a Selected Proponent does not execute the CHP Contract or CHP PPA, as applicable, and post the Initial Completion and Performance Security in accordance with Section 4.1.8, the OPA reserves the right to re-conduct the evaluation, starting at Stage 4 Step 2. All Proposals that were selected prior to the Proposal becoming invalid shall remain selected. The OPA reserves the right to conduct such a re-evaluation at such time as it becomes aware that a Proposal is no longer valid, up until the time at which the OPA has executed and delivered all CHP Contracts and CHP PPAs to Suppliers.

4. TERMS AND CONDITIONS

4.1 General Information and Instructions

4.1.1 Timetable

The Timetable with respect to the entire procurement process for the CHP RFP is set out below.

Release of draft CHP RFP	December 29, 2005
Release of draft CHP Contract and CHP PPA	January 16, 2006
Technical Information Session (public)	January 9, 2006
Question and Comment Period I (public)	January 16 to March 3, 2006
Release of revised draft CHP RFP	February 1, 2006
Release of revised draft CHP RFP, CHP Contract and CHP PPA	March 23, 2006
Question and Comment Period II (public)	March 27 to April 7, 2006
Release of final CHP RFP, CHP Contract and CHP PPA	April 12, 2006
Technical Information Session II (public)	April 19, 2006
Deadline to become a Registered Participant	May 10, 2006 at 4:00:00 p.m. (EDT)
Question and Comment Period III (Registered Participants only)	May 15 to June 6, 2006
One-on-one Bidder Session (Registered Participants only)	May 15 to June 2, 2006
Question and Comment Period IV (Registered Participants only)	July 10 to July 21, 2006
Deadline for Issuing Addenda to the CHP RFP, CHP Contract and CHP PPA and Deadline to become a late Registered Participant	July 31, 2006
Proposal Submission Deadline	August 17, 2006 at 3:00:00 p.m. (EDT)
Evaluation of Proposals and determination of Selected Proponents	August to October, 2006
Submission of Initial Completion and Performance Security and execution of CHP Contracts and CHP	October, 2006

PPAs	
Announcement of Selected Proponents (target date)	October 31, 2006

The OPA reserves the right to accelerate and postpone the dates set out above. The acceleration or postponement of any date prior to the Proposal Submission Deadline shall be made by way of notice to Registered Participants and shall be published on the RFP Website. The acceleration or postponement of any date following the Proposal Submission Deadline shall be made by way of notice to Proponents only.

In the event that the evaluation process is delayed and the OPA exceeds the target dates as set out in the timetable, the OPA will grant day-by-day extensions to the Milestone Dates.

4.1.2 Addenda to the CHP RFP

The CHP RFP may be amended only by addendum in accordance with this Section. If the OPA, for any reason, determines that it is necessary to provide additional information relating to the CHP RFP, such information will be communicated by posting such addendum on the RFP Website on or prior to the deadline for issuing addenda for the CHP RFP. Each addendum will be deemed to form an integral part of the CHP RFP.

Each addendum may contain important information, including significant changes to the CHP RFP, and interested parties and Registered Participants are responsible for visiting the RFP Website as often as is necessary to ensure that they obtain all of the addenda to the CHP RFP and other notices issued by the OPA from time to time. Proponents must confirm their receipt of all of the addenda issued by the OPA in the Proposal Submission Form attached as Appendix D.

4.1.3 Post-Deadline Addenda and Extension of Proposal Submission Deadline

If any addendum is issued after the deadline for issuing addenda, the OPA may at its discretion extend the Proposal Submission Deadline for a reasonable amount of time having regard to the circumstances.

4.1.4 Submission of Proposals

4.1.4.1 General Information

A Proponent may submit Proposals for more than one Contract Facility, subject to the non-collusion requirements set out in Appendix Q. Interested parties are advised that only

one Proposal may be submitted by a Proponent in respect of each proposed Contract Facility, unless such Proposal is a Coupled Proposal.

Interested parties are responsible for submitting Proposals on time at the location specified below and for ensuring that the Proposals are complete in every respect. Proponents should note that a Proponent's entire Proposal must be submitted by the Proposal Submission Deadline.

4.1.4.2 Submission Requirements

To be considered, a Proposal must be received no later than the Proposal Submission Deadline at the following address:

**BNY Trust Company of Canada
4 King Street West, Suite 1101
Toronto, Ontario
M5H 1B6
Attn: Ontario Power Authority – CHP RFP**

The onus remains solely with the Proponent to instruct courier and delivery personnel to deliver its Proposal to the exact location specified above by the Proposal Submission Deadline. The OPA will not be responsible for late deliveries; any Proposal arriving after the Proposal Submission Deadline will not be considered and will be returned to the Proponent.

A Proponent must submit one (1) original hard copy of its Proposal prominently marked "Original Copy", and ten (10) additional collated copies of its Proposal and one (1) electronic version of the Proposal provided on a CD ROM. All copies including the electronic version must include every document in the Proposal and, in addition, the electronic version must be electronically searchable.

In addition to the above, the Proponent must also submit one (1) original hard copy of its Proposal Security, which should be contained in a separate envelope marked "Proposal Security", one (1) original hard copy of its Financial Plan which should be contained in a separate envelope marked "Financial Plan", and one (1) original hard copy of its Economic Bid Statement, which should be contained in a separate envelope marked "Economic Bid Statement". These additional envelopes should clearly state the Proponent's name and the name of the proposed Contract Facility. The entire Proposal,

together with the Proposal Security, Financial Plan and the Economic Bid Statement, should be contained in a sealed package.

On the outside of the sealed package, using the Proposal Return Label attached as Appendix J, the word 'Proposal' should be prominently marked with the 'CHP RFP' title as set out on the cover page of the CHP RFP, with the full legal name of the Proponent and its return address. To the extent that the failure to affix the specified label to the submission envelope or package results in the Proposal arriving late at the address specified above, the Proposal will be rejected and returned unopened to the party.

The Proposal must be in English only, and should be typed or printed neatly in black ink on both sides of 8.5 x 11 inch paper, and all pages should be numbered sequentially. Proposals should be collated and organized in a user-friendly manner, containing detailed responses and referencing any attached substantiating documentation.

Except where expressly set out to the contrary in the CHP RFP, all Proposals shall become the property of the OPA and shall not be returned to the Proponent.

4.1.4.3 Proponents to Follow Instructions

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

4.1.4.4 Amending or Withdrawing Proposals

At any time prior to the Proposal Submission Deadline, a Proponent may amend or withdraw a submitted Proposal. Any such withdrawal shall not entitle the Proponent to a refund of its Registration Fee paid to the OPA pursuant to Section 1.3. 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 the CHP RFP. Any amendment to a Proposal made prior to the Proposal Submission Deadline should clearly indicate what part of the Proposal the amendment is intending to affect or replace.

After the Proposal Submission Deadline, a Proponent shall not be able to amend its Proposal, although the Evaluation Team may request further clarification, information,

statements or documentation pursuant to Section 4.1.11.1. A Proponent is not entitled to withdraw a Proposal after the Proposal Submission Deadline.

4.1.4.5 Confidential Information of OPA

All information provided by or obtained from the OPA in any form in connection with the CHP RFP, either before and after the issuance of the CHP RFP, is the sole property of the OPA and must be treated as confidential, and:

- is not to be used for any purpose other than replying to the CHP RFP and the performance by the Proponents under the CHP Contracts and CHP PPAs;
- must not be disclosed without the prior written authorization of the OPA; and
- shall be returned by the Proponent to the OPA immediately upon the request of the OPA.

4.1.4.6 Irrevocability

Proposals shall be irrevocable in the form submitted by the Proponent for ninety (90) days from the Proposal Submission Deadline.

4.1.5 Conflict between CHP RFP and Proposal

Any conflict or inconsistency between the terms of the CHP RFP and the Proposal shall be resolved by interpreting such documents in the following order from highest priority to lowest priority, namely:

- the CHP RFP; and
- the Proposal,

where the CHP RFP shall govern over the Proposal to the extent of any conflict or inconsistency.

4.1.6 Changes to Proponent Team

Proponents are advised that no changes in the Proponent Team or any sources identified in the Proposal with respect to financing and set forth by the Proponent in its response to the CHP RFP shall be permitted between the Proposal Submission Deadline and the execution of the CHP Contract or CHP PPA, as applicable. Any substitution made without the consent of the OPA will result in disqualification of the Proposal.

4.1.7 Cancellation or Return of Proposal Security

For each Proponent whose Proposal fails Stage 1 or Stage 2, the applicable Proposal Security will be cancelled or returned within ten (10) Business Days of the Proponent being notified of the Proposal's failure.

For each Proponent whose Proposal passes Stage 2 but is not selected in Stage 4, or is rejected in Stage 3 or 4, the applicable Proposal Security will be returned or cancelled within ten (10) Business Days of the OPA's announcement of all of the Selected Proponents.

For each Selected Proponent, the applicable Proposal Security will be cancelled or returned upon delivery of the Initial Completion and Performance Security due under the terms of the CHP Contract or CHP PPA by the Supplier.

4.1.8 Selected Proponents

The Evaluation Team will make its recommendation to the OPA as to the Selected Proponents. The OPA will notify each Selected Proponent in writing and/or verbally of its status, and each Selected Proponent will then be required to submit the Initial Completion and Performance Security within eight (8) Business Days and the CHP Contract or CHP PPA, as applicable, executed by the Selected Proponent within ten (10) Business Days of such notification.

Should a Selected Proponent of a proposed Contract Facility fail to submit the Initial Completion and Performance Security or deliver the executed CHP Contract or CHP PPA, as applicable, within the required timeframe the OPA may select another Proponent in its place. Proponents are advised that where a Proponent fails to deliver the Initial Completion and Performance Security and/or the executed CHP Contract or CHP PPA, as applicable, the OPA shall be entitled to draw upon the Proposal Security.

Once all of the required Completion and Performance Security documents have been delivered by the Selected Proponents to the OPA and all of the CHP Contracts and CHP PPAs have been executed by all Selected Proponents (who are then referred to as "**Suppliers**"), and returned to the OPA, the OPA will make a public announcement of the Suppliers and their respective Contract Facilities.

4.1.9 Proposal Incorporated into CHP Contract and CHP PPA

The complete Proposal, as submitted by the Proponent, will be incorporated into and form part of the CHP Contract or CHP PPA, as applicable.

4.1.10 General Terms

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 the CHP RFP and any expert advice required in responding to the CHP RFP. The OPA and its advisors shall not be liable to pay any Proponent costs under any circumstances. In particular, the OPA will not reimburse the Proponent in any manner whatsoever in the event of rejection of any or all Proposals or in the event of the cancellation of the CHP RFP. By submitting a Proposal in response to the CHP RFP, the Proponent irrevocably and unconditionally waives any claims against the OPA and its advisors relating to the Proponent's costs and expenses. Further, the OPA will not, and is under no obligation to, reimburse any interested party who becomes a Registered Participant, whether or not such Registered Participant submitted a Proposal, with the exception of the provisions outlined in Section 4.1.7.

4.1.11 Reserved Rights of the OPA:

All interested parties are advised that the OPA reserves the following rights set out below.

4.1.11.1 The OPA May Seek Clarification and Additional Information and Incorporate Responses into the Proposal.

The OPA reserves the right, but is not obligated, to seek clarification and to request additional information, documentation and statements, other than the Economic Bid Statement and the contents thereof, in relation to Proposals after the Proposal Submission Deadline.

The OPA reserves the right, within sixty (60) days following the Proposal Submission Deadline, to request that any Proponent clarify information in its Proposal.

As outlined above, the OPA may require Proponents to submit supplementary documentation in response to a specific request clarifying any matters contained in their Proposals or the OPA may prepare a written interpretation of any aspect of a Proposal and seek the respective Proponent's acknowledgement of that interpretation and only such documentation specifically requested and accepted by the OPA, and written interpretations which have been acknowledged by the relevant Proponents, shall be considered to form part of the Proposals of those Proponents.

The OPA is not obliged to seek clarification or interpretation of any aspect of a Proposal.

Proponents shall submit responses to such request within five (5) Business Days following receipt of such request, or within a shorter time as the OPA may require. The OPA may, in its sole discretion, choose to meet with some or all of the Proponents to discuss aspects of their Proposals.

4.1.11.2 Incomplete Proposals

The OPA reserves the right, in its sole discretion, to reject any Proposal whether or not completed properly and whether or not it contains all required information. Without prejudice to this right, the OPA may request clarification where any Proponent's intent is unclear and may, in its sole discretion, waive or request amendment where, in the opinion of the OPA, there is an irregularity or omission in the information that is to be submitted in a Proposal.

Proposals that are unsigned, improperly signed or sealed, conditional, illegible, obscure, contain arithmetical errors, omissions, erasures, alterations or irregularities of any kind may, in the OPA's sole discretion, be considered informal and may be rejected.

In particular, Proposal Submission Forms, Economic Bid Statements and other portions of the Proposal which are improperly prepared may, in the OPA's sole discretion, be considered informal and may be rejected.

4.1.11.3 Conduct of the CHP RFP

The OPA reserves the right to:

- cancel the CHP RFP for any reason without any obligation or any reimbursement to the Proponents.
- accept any Proposal and may proceed as it determines, in its sole discretion, following receipt of the Proposals.
- accept or reject Proposals in whole or in part, to discuss different or additional terms to those included in the CHP RFP or in any Proposal or to amend or modify any term of the CHP RFP.
- invalidate the CHP RFP and issue a second request for Proposals in its sole discretion.

4.1.11.4 The OPA may, at its sole and absolute discretion:

- (a) waive any informality or irregularity;
- (b) make public the names of any or all Registered Participants, Proponents and members of their respective teams;
- (c) request the submission of missing statements, information or documentation, and request written clarification, from any Proponent and incorporate a Proponent's response to that request into the Proponent's Proposal;
- (d) contact any equity provider, including obtaining information on any such equity provider, whether directly from the equity provider or from any third party;
- (e) reject any Proposals which Proposal Submission Forms, Economic Bid Statements, and other portions of the Proposal are improperly prepared;
- (f) reject any Proposals which Proposal Security is not provided in the amount or form required ;
- (g) verify with any Proponent or with a third party any information set out in a Proposal;
- (h) reject any, all or portions of the Proposals received for being incomplete or for failure to meet any criteria set forth in the CHP RFP;
- (i) check references other than those provided by any Proponent;
- (j) reject any Proposal that contains material misrepresentations or any other materially inaccurate or misleading information;
- (k) reject any Proponent or the Proposal of any Proponent that the OPA determines, acting reasonably has engaged in Prohibited Conduct or other conduct prohibited by the CHP RFP;
- (l) make changes, including substantial changes, to the CHP RFP, provided that those changes are issued by way of addenda in the manner set out in the CHP RFP;
- (m) cancel the CHP RFP process at any stage;
- (n) cancel the CHP RFP process at any stage and issue a new request for proposals for the same or similar Deliverables;

- (o) accept or reject any late Registration Form and Registration Fee received prior to the deadline for Addenda;
- (p) accept or reject any Proposal;
- (q) if a single Proposal is received, reject the Proposal of the sole Proponent and cancel the CHP RFP process or enter into direct negotiations with the sole Proponent;
- (r) if a single Proposal within a Stream is received, cancel that Stream and reject that Proposal or, if that single Proposal has met all the requirements of the CHP RFP, select that Proposal; and
- (s) reject any or all Proposals at any time in its absolute discretion.

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

By submitting a 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 OPA of the information set out under Section 4.1.11.

4.1.12 Governing Law of the CHP RFP

The CHP RFP shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

4.1.13 Notification of Outcome of the CHP RFP

Once all Selected Proponents have delivered their required Initial Completion and Performance Security to the OPA and have executed their respective CHP Contracts and CHP PPAs, all Proponents who have not become Suppliers will be notified by the OPA in writing and/or verbally of the outcome of the CHP RFP procurement process and the award of the CHP Contracts and CHP PPAs to the Suppliers.

4.1.14 Debriefing

Proponents who did not become Suppliers may request a debriefing after receipt of a notification of contract award to Suppliers. Requests must be in writing through to the procurement.cogen@powerauthority.on.ca email address and must be made within 30 days of the notification to Proponents which did not become Suppliers. The intent of the debriefing information session is to assist the Proponent in presenting a better proposal in subsequent procurement opportunities. Any debriefing provided is not offered for the purpose of providing an opportunity to challenge the CHP RFP procurement process.

4.1.15 Prohibited Communications

Registered Participants and Proponents shall not contact or make any attempt to contact:

- any OPA representative or provincial government employee or representative; or
- any other Registered Participant or other Proponent,

with respect to the Proponent's Proposal, the CHP Contract, the CHP PPA or the CHP RFP process, at any time during the CHP RFP process, except through the channels expressly prescribed in the CHP RFP.

Without limiting the generality of the foregoing, Registered Participants, Proponents and Suppliers shall not contact or attempt to contact:

- any member of the Evaluation Team;
- any expert or advisor assisting the Evaluation Team;
- any staff of the OPA or member of the OPA's board of directors;
- any staff of the Premier of Ontario's Office or the Ontario Cabinet Office;
- any Member of Provincial Parliament or his or her staff or advisors; or
- any Members of Provincial Cabinet or their staff or advisors,

on matters related to their Proposals, the CHP Contract, the CHP PPA or the CHP RFP process at any time during the CHP RFP process, except through the channels expressly prescribed in the CHP RFP.

The OPA 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, revoke a Registered Participant's or Proponent's status as a Registered Participant or Proponent (without any refund to a Registered Participant) and reject any Proposal proposed to be submitted or actually submitted by a Registered Participant or Proponent, as the case may be, if any Registered Participant or Proponent or any of their respective employees, agents, contractors or representatives discusses or attempts to discuss the CHP RFP, any Proposal or the terms of the CHP Contract or CHP PPA with any of the foregoing, except through the channels expressly prescribed in the CHP RFP.

No Registered Participant or Proponent, or any of their respective employees, agents, contractors or representatives, shall directly or indirectly communicate with the media in relation to the CHP RFP, any Proposal, the CHP Contract or the CHP PPA without first obtaining the written permission of the OPA pursuant to a request made to procurement.cogen@powerauthority.on.ca.

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

No Registered Participant or Proponent shall engage in any Conflict of Interest communications or in any communications that would violate the prohibition against collusion set forth in the Proposal Submission Form or herein.

4.1.16 Compliance

If, in the sole discretion of the OPA a Proposal does not comply with the requirements set out in the CHP RFP, the OPA shall, without liability, cost or penalty, eliminate the Proposal and the Proposal shall not be given any further consideration. For purposes of the CHP RFP, "comply" and "compliance" mean that the Proposal conforms to the requirements of the CHP RFP without material deviation. A "material deviation" is one that, in the opinion of the OPA,

- affects the Proponent's or OPA's obligations or rights in any material way with respect to the general legal rights and obligations of the OPA or the Proponent under the CHP Contract or CHP PPA; or
- results in a material component of a requirement set out in the CHP RFP not being complied with.

For the purpose of clarity, each Proponent acknowledges and agrees that the OPA's evaluation of compliance with the CHP RFP is not an evaluation of absolute compliance and that the OPA may waive failures to comply that, in the OPA's sole discretion, do not constitute a material deviation in accordance with this Section 4.1.16.

4.1.17 Legal Liability for Material Breach of CHP RFP

The Registered Participants and Proponents agree that if the OPA commits a material breach of the CHP RFP, the OPA's liability to the Proponent and Registered Participant, as applicable, and the aggregate amount of damages recoverable against the OPA for any matter relating to or arising from that material breach, whether based upon an action or claim in contract, warranty, equity, negligence, intended conduct or otherwise, including any action or claim arising from the acts or omissions, negligent or otherwise, of the OPA, shall be no greater than the Proposal preparation costs that the Proponent seeking damages from the OPA can demonstrate.

4.1.18 Extension of the Period of Irrevocability

If the OPA wishes to extend the period of time during which the Proponents' Proposals are irrevocable, the OPA shall submit a request to extend to those Proponents that are, at the time of the request, still being considered in the evaluation process. A Proponent may, in its discretion, refuse to extend the period of irrevocability and notify the OPA of such intent within five (5) Business Days after such request was made.

If the OPA determines that it will be unable to award contracts prior to the expiration of the original period of irrevocability, it will, after the expiration of the original period of irrevocability, discontinue the evaluation of a Proponent who has refused the OPA's request to extend the period of irrevocability of the Proponent's Proposal, but may continue the CHP RFP process with those Proponents who have consented to an extension to the original period of irrevocability.

Notwithstanding a Proponent's refusal to extend the period of irrevocability, the Proponent's Proposal shall continue to be irrevocable in accordance with the original period of irrevocability.

4.1.19 CHP Contract/CHP PPA

All Selected Proponents shall sign the CHP Contract or CHP PPA, as applicable, as circulated in its final form by the OPA prior to the Proposal Submission Deadline. The OPA may, in its sole discretion grant a defined period of time during which a Proponent may come into compliance under the CHP Contract or CHP PPA, as applicable.

APPENDIX A DESCRIPTION OF CHP CONTRACT AND CHP PPA**APPENDIX A1 DESCRIPTION OF THE CHP CONTRACT****Overview**

A Selected Proponent of a District Energy Facility or a Natural Gas-Fired Industrial Cogeneration Facility will execute the CHP Contract, pursuant to which the Selected Proponent, as “Supplier”, will supply energy from the Contract Facility to the IESO-Administered Markets or to an End User. A Selected Proponent of a By-Product Fuel-Fired Industrial Cogeneration Facility that proposed a Fixed Capacity Payment, Contract Heat Rates and Contract Capacities will also execute the CHP Contract. The CHP Contract shall take effect from the date it is signed by both parties and shall expire at the end of the Term.

The CHP Contract is not a physical contract. Under the CHP Contract, the OPA, as “Buyer” does not take title to any electricity from the Contract Facility, although the Supplier will be required to operate the Contract Facility in accordance with the CHP Contract.

The CHP Contract in final form is posted on the RFP Website. Interested parties are advised to review the CHP Contract in its entirety for details of the parties’ respective rights and obligations. Interested parties are advised that the terms and conditions set out in the CHP Contract are not subject to negotiation. Rather, the finalization of the CHP Contract will be limited to the completion of any blanks, bullets or similar incomplete information and the attachment of any exhibits that are required in order to tailor the CHP Contract to the particular Contract Facility.

APPENDIX A2 DESCRIPTION OF THE CHP PPA**Overview**

A Selected Proponent of a Renewable Fuel-Fired Industrial Cogeneration Facility or a By-Product Fuel-Fired Industrial Cogeneration Facility that proposed a Contract Price and output profile will be required to execute the CHP PPA pursuant to which the Selected Proponent, as “Supplier”, will supply energy from the Contract Facility to the IESO-Administered Markets or to an End User. The CHP PPA shall take effect from the date it is signed by both parties and shall expire at the end of the Term.

The CHP PPA is not a physical contract. Under the CHP PPA, the OPA, as “Buyer” does not take title to any electricity from the Contract Facility, although the Supplier will be required to operate the Contract Facility in accordance with the CHP PPA.

The CHP PPA in final form is posted on the RFP Website. Interested parties are advised to review the CHP PPA in its entirety for details of the parties’ respective rights and obligations. Interested parties are advised that the terms and conditions set out in the CHP PPA are not subject to negotiation. Rather, the finalization of the CHP PPA will be limited to the completion of any blanks, bullets or similar incomplete information and the attachment of any exhibits that are required in order to tailor the CHP PPA to the particular Contract Facility.

APPENDIX B GLOSSARY OF TERMS

The definitions of those capitalized terms and acronyms utilized in the CHP RFP, unless otherwise stated to be definitions contained in the CHP Contract or CHP PPA, are provided below.

TERM OR ACRONYM	DEFINITION
Above Market Cost	Has the meaning given to it in Appendix N.
Act	Means the <i>Electricity Act, 1998</i> .
Adjusted Evaluated Cost	Has the meaning given to it in Section 3.5.2.2.
A.M. Best	Means A.M. Best Company.
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, reactive power and Operating Reserves.
Another Proponent Core Team	Means, in connection with a statutory declaration as to non-collusion submitted with a Proposal, a Proponent Core Team other than the Proponent Core Team that is the subject matter of such statutory declaration.
Another Proponent Team	Means, in connection with a statutory declaration as to non-collusion submitted with a Proposal, a Proponent Team other than the Proponent Team that is the subject matter of such statutory declaration.
Annual Average Contract Capacity	Has the meaning as outlined in the CHP Contract or PPA, as applicable.
Bid Bond Form	Means the form attached as Appendix I.
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.
BTU	Means British thermal unit (HHV).
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 Ontario Power Authority, and its successors or permitted assigns.
By-product Fuel	Means the product of another process that can be burned to produce electric and heat output. For greater certainty, natural gas is not considered a By-product Fuel.
By-product Fuel-Fired Industrial Cogeneration Facility	Means a cogeneration facility that burns By-product Fuel or uses Thermal Waste as its Primary Fuel and generates electricity while simultaneously producing Useful Heat Output for a gainful commercial or industrial purpose. For greater certainty, a By-product Fuel-Fired Industrial Cogeneration Facility may burn natural gas as a supplementary fuel. For greater certainty, a By-product Fuel-Fired Industrial Cogeneration Facility that does not burn By-product Fuel or use Thermal Waste as its Primary Fuel will be considered a Natural Gas-Fired Industrial Cogeneration Facility.
Capacity	Means the rated, continuous load-carrying capability, expressed in MW, of a generating facility to generate and deliver electricity at a given time.
Capacity Products	Means any products related to Capacity.

TERM OR ACRONYM	DEFINITION
CHP Contract	Means a CHP Contract between a Supplier and the Buyer, as described in Appendix A1.
CHP Credit	Has the meaning given to it in Appendix N.
CHP Credit Payment	Means an amount, calculated in accordance with Exhibit J of the CHP Contract, payable in a given month by the Buyer to a Supplier that is eligible for and elected to receive a CHP Credit.
CHP PPA	Means a power purchase agreement executed between a Supplier and the Buyer, as described in Appendix A2.
CHP RFP	Means this Combined Heat and Power Request for Proposals.
Category A Lender	Means a financial institution listed in Schedule I or II of the <i>Bank Act (Canada)</i> , or is such other financial institution or other entity having the minimum credit rating (i) A with S&P, (ii) A3 with Moody's, (iii) A low with DBRS, or (iv) A with Fitch IBCA. Wholly-owned subsidiaries of financial institutions that satisfy these requirements will also be considered Category A Lenders.
Category B Lender	Means a financial institution that is not a Category A Lender, but that has a Tangible Net Worth of at least \$1,750,000/MW of Contract Capacity.
Class 43.1 Capital Cost Allowance	Means Schedule II of the <i>Income Tax Act (Canada)</i> that allows taxpayers accelerated write-off for certain capital expenditures on equipment that is designed to produce energy in a more efficient way or produce energy from alternative renewable sources.
Commercial Operation	Means the new Contract 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, a Local Distribution System or directly to an End User, and completion of all commissioning tests, and the requirements for commercial operation set out in the CHP Contract or CHP PPA, as applicable, have been satisfied.
Commercial Operation Date or COD	Means the date on which Commercial Operation is first attained.
Completion and Performance Security	Means the financial security that the Supplier is required to provide to the Buyer prior to and after the execution of the CHP Contract or the CHP PPA, as applicable, as additional assurance that, among other things, the Supplier will meet the project milestones for the Contract Facility as specified in its Proposal, and will diligently operate and maintain the Contract Facility over the Term in accordance with the CHP Contract or the CHP PPA, as applicable. For greater certainty, this means the sum of the Initial Completion and Performance Security, First Additional Completion, Second Additional Completion, Third Additional Completion and Performance Security and Remaining Completion and Performance Security.
Confidentiality Statement	Means the confidentiality statement referred to in Section 3.3.3.

TERM OR ACRONYM	DEFINITION
Conflict of Interest	Means any situation or circumstance where, in relation to the CHP 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 Ontario Power Authority or the Government of Ontario and not available to other Proponents; (ii) communicating with any official or representative of the Ontario Power Authority or the Government of Ontario or members of the Evaluation Team with a view to influencing preferred treatment in the CHP RFP process; or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the open and competitive CHP RFP process and render that process non-competitive and unfair.
Connection Impact Assessment	Means a study conducted by an LDC to determine the impact on the Local Distribution System, of connecting of the Contract Facility to its Local Distribution System, a Transmission System or an end-user load, as applicable.
Contingent Support Payment	Means, for a Supplier that has entered into a CHP Contract, the positive amount, if any, by which the monthly Fixed Capacity Payment exceeds the Imputed Net Revenue less the CHP Credit Payment for the settlement month and the amount payable by the Buyer to such Supplier, expressed in Dollars and calculated in accordance with Exhibit J of the CHP Contract.
Contract Capacity	Means that portion of the Nameplate Capacity, expressed in MW, applicable in Season 1, Season 2, Season 3 and Season 4, that is purchased pursuant to a CHP Contract or a CHP PPA.
Contract Facility	Means, for the purposes of the CHP RFP, the CHP Contract and the CHP PPA, the project to be constructed, developed, owned (or leased) and operated by the Supplier under a CHP Contract or a CHP PPA, as applicable.
Contract Heat Rate	Means the proposed heat rate(s) expressed in MMBTU/MWh, applicable to Season 1, Season 2, Season 3 or Season 4 for a District Energy Facility or a Natural Gas-Fired Industrial Cogeneration Facility that will be used in the evaluation process and to calculate Monthly Payments under an executed CHP Contract.
Contract Price	Has the meaning given to it in the CHP PPA.
Contract Year	Means a twelve (12) month period during the Term which begins on the Term Commencement Date or an anniversary thereof.
Controlled or Controls	Means, with respect to any person at any time, (i) holding, whether directly or indirectly, as owner or other beneficiary, other than solely as the beneficiary of an unrealized security interest, securities or ownership interests of that person carrying votes or ownership interests sufficient to elect or appoint fifty (50) percent or more 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.
Coupled	Means where a Proponent has identified that two (2) Proposals are coupled due to the fact that the relevant Contract Facilities are part of the same Facility and therefore share parts of the same site, equipment and/or associated infrastructure.

TERM OR ACRONYM	DEFINITION
Customer Impact Assessment	Means a study conducted by a Transmitter to assess the impact of the connection of the Contract Facility on the transmission customers in the area and a Local Distribution System, if applicable.
DBRS	Means Dominion Bond Rating Service Limited and its successors.
Debt	Means the funds borrowed by the developer to finance the proposed Contract Facility.
Deemed Dispatch	Means the operation of a Contract Facility under the Deemed Dispatch Option.
Deemed Dispatch Option	Has the meaning given to it in the CHP Contract.
Deliverables	Means everything developed for or provided to the Buyer in the course of performing under a CHP Contract or CHP PPA or agreed to be provided to or on behalf of the Buyer by the Supplier or its employees, volunteers, agents or subcontractors.
Delivery Point	Has the meaning given to it in the CHP Contract or the CHP PPA, as applicable.
Designated Associate	Means an individual or employee of a firm that is under contract to the Proponent to assist it in either planning and developing, overseeing the construction of, or operating the proposed Contract Facility and who has, in a Managerial Capacity, either (i) planned and developed, (ii) overseen the construction, and/or (iii) operated, a Designated Facility.
Designated Employee	Means an individual who is either a principal, officer or an employee (as considered by the Canada Customs and Revenue Agency, or its equivalent if not under the jurisdiction of the Canada Customs and Revenue Agency) of the Proponent, an entity that Controls or is Controlled by the Proponent or an entity which has 10 percent or greater equity ownership in the Proponent since December 30, 2004 and who has, in a Managerial Capacity (i) planned and developed, (ii) overseen the construction of, and/or (iii) operated, a Designated Facility, whether under the employ of the Proponent or otherwise.
Designated Equity Provider	Has the meaning given to it in Section 3.4.2.2
Designated Facility	Has the meaning given to it in Section 3.4.2.1
Directed Dispatch	Means the operation of a Contract Facility under the OPA's Directed Dispatch Option.
Directed Dispatch Option	Has the meaning given to it in the CHP Contract.
Discount Factor	Has the meaning given to it in Section 3.5.2.2.

TERM OR ACRONYM	DEFINITION
District Energy Facility	<p>Means a cogeneration project that, regardless of fuel source, generates electricity while simultaneously produces Useful Heat Output, either directly or indirectly for industrial, commercial and/or residential facilities for which more than 70% of the thermal energy provided by the cogeneration project would be used for space conditioning purposes (either space heating or cooling, or a combination of both).</p> <p>A Proponent of a Natural-Gas Fired Industrial Cogeneration Facility that meets the above requirement has the option to nominate the Proposal as a District Energy Facility and will be evaluated in Stream 1. For greater certainty, A Proponent of a Natural-Gas Fired Industrial Cogeneration Facility that provides more than 70% of the Useful Heat Output to greenhouses for space heating purposes is able to nominate its Proposal as a District Energy Facility and would be evaluated under Stream 1.</p> <p>A District Energy Facility will not be permitted a Restatement during the Term.</p>
Dollar, dollar or \$	Means Canadian dollars and cents, unless otherwise specifically set out to the contrary.
Earliest Restatement Date	Has the meaning given to it in Appendix E.
EBITDA	Means earnings before interest, taxes, depreciation and amortization.
Economic Bid Evaluation	Means the economic evaluation set out in Section 3.5.
Economic Bid Statement	Means the form of Economic Bid Statement set out in Appendix E1 or Appendix E2 as applicable to the type of Contract Facility.
EDT	Means Eastern Daylight Time.
End User	Means a person who owns or operates a load facility which utilizes electricity supplied through a direct connection to the Transmission System, the Local Distribution System or the Contract Facility.
Energy Cost	Has the meaning given to it in Appendix N.
Environmental Attributes	Means environmental attributes associated with a generating facility having decreased environmental impacts, and includes, without limitation, emission reduction credits and rights to any fungible or non-fungible attributes, and any and all ownership rights relating to the nature of the energy source as may be defined and awarded through applicable legislation or voluntary programs.
EPC	Means engineering, procurement and construction.
EPT	Means Eastern Prevailing Time.
EST	Means Eastern Standard Time, applicable in the IESO Administered Markets, as set forth in the IESO Market Rules.
Evaluated Cost	Has the meaning given to it in Appendix N.
Evaluation Team	Means, collectively, the OPA's personnel and technical advisors, including the Financial Evaluation Team.

TERM OR ACRONYM	DEFINITION
Existing Generating Facility	Means an electricity generating facility, and ancillary lands required by such generating facility, whose generating equipment is commercially operational and is connected to the IESO-Controlled Grid prior to September 28, 2005. For greater certainty, an electricity generating facility is considered to be commercially operational if it receives market revenues and has operated for more than 500 hours per year in any of the past 3 years.
Expansion	Means an addition of generating unit(s) to an Existing Generating Facility which: (i) is not intended to replace any generating equipment that operates, or had operated within twelve (12) months of the date of submission of the Proposal, at the Existing Generating Facility, (ii) generates electricity output in addition to the electricity output of other generating units that operate or operated at the Existing Generating Facility, (iii) has separate revenue grade meters that conform with the contract requirements and are dedicated to measuring the electrical output of the added generators and that are accessible to the Buyer; and (iv) does not include any of the electricity generating capacity available from the Existing Generating Facility. For greater certainty, an Expansion shall not include an Upgrade of an Existing Generating Facility.
Fairness Advisor	Means the person who is retained by the OPA to provide (i) enhanced assurance to Proponents and other stakeholders that the evaluation process is fair and transparent and (ii) a written statement that attests that the procurement process was conducted in an objective and fair manner.
Final Stack	Has the meaning given to it in Section 3.6.2.3
Financial Closing	Has the meaning given to it in the CHP Contract or the CHP PPA, as applicable.
Financial Evaluation Team	Means the OPA's advisors responsible for evaluating the Financial Plan.
Financial Plan	Has the meaning given to it in Section 3.4.2.2
Financial Questionnaire	Means the financial questionnaire, the form of which is set out in Appendix F.
Firm Commitment	<p>Means an agreement from an equity provider, lender or source of financing other than debt or equity which states, at a minimum, that such equity provider, lender or other provider, as applicable, has reviewed the CHP RFP, the CHP Contract or CHP PPA, as applicable, and the financial model (including projected costs and revenues) of the proposed Contract Facility, and that it agrees to advance or provide the amount of equity, debt or other financing, as applicable, for the proposed Contract Facility 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 should clearly describe any and all of such objective conditions. Objective conditions are those conditions which require the achievement of certain milestones or the provision of information to the financier and such conditions are informational in nature, and would not represent an impediment to securing the financing or do not provide financiers with broad discretion regarding the determination of fulfillment of the conditions.</p> <p>Those conditions that provide the financier broad discretion to approve the fulfillment of the condition will not be considered objective.</p>

TERM OR ACRONYM	DEFINITION
Fitch IBCA	Means Fitch IBCA, Duff & Phelps, a division of Fitch Inc., or its successors.
Fixed Capacity Payment	Means the annual revenue requirement expressed in Canadian dollars and exclusive of GST and PST, payable by the Buyer in respect of the CHP Contract and includes 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, a Local Distribution System or an End User, if applicable.
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.
Gas	Means natural gas as supplied by pipeline.
Gas Price Index	Means the Union Dawn Daily Spot Gas Price Index (day ahead) administered by NGx (the Natural Gas Exchange of the TSX).
Generic Evaluation Capacity	Has the meaning given to it in Section 3.1.
Generic Evaluation Pool	Has the meaning given to it in Section 3.1.
Government of Ontario	Means Her Majesty the Queen in Right of Ontario.
Gross Energy Market Revenue	Has the meaning given to it in Appendix N.
HHV basis	Means higher heating value.
HOEP	Means the arithmetic average of the uniform Ontario energy prices as defined by the Market Rules.
Host	Means the party which is the counterparty to the Off-Take Agreement.
Host Developed Contract Facility	<p>Means a Contract Facility in which the legal entity that is the Host or that Controls the Host is also the legal entity that is the Proponent or owns 30 percent or more of the Proponent. If these conditions are not met, then in order to be considered a Host Developed Contract Facility the legal entity that is the Host or Controls the Host must complete the Form of Guarantee for Host Developed Contract Facility, as provided in the CHP Contract or CHP PPA, as applicable.</p> <p>For a District Energy Facility to be considered a Host Developed Contract Facility, either the legal entity that is or Controls the Host or the district energy business should also be the legal entity that is the Proponent or owns 30 percent or more of the Proponent. If these conditions are not met, then in order to be considered a Host Developed Contract Facility the legal entity that is or Controls the Host or the district energy business must complete the Form of Guarantee for Host Developed Contract Facility, as provided in the CHP Contract or CHP PPA, as applicable.</p>
Host Facility	Means the facility or facilities that utilizes the Useful Heat Output generated by the Contract Facility.
IESO	Means the Independent Electricity System Operator of Ontario, or its successor.
IESO-Administered Markets	Means the markets established by the Market Rules.
IESO-Controlled Grid	Means the IESO-Controlled Grid as defined by the Market Rules.

TERM OR ACRONYM	DEFINITION
Imputed Net Revenue	Has the meaning given to it in Appendix N.
Include, Including, include or including	Means including without limitation.
Incremental Contract Price	Has the meaning given to it in the CHP PPA.
Incremental Fixed Capacity Payment	Means the additional annual Fixed Capacity Payment (as defined above), payable by the Buyer in respect of the CHP Contract upon Restatement.
Initial Completion and Performance Security	The portion of the Completion and Performance Security that must be provided by the Selected Proponent to the Buyer prior to the execution of the CHP Contract or CHP PPA, as applicable. It is described in greater detail in the CHP Contract and CHP PPA.
Initial Stack	Has the meaning given to it in Section 3.6.2.2
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.
Intermediate Stack	Has the meaning given to it in Section 3.6.2.2
kJ	Means kilojoule.
kW	Means kilowatt.
kWh	Means kilowatt-hour.
LDC or Local Distribution Company	Means a person licensed by the OEB as a "Distributor" in connection with a Local Distribution System.
Letter of Credit Form	Means the form attached as Appendix H.
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 purposes.
Managerial Capacity	Means that the Designated Employee or Designated Associate personally, and with respect to the Designated Facility, was responsible or managed those that were responsible for these specific functions (planning, developing, overseeing the construction of or operating the Designated Facility) and exercised discretion over the day-to-day operations of the activity or function for which the individual had authority.
Mandatory Requirements	Has the meaning given to it in Section 3.2.
Market Heat Rate	Means the result of the HOEP divided by the gas price, as given by the Union Dawn Daily Spot Gas Price Index (day ahead) in Canadian dollars multiplied by 1,000.
Market Rules	Means the rules made under section 32 of the <i>Electricity Act, 1998</i> (Ontario), as amended from time to time.
Maximum Allowable CHP Credit	Has the meaning set out in Appendix N.
Metered Market Participant	Has the meaning ascribed to it in the IESO Market Rules.
Milestone Dates	Means Financial Closing and the Commercial Operation Date as defined in the CHP Contract and CHP PPA, as applicable.
Ministerial Directive	Has the meaning set out in Section 1.1.

TERM OR ACRONYM	DEFINITION
Ministry of Energy, Natural Resources, Ministry of the Environment, Ministry of Finance, and Ministry of Municipal Affairs and Housing	Refers to the each applicable Ministry of the Province of Ontario.
MMBTU	Means one million BTUs.
Monthly Payment	Means the form of compensation made by the Buyer to the Supplier under the terms of the CHP Contract or the CHP PPA, as applicable, to compensate the Supplier for the operation of the Contract Facility.
Municipal Solid Waste	Means: <ul style="list-style-type: none"> (a) any waste, whether or not it is owned, controlled or managed by a municipality; and (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, but which, for greater certainty, shall not include hazardous waste, liquid industrial waste, gaseous waste and Renewable Biomass.
Moody's	Means Moody's Investors Service, Inc. or its successor.
MW	Means megawatt.
MWh	Means megawatt-hour.
Nameplate Capacity	Means the rated, continuous load-carrying capability net of parasitic or station service loads, expressed in MW, of a generating facility to generate and deliver electricity at a given time, and which includes the Contract Capacity.
Natural Gas-Fired Industrial Cogeneration Facility	Means a cogeneration facility that burns natural gas as its Primary Fuel and generates electricity while simultaneously producing Useful Heat Output for gainful commercial or industrial purpose.
Negative Outlook	Has the meaning given to it in the CHP Contract.
Network Costs	Has the meaning given to it in the PPA or CHP Contract, as applicable.
Notice to Proceed	Means the notice directing the contractor to begin work on a contract.
Notional Procurement Target	Means the target capacity established for each Stream defined in Section 2.1.
O&M Cost	Means the costs required to operate and maintain the Contract Facility.
OEB	Means the Ontario Energy Board.
Off-Take Agreement	Means the sale and purchase agreement, letter of intent, or other form of commitment between the Proponent and the Host to sell and purchase Useful Heat Output from the Contract Facility. Reference is made to Section 3.2.2.14.
On-Peak	For the purposes of the CHP PPA, means those weekday hours between hour ending 8 am to hour ending 11 pm (EST). Weekdays are considered to be Monday through Friday inclusive, but excluding statutory holidays.
Ontario Emissions Trading Program or OETP	Means the Ontario Emissions Trading Program operating under Regulation 397/01 of the Environmental Protection Act (Ontario).
OPA	Means the Ontario Power Authority and its successors and assigns

TERM OR ACRONYM	DEFINITION
Operating Reserves	Means generation capacity which can be called upon on short notice by the IESO to replace electricity supply which is unavailable as a result of an unexpected outage or to augment scheduled electricity as a result of unexpected demand or other contingencies.
Pre-Dispatch Price	Means the pre-dispatch price for electricity, being the hourly price determined from the Pre-Dispatch Schedule for a specified number of hours in advance of real-time market clearing, as determined by the IESO-Administered Markets.
Pre-Dispatch Schedule	Means an hourly schedule for the remaining hours of a dispatch day as determined by the Dispatch Algorithm in accordance with Chapter 7 of the Market Rules.
Primary Fuel	For Contract Facilities other than Renewable Fuel-Fired Industrial Cogeneration Facilities means fuel used for electricity generation which represents more than 75% of the total fuel heat input, on a HHV basis, in any calendar year. For Renewable Fuel-Fired Industrial Cogeneration Facilities means fuel which represents no less than 95% of the total fuel heat input (oven-dry) on a HHV basis in any calendar year.
Prohibited Conduct	Means any activity or communication by a Proponent or any member of its Proponent Team that results in a Conflict of Interest, collusion or a violation of any of the civil or criminal provisions of the Competition Act (Canada).
Proponent	Means an entity or person that submits one or more Proposals in response to the CHP 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 CHP Contract or CHP PPA, as applicable) 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 Team	Means, collectively, a Proponent and all entities and persons (including equity providers named in the Proposal) involved in the preparation of the Proponent's Proposal(s) under the CHP RFP and/or required by the Proponent to successfully implement its Proposal(s) for the CHP RFP and to comply with the CHP Contract or the CHP PPA, as applicable. For greater certainty, members of the Proponent Team shall include the Proponent and 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 such lenders.
Proposal	Means a proposal made pursuant to the CHP RFP.
Proposal Security	Means the financial security submitted with the Proposal as described in Section 3.2.4.
Proposal Submission Deadline	Means the date and time indicated in the Timetable in Section 4.1.1 or as amended in accordance with the CHP RFP.
Proposal Submission Form	Means the form attached as Appendix D.

TERM OR ACRONYM	DEFINITION
Prospective Power Year	Means a combination of HOEP, 1, 2 and 3 hour pre-dispatch prices and Gas Price Index provided for each hour in a typical week for each of the twelve calendar months to be used for the purpose of Economic Bid Evaluation. For greater certainty, the information provided for a Prospective Power Year is not intended to be a forecast by the OPA or its advisors.
Rated Criteria	Means each of the Proponent Team Experience, Financial Plan, Contract Facility Maturity, Contract Facility Risk Mitigation and Host Facility Risk Mitigation criteria as described in Section 3.4.
Registration Deadline	Means the deadline for registration under the CHP RFP as set out in Section 4.1.1
Registration Fee	Means the non-refundable registration fee of \$10,000 (plus G.S.T.) payable by an interested party that wishes to become a Registered Participant as described in more detail in Section 1.3.
Registration Form	Means the registration form that must be submitted by an interested party that wishes to become a Registered Participant as described in more detail in Section 1.3.
Registered Participant	Has the meaning given to it in Section 1.3.
Remaining Completion and Performance Security	Means final portion of the Completion and Performance Security that must be provided by the Selected Proponent to the Buyer on or before the earlier of the Financial Closing and the date that is three hundred and sixty five (365) days after the execution of the CHP Contract or CHP PPA, as applicable. It is described in greater detail in the CHP Contract and CHP PPA.
Renewable Biomass	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: <ul style="list-style-type: none"> (i) such organic matter is not Municipal Solid Waste; (ii) such organic matter is not peat or a peat derivative; (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 (iv) supplementary non-renewable fuels used for start up, combustion, stabilization and low combustion zone temperatures shall be no more than five (5) percent of the total fuel heat input, on an HHV basis, in any calendar year.
Renewable Fuel	Means one of the following fuels used for the purposes of generating heat and power: Renewable Biomass, bio-gas or landfill gas.
Renewable Fuel-Fired Industrial Cogeneration Facility	Means a cogeneration facility that burns Renewable Fuels as its Primary Fuel and generates electricity while simultaneously producing Useful Heat Output for gainful commercial or industrial purpose.
RES Contracts	Means contracts entered into between the Buyer and a Supplier pursuant to the first two renewable energy supply requests for proposals.

TERM OR ACRONYM	DEFINITION
Restatement	Means a restatement in accordance with the restatement submitted in the Proposal of the Contract Heat Rate, Contract Capacity and/or Fixed Capacity Payment on or after the Restatement Date.
Restatement Date	Has the meaning given to it in the CHP Contract or the CHP PPA, as applicable.
Revenue Sharing Payment	Means, for a Supplier that has entered into a CHP Contract, the positive amount, if any, by which the Imputed Net Revenue less the CHP Credit Payment exceeds the monthly Fixed Capacity Payment and the amount payable by such Supplier to the Buyer in a given month, expressed in Dollars, calculated in accordance with Exhibit J of the CHP Contract.
RFP Website	Means that part of the website referenced as www.ontarioelectricityrfp.ca dedicated to the CHP RFP process.
S&P	Means the Standard and Poor's Rating Group (a division of McGraw-Hill Inc.) or its successors.
Season 1	Means that portion of each Contract Year that begins at the beginning of the hour ending 01:00 (EST) on January 1 and ending at 24:00 (EST) on March 31 of each Contract Year.
Season 2	Means that portion of each Contract Year that begins at the beginning of the hour ending 01:00 (EST) on April 1 and ending at 24:00 (EST) on June 31 of each Contract Year.
Season 3	Means that portion of each Contract Year that begins at the beginning of the hour ending 01:00 (EST) on July 1 and ending at 24:00 (EST) on September 30 of each Contract Year.
Season 4	Means that portion of each Contract Year that begins at the beginning of the hour ending 01:00 (EST) on October 1 and ending at 24:00 (EST) on December 31 of each Contract Year.
Selected Proponent	Means a Proponent whose Proposal has been selected and accepted by the OPA, in accordance with the CHP RFP.
Soft Commitment	Means a commitment term-sheet or indication of intent from an equity provider, lender or source of financing other than debt or equity to advance or provide the amount of equity, debt or other financing, as applicable, for the proposed Contract Facility specified in the commitment letter by the milestone date for Financial Closing specified by the Proponent in response to the Technical Questionnaire, which commitment does not meet the requirements of a Firm Commitment. The Proponent should demonstrate that these equity providers, lenders or other providers, as applicable have reviewed the CHP Contract or CHP PPA, as applicable, and have reviewed the Proponent's cost estimates and financing assumptions and resulting project financial pro formas for the proposed Contract Facility and based on this review have determined that the proposed Contract Facility will provide satisfactory returns.
Specified Forecast Index	Means the forecast of the inflation index set out in Appendix P.
Specified Index	Means the consumer price index for "All Items" published or established by Statistics Canada or its successor in relation to the Province of Ontario.
Stages	Means Stages 1, 2, 3 and 4.

TERM OR ACRONYM	DEFINITION
Stage 1	Means the stage of the Evaluation Team's evaluation of Proposals for compliance with the Mandatory Requirements, as set out in Section 3.2.
Stage 2	Means the stage of the Evaluation Team's evaluation of Proposals for compliance with the Rated Criteria, as set out in Section 3.4.
Stage 3	Means the stage of the Evaluation Team's evaluation of Proposals for purposes of the Economic Bid Evaluation, as set out in Section 3.5.
Stage 4	Means the stage of the Evaluation Team's evaluation of Proposals for purposes of selecting Contract Facilities, as set out in Section 3.6
Start-Up Costs	Means the start-up costs for each imputed start-up specified by the Proponent in its Economic Bid Statement, as expressed in MMBTU per start-up,
Statement of Risks	Means a statement setting out all risks associated with the timely and successful development of the Contract Facility.
Streams	Means categories of Contract Facilities used for the purposes of Proposal submission and evaluation as more particularly set out in Section 2.1
Stream 1	Has the meaning given in Section 2.1.
Stream 2	Has the meaning given in Section 2.1.
Stream 3	Has the meaning given in Section 2.1.
Stream-Specific Adjusted Evaluated Cost Threshold	Has the meaning given to it in Section 3.6.2.2.
Submitted Hourly Electricity Profile	Means the proposed annual hourly electricity output profile for a Renewable Fuel-Fired Industrial Cogeneration Facility or a By-product Fuel-Fired Industrial Cogeneration Facility that will be used in the evaluation process and to calculate annual adjustment payments under an executed CHP PPA.
Supplier	Means a Selected Proponent which has executed a CHP Contract or a CHP PPA.
Supplier Event of Default	Has the meaning given to it in the CHP Contract or the CHP PPA, as applicable.
System Impact Assessment	Means a study conducted by the IESO pursuant to Section 6.1.5 of Chapter 4 of the IESO Market Rules to assess the impact of a new connection of the proposed Contract Facility to the IESO-Controlled Grid, or the modification of an existing connection of the proposed Contract Facility to the IESO-Controlled Grid, on the reliability of the integrated power system.
Tangible Net Worth	Means, in respect of a Supplier, at any time and without duplication, 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 or guarantor as applicable, patents, patent applications, service marks, industrial designs, copyrights, trade marks and trade names, and licenses, prepaid assets, goodwill and all other intangibles.
Target Capacity	Means 1,000 MW.
Technical Questionnaire	Means the technical questionnaire, the form of which is set out in Appendix G.

TERM OR ACRONYM	DEFINITION
Technical Requirements	Has the meaning given to it in Section 3.2.2.
Term	Means that period of time commencing upon the Commercial Operation Date and ending on the day before the 20th anniversary date thereafter.
Term Commencement Date	Means the first day of the Term.
Timetable	Means that timetable of events set out in Section 4.1.1.
Total Project Cost or TPC	Means the total project cost of the Contract Facility to be raised by a combination of debt and equity, and which shall consist of hard costs, soft costs and financing costs.
Thermal Waste	Means heat produced from another process that can be used to generate electric output.
Third-Party Developed Contract Facility	Means a proposed Contract Facility which does not comply with the definition of a Host Developed Contract Facility or does not meet the requirements outlined in Sections 3.2.2.2 and 3.2.2.16.
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	Has the meaning given to it in the CHP Contract or the CHP PPA, as applicable.
Uniform Price Limit	Has the meaning given to it in Section 3.1.
Upgrade	Means the refurbishment or replacement of generating equipment at an Existing Generating Facility with equipment which provides better or improved performance, but which for greater certainty does not include an Expansion. For greater certainty, generating equipment consists of the prime mover (reciprocating engine, gas turbine, steam turbine etc.) and/or the associated electrical generator, but for greater certainty does not include boilers or other associated balance of plant
Useful Heat Output	Means thermal energy (in MW thermal) produced by the Contract Facility and used for a gainful commercial or industrial purpose such as district energy, manufacturing, mining, chemical or other industrial process, where such use; (a) avoids or reduces the use of fuel to produce thermal energy in an alternate process; and (b) is not a use within the Contract Facility's combined heat and power cycle for gas turbine injection, inlet conditioning, fuel heating, natural gas compression or other similar purpose; and (c) is not a use outside the Contract Facility's combined heat and power cycle for applications such as heating rivers, lakes or the atmosphere. For greater certainty, gainful commercial or industrial purpose does not include the use of the thermal energy primarily for generating Electricity. Refer to Appendix L and Section 3.2.2.11 for greater clarity.

APPENDIX C REGISTRATION FORM

Any information provided in this form will be kept confidential by the OPA and will not be used in the evaluation of Proposals. We request that all parties wishing to register as Registered Participants under the CHP RFP complete this Registration Form and submit it to the OPA by the date and time indicated in the Timetable in Section 4.1.1 of the CHP RFP, together with the Registration Fee of \$10,000 (plus GST) (GST Registration Number 85419 5039 RT0001). All Registration Fees must be paid by way of certified cheque or a bank draft from an institution listed in Schedule I or II of the *Bank Act* (Canada) and made out in favour of "Ontario Power Authority". Parties that do not submit a completed Registration Form and the Registration Fee to the OPA will not be eligible to submit a Proposal in response to the CHP RFP.

E-mail: procurement.cogen@powerauthority.on.ca or Fax: 416-967-1947.

Contract Facility Name: _____

Contract Facility Location: _____

Contract Facility Size (MW): _____

Contract Facility Type: _____

Primary Fuel: _____

Secondary Fuel (if applicable): _____

Host Facility (name and description): _____

Useful Heat Output (MWth): _____

Useful Heat Output description (usage): _____

Connection point (description): _____

Registered Participant: _____

Primary Contact Person: _____

E-mail: _____

Mailing Address: _____

Phone Number: _____

Dated this _____ day of _____ 2006.

[Registered Participant]

Per: (authorized signing officer)

(Print Name)

(Title)

(Phone Number)

(Fax Number)

I/we have the authority to bind the Proponent.

APPENDIX D PROPOSAL SUBMISSION FORM

TO: ONTARIO POWER AUTHORITY

RE: IN THE MATTER OF our proposal dated _____ ●, 2006, to which this Proposal Submission Form is an integral part (the “Proposal”) prepared by _____● (the “Proponent”), and submitted in response to a request for proposals issued by the Ontario Power Authority dated April 12, 2006, as amended, regarding the supply of up to 1,000 MW of Combined Heat and Power Generation (the “CHP RFP”),¹ I am duly authorized by the Proponent, including the persons, firms, corporations and advisors joining in the submission of this Proposal, to execute this Proposal Submission Form. I solemnly declare and promise as follows:

A. Non-Collusion

I acknowledge and represent that no person, firm or corporation, nor any person representing the Proponent and/or participating in the submission of the Proposal, has directly or indirectly entered into any discussion, communication, agreement or arrangement with any other proponent, whereby the Proponent, in order to induce acceptance of the Proposal by the OPA, has paid or is to pay or provide to any other proponent anything of value, and that the Proponent has not, directly or indirectly entered into any discussion, communication, arrangement or agreement with any other Proponent or Proponents that could have the effect of reducing competition in respect of the subject matter of the CHP RFP

B. Mandatory Requirements Checklist

I enclose herewith as part of the Proposal responses to all mandatory submission requirements, as set out below:

DOCUMENT	YES	PAGE
Appendix D Proposal Submission Form		
Appendix E Economic Bid Statement		
Appendix F Financial Questionnaire		
Appendix G Technical Questionnaire		
Executive Summary		
Appendix H or I Proposal Security		
Appendix K Mandatory Technical Requirements Declaration		
Appendix R Statutory Declaration		

¹ All capitalized terms used in this Proposal Submission Form, unless otherwise stated, have the meanings ascribed to them in this CHP RFP

Appendix S Conflict of Interest Declaration		
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C. Proof of Insurance

By signing this Proposal Submission Form, I acknowledge the Proponent’s willingness, should it become a Selected Proponent, to provide proof of insurance coverage as required in the CHP Contract or CHP PPA, as applicable.

D. Review

I have carefully examined the CHP RFP documents (including all Addenda) and have a clear and comprehensive knowledge of the Deliverables required under the CHP RFP. By submitting our Proposal, the Proponent agrees and consents to the terms, conditions and provisions of the CHP RFP.

E. Execution of Agreement

I understand that, in the event our Proposal is successful and is selected by the OPA, in whole or in part, the Proponent agrees to submit the Initial Completion and Performance Security on the terms set out in the CHP RFP and to finalize and execute the CHP Contract or CHP PPA, as applicable, in accordance with the terms of the CHP RFP, including all Addenda.

Signature of Witness:	Signature of Proponent Representative:
Name of Witness:	Name and Title: Date of Signature: I have authority to bind the Proponent

APPENDIX E ECONOMIC BID STATEMENTS

This Appendix contains the Economic Bid Statement for District Energy Facilities and Natural Gas-Fired Industrial Cogeneration Facilities (Appendix E1) and a separate Economic Bid Statement for Renewable and By-product Fuel-Fired Industrial Cogeneration Facilities (Appendix E2).

All elements of the Economic Bid Statement must be entered precisely in numeric form using the format provided below without further information, condition, or qualification whatsoever in the Proposal. Registered Participants and Proponents are advised that any deviation from the required format of the Economic Bid Statement whatsoever, such as the provision of a price range, conditional price, qualified price, or an incomplete price, shall result in the disqualification of the Proposal. Moreover, the Fixed Capacity Payment, Incremental Fixed Capacity Payment, Contract Price and Incremental Contract Price, as applicable, and any other element of the Economic Bid Statement shall not be disclosed or described in any other part of the Proposal, failing which the Proposal shall be rejected.

APPENDIX E1 ECONOMIC BID STATEMENT FOR DISTRICT ENERGY FACILITIES AND NATURAL GAS-FIRED INDUSTRIAL COGENERATION FACILITIES

Name of Proponent: _____

Name of Contract Facility: _____

Description	Prior to Restatement	On and after the Restatement Date, if applicable
Contract Capacity (MW)	Season 1: _____ Season 2: _____ Season 3: _____ Season 4: _____	<i>Restated Contract Capacity:</i> Season 1: _____ Season 2: _____ Season 3: _____ Season 4: _____
Annual Average Contract Capacity (MW)	_____MW	_____MW
Nameplate Capacity (MW)	_____MW	_____MW
Fixed Capacity Payment (in Dollars of COD)	\$_____/year	<i>Incremental Fixed Capacity Payment (in Dollars of COD):</i> \$_____/year
Percentage of Fixed Capacity Payment to be Indexed to the Specified Index (between 0% and 20%)	_____%	<i>Same as before Restatement</i>
Contract Heat Rate (MMBTU per MWh (HHV))	Season 1: _____ Season 2: _____ Season 3: _____ Season 4: _____	<i>Restated Contract Heat Rate:</i> Season 1: _____ Season 2: _____ Season 3: _____ Season 4: _____

Description	Prior to Restatement	On and after the Restatement Date, if applicable
CHP Credit (MMBTU per MWh (HHV)) (Cannot exceed Maximum Allowable CHP Credit as per Appendix N)	Season 1: _____ Season 2: _____ Season 3: _____ Season 4: _____	<i>[Not applicable]</i>
Start-up Costs	_____ MMBTU/start-up	<i>Same as before Restatement</i>
O&M Cost	\$ _____/MWh	<i>Same as before Restatement</i>
Useful Heat Output (MW – thermal)	Season 1: _____ Season 2: _____ Season 3: _____ Season 4: _____	<i>[Not applicable]</i>

Earliest Restatement Date: _____ in months and years from Commercial Operation Date

The undersigned acknowledges and agrees that it has carefully reviewed all of the information provided in this Economic Bid Statement including, without limitation, all values and their corresponding units of measure, and confirm all of same to be complete and accurate.

Dated at ● this ● day of ● 2006.

[Insert name of Proponent]

 Name: ●

Title: ●

 Name: ●

Title: ●

I/we have the authority to bind the Proponent.

APPENDIX E2 ECONOMIC BID STATEMENT FOR RENEWABLE AND BY-PRODUCT FUEL-FIRED INDUSTRIAL COGENERATION FACILITIES

Name of Proponent: _____

Name of Contract Facility: _____

Prior to Restatement

Contract Price (Dollars and Cents/MWh at COD)	Nameplate Capacity (MW)	Annual Average Contract Capacity (MW)
\$_____/MWh	_____MW	_____MW

Escalation Rate for Contract Price _____ % of Specified Index (between 0% and 100%)

Useful Heat Output _____ (MW – thermal)

Submitted Hourly Electricity Profile:

Please provide output in each hour in MW.

Day Type	Hour	Season			
		1	2	3	4
Weekday	1				
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				

	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
Weekend	1				
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
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	17				
18					
19					
20					
21					
22					
23					
24					

Earliest Restatement : _____ in months and years from Commercial Operation Date

After Restatement

Incremental Contract Price (Dollars and Cents/MWh at COD)	Nameplate Capacity after Restatement (MW)	Annual Average Contract Capacity after Restatement (MW)
\$____/MWh	____MW	____MW

Escalation Rate for Contract Price *Same as above given Prior to Restatement, expressed as a % Specified Index*

Restated Submitted Hourly Electricity Profile:

Please provide output in each hour in MW.

Day Type	Hour	Season			
		1	2	3	4
Weekday	1				
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
Weekend	1				
	2				
	3				
	4				
	5				
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	7				
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	24				

The undersigned acknowledges and agrees that it has carefully reviewed all of the information provided in this Economic Bid Statement including, without limitation, all values and their corresponding units of measure, and confirm all of same to be complete and accurate.

Dated at ● this ● day of ● 2006.

[Insert name of Proponent]

Name: ●

Title: ●

Name: ●

Title: ●

I/we have the authority to bind the Proponent.

APPENDIX F FINANCIAL QUESTIONNAIRE

Proponents are to submit the Financial Plan, which includes this Financial Questionnaire and supporting documentation, in a separate, sealed, opaque envelope, marked “Financial Plan” followed by the name of the Proponent and the name of the proposed Contract Facility. Proponents are required to complete this Financial Questionnaire in full, including the attachment of additional documents as and where requested.

1. Complete Description of the Financing Plan of the proposed Contract Facility

- a. Provide the detailed Financial Plan description, specifying the legal form of the entity or entities that comprise the Proponent, and that are to develop, finance, own (or lease) and operate the proposed Contract Facility; and the relationship between all the members of the Proponent Core Team including a brief description of any agreement between the Proponent Core Team (joint venture agreement, teaming agreement, memorandum of understanding or similar agreement).

Description of the detailed Financial Plan is enclosed.

- b. 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 Contract Facility, including the names of all sources and the amounts of (i) debt, (ii) equity and (iii) other funds being provided. Loans from affiliated entities, Contract Facility partners, and loans that are subordinated to the primary or senior Contract Facility financing should be reported as equity.

Legal Name of Entity providing Financing:
Type of Financing [i.e. equity, debt, or other (if other, describe source)]:

<p>Amount of Funds or Commitment to be Provided:</p>

Please provide a description of the type of equity to be provided, i.e. common equity, preferred equity, partnership units, subordinated debt, shareholder loans, etc.

Description is continued on the attached.

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

Total Equity Financing/Commitment:	
Total Debt Financing/Commitment:	
Total Financing from Other Sources /Commitment:	

<p>Total of All Sources of Financing /Commitment:</p>	

d. State the Total Project Costs.

<p>Total Project Costs:</p>	
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2. Equity Commitment

a. If, and to the extent that, equity is a source of financing for the proposed Contract Facility but such equity is not in place as of the date of the Proposal, the Proponent shall provide a commitment letter from each equity provider stating its agreement in principle containing the required elements 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.

For greater certainty, an agreement in principle by an equity provider must state, at a minimum, that such equity provider has reviewed the CHP RFP, the CHP Contract or CHP PPA, as applicable, and the financial model (including projected costs and revenues) of the proposed Contract Facility, and that it agrees in principle to advance, provide or underwrite 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. A commitment to simply arrange the equity financing will not be considered sufficient to satisfy the minimum mandatory financial requirements of the CHP RFP.

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

b. If, and to the extent that, the equity funds of the Proponent are in place as of the date of the Proposal, the Proponent must submit a letter from each equity provider confirming that its equity is in place and

the amount of its equity contribution. The Proponent must also submit proof that the equity funds of the Proponent are in place (i.e. bank statements or other documentation).

Commitment letters and proof that funds are in place from actual equity providers, if any, are enclosed.

- c. If cost overrun support or contingent equity (including equity to be contributed in the future as part of the Contract Facility’s debt commitments) are to be provided in support of the financing of the proposed Contract Facility, please indicate the entity providing such cost overrun support or contingent equity, the amount of such support and the committed period for such support. If such entities are different than the equity providers already indicated, please provide a commitment letter from each such provider stating its agreement in principle containing the required elements 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.

For greater certainty, an agreement in principle by such provider must state, at a minimum, that such provider has reviewed the CHP RFP, the CHP Contract or CHP PPA, as applicable, and the financial model (including projected costs and revenues) of the proposed Contract Facility, and that it agrees in principle to provide or underwrite the amount of cost overruns or contingent equity 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.

Commitment letters from cost overrun and contingent equity providers, if any, proposing to provide equity are enclosed.

3. Equity Requirements

If, and to the extent that, equity is a source of financing for the proposed Contract Facility, then:

- a. For each source of equity, provide the MW of Annual Average Contract Capacity and the name, percentage of total project equity contributed and percentage of project equity owned. For each Designated Equity Provider (and optionally for each other equity provider to obtain additional points for their prorata contribution) provide the Tangible Net Worth for (i) each of the last two fiscal years for which audited statements exist and (ii) the latest fiscal quarter. Each project must have an equity provider in relation to 50% or a group of equity providers in relation to 65% or more of the equity which have a Tangible Net Worth which satisfies the applicable criteria set out in Questions 3.b.i and 3.b.ii of this Appendix, as applicable. In addition, state the page in which the Tangible Net Worth components can be found in the respective financial statements, which should be enclosed as requested in 3.c.:

MW of Contract Capacity (e)	
------------------------------------	--

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	Name of Equity Provider	Percentage of equity to be contributed by provider	Percentage of equity ownership of provider

Tangible Net worth of equity provider (most recent quarter):

#	Total Assets: (a)	Intangible assets: (b)	Total Liabilities: (c)	Tangible Net Worth: (a)-(b)-(c)=(d)	TNW/MW: (d)/(e)
1					
2					
3					
4					
5					
6					

Tangible Net worth of equity provider (most recent audited financial statements)

#	Total Assets: (a)	Intangible assets: (b)	Total Liabilities: (c)	Tangible Net Worth: (a)-(b)- (c)=(d)	TNW/MW: (d)/(e)
1					
2					
3					
4					
5					
6					

Tangible Net worth of equity provider (“next” most recent audited financial statements)

#	Total Assets: (a)	Intangible assets: (b)	Total Liabilities: (c)	Tangible Net Worth: (a)-(b)- (c)=(d)	TNW/MW: (d)/(e)
1					
2					
3					
4					
5					
6					

b. Check one of the following:

i. Proponent is offering a Third Party Developed Contract Facility, and satisfies the requirement that any one equity provider who accounts for 50% or more of the total project equity, or if applicable, any two equity providers who together account for 65% or more of the total project equity (the “Designated Equity Provider(s)”), has an individual Tangible Net Worth (or a collective Tangible Net Worth, in the case of any two Designated Equity Providers), of \$250,000 or more per MW of Annual Average Contract Capacity in each of the last two fiscal years and the latest fiscal quarter; or

i.a. The Designated Equity Provider(s) in relation to a Third Party Developed Contract Facility is an investment fund that does not have financial statements which allow it to meet the individual Tangible Net Worth threshold (or a collective Tangible Net Worth threshold, in the case of any two Designated Equity Providers). For such equity providers, provide all of the following:

- Confirmation that the fund has unutilized commitments in the amount of at least \$250,000/MW of annual average Contract Capacity and that there are no restrictions (size of investment, concentration of investment, etc.) which would reduce the investment below the prorata equity contribution;

Enclosed is a certificate from the fund manager certifying that the fund has unutilized commitments of at least \$250,000/MW of annual average Contract Capacity and that there are no restrictions which would reduce the investment below the prorata equity contribution.

- Confirmation that investors in the fund are not at liberty to selectively choose their investments within the fund. Those funds having funding obligations which are not mandatory pursuant to approval by the appropriate board or committee will not be considered.

Enclosed is evidence of the investment process of the fund including the obligation of each investor to fund a proposed investment and the impact on an investor of failure to fund an investment as required.

- Financial statements of the fund’s investors in accordance with section 3 (c) that demonstrate the investors (in the aggregate) have a Tangible Net Worth of at least \$250,000/MW of Contract Capacity; or

- a Firm Commitment letter from Category A Lenders indicating that they have reviewed and evaluated the CHP Contract or CHP PPA, as applicable, and have reviewed the Proponent’s cost estimates and financing assumptions for the proposed Contract Facility and based on this evaluation that debt is available in the amount of the fund’s equity commitment.

Enclosed are financial statements of the investment fund’s investors in accordance with Section 3(c) or a Firm Commitment letter from Category A Lenders indicating that they have reviewed and evaluated the CHP Contract or CHP PPA, as applicable, and have reviewed the Proponent’s cost estimates and financing assumptions for the proposed Contract Facility and based on this evaluation explicitly acknowledge that debt is available in the amount of the fund’s equity commitment..

- ii. Proponent is offering a Host Developed Contract Facility.
- c. For each such Designated Equity Provider (and optionally for each other equity provider to obtain additional points for their prorata contribution) named in Question 3.a. of this questionnaire, provide:
- i. the audited annual financial statements, in conformity with generally accepted accounting principles in Canada or the United States (GAAP), of such equity provider for the last two fiscal years for which audited statements have been issued. If such equity provider is an individual, he or she shall be permitted to provide unaudited financial statements instead of audited financial statements in response to this requirement together with a statutory declaration of such person stating that such unaudited financial statements present fairly, in all material respects, the financial position of such equity provider in conformity with GAAP;
- Annual financial statements for each such equity provider, or group of equity providers, including the required declaration of such equity provider, if applicable, is enclosed.
- ii. the audited quarterly financial statements, if available, of such equity provider with respect to its most recently completed fiscal quarter (which is the period January to March 2006). If audited financial statements are not available for its most recently completed fiscal quarter, then such equity provider should submit unaudited quarterly statements in response to this requirement and 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;
- Quarterly financial statements for each such equity provider, or group of equity providers, including the required confirmations by the officer of the equity provider, if applicable, are enclosed.
- iii. confirmation by an officer of each such equity provider, to the best of his or her knowledge, that there are no facts or circumstances (including any actual or pending financial commitments) that would materially adversely affect the equity provider's financial condition as set out in the latest financial statements provided above.
- In the event there are material facts or circumstances that are reasonably expected to materially adversely affect such equity provider's financial condition, provide the revised value of such equity provider's Tangible Net Worth, estimated reasonably and in accordance with GAAP having regard to the facts and circumstances above, together with the calculation supporting such revised value of the equity provider's Tangible Net Worth.
- Documentation for each such equity provider, or group of equity providers, including the required confirmations by the officer of the equity provider, is enclosed.
- d. If, and to the extent that, equity is a source of financing for the proposed Contract Facility and the equity provider is a publicly listed company, provide the following information, each as of the date which is one week prior to submission of proposals:
1. stock exchange where equity provider is listed;

2. market capitalization of the stock;
3. number of shares issued and outstanding;
4. average daily trading volume over the last 6 months;
5. percentage of shares held by directors, officers or other people considered to be insiders of the equity provider; and
6. senior unsecured credit rating or stability rating of the equity provider as indicated by Standard & Poor's Rating Services, Moody's Investors Services Inc., Fitch IBCA or Dominion Bond Rating Service Limited.

Documentation for each publicly listed equity provider is enclosed.

e. In addition, for each such equity providers named in Question 3.a of this questionnaire, provide the documentation required, 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;

ii. If the equity provider does not have an Investment Grade Credit Rating, then provide a confirmation letter from a financial institution that the equity provider(s) has credit available under an approved facility. Check the following box:

Confirmation letter for each such equity provider enclosed;

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, by dividing (a) Debt, by (b) EBITDA. The certificate of the officer shall also set out the calculations of Debt and EBITDA.

Debt: _____.

EBITDA: _____.

Ratio of Debt to EBITDA is _____ to 1.

Certificate enclosed.

- f. Using the table below, provide relevant examples pertaining to the Proponent's capital raising experience for similar projects.

Project Description	Location	Amount of Funding Raised	Type of Funding	Date of Financial Close	Legal Entity which Raised Funding

4. Debt Commitment

- a. If, and to the extent that, debt is a source of financing for the proposed Contract Facility, then provide a commitment letter from each lender stating its agreement in principle containing the required elements set out below, to provide the necessary debt financing for the Contract Facility by the Milestone Date for Financial Closing set out in the Technical Questionnaire, and the amount of its proposed credit facility or loan.

For greater certainty, an agreement in principle by a lender must state, at a minimum, that such lender has reviewed the 1,000 MW CHP RFP, the CHP Contract or CHP PPA, as applicable, and the financial model (including projected costs and revenues) of the proposed Contract Facility, and that it agrees in principle to 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.

If the amount of debt financing is 100% of the required financing, provide a Firm Commitment letter from these lenders indicating that they have reviewed and evaluated the CHP Contract or CHP PPA, as applicable, and have reviewed the Proponent's cost estimates and financing assumptions for the proposed Contract Facility and based on this evaluation explicitly acknowledge that the proposed Contract Facility can be financed with 100% debt.

A commitment to simply arrange the debt financing will not be considered sufficient to satisfy the Minimum Mandatory Financial Requirements of the 1,000 MW CHP RFP.

Commitment letters for all lenders enclosed.

b. For each lender, provide the name, the debt amount, percentage of debt, state lender type as described below, and provide credit rating if requested below:

- i. A Category A lender who is a financial institution listed in Schedule I or II of the *Bank Act* (Canada); or
- ii. A Category A lender who is a financial institution not listed in Schedule I or II of the *Bank Act* (Canada), having the minimum credit rating (i) A with S&P, (ii) A3 with Moody's, (iii) A low with DBRS, or (iv) A with Fitch IBCA. State credit rating(s) of such lender; or
- iii. A Category A lender who is not a financial institution, having the minimum credit rating (i) A with S&P, (ii) A3 with Moody's, (iii) A low with DBRS, or (iv) A with Fitch IBCA. State credit rating(s) of such lender. If credit rating(s) of such lenders are not publicly available, then enclose letters from the applicable rating agencies confirming the credit rating(s) of such lenders; or
- iv. A Category B lender who is a financial institution that is not a Category A Lender, but that has a Tangible Net Worth of at least \$1,750,000/MW of Contract Capacity. State credit rating(s) of such lender and provide the calculation of the Tangible Net Worth threshold. If credit rating(s) of such lenders are not publicly available, then enclose letters from the applicable rating agencies confirming the credit rating(s) of such lenders.

Name of Lender	Debt Amount	Percentage of Debt	Lender Type (i.e.: i.,ii.,iii.,iv.)	Credit Rating (if required)

If applicable, letters from the applicable rating agencies confirming the credit rating(s) of lender, and documentation showing the calculation of Tangible Net Worth are enclosed.

5. Other Types of Financing

- a. If, and to the extent that, the financing plan specifies a source of financing for the proposed Contract Facility other than debt or equity, provide a commitment letter from each such source of financing describing in detail the type of financing to be provided and 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.

For greater certainty, an agreement in principle by such other source of financing other than debt or equity must state, at a minimum, that such other provider has reviewed the 1,000 MW CHP RFP, the CHP Contract or CHP PPA, as applicable, and the financial model (including projected costs and revenues) of the proposed Contract Facility, and that it agrees in principle to advance, provide or underwrite 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.

A commitment to simply arrange the financing will not be considered sufficient to satisfy the Minimum Mandatory Financial Requirements.

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

- b. For each such source of financing, provide name, amount, percentage and describe financing provider type as described below, and provide credit rating if requested below:
- i. A financial institution or other entity with 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. State credit rating(s) of such financial institution or other entity; or
- ii. A financial institution or other entity that does not satisfy the minimum credit rating described in 5.b.i. but that has a Tangible Net Worth of at least \$1,750,000/MW of Contract Capacity. State credit rating(s) of such financial institution or other entity. If credit rating(s) of such financing provider are not publicly available, then enclose letters from the applicable rating agencies confirming the credit rating(s) of such financier.

Name of Financier	Amount	Percentage	Financing Provider Type (i.e.: i. or ii.)	Credit Rating (if required)

If applicable, letters from the applicable rating agencies confirming the credit rating(s) of such lenders, and documentation showing the calculation of Tangible Net Worth are enclosed.

c. If applicable, provide other material information to substantiate the ability of the financier to provide the financing.

6. Confirmation of Veracity

Please sign below to confirm that all the information provided in response to this Financial Questionnaire is true and correct:

Dated at ● this ● day of ● 200●.

[Insert name of Proponent]

By: _____

Name: ●

Title: ●

By: _____

Name: ●

Title: ●

I/we have the authority to bind the Proponent

APPENDIX G TECHNICAL QUESTIONNAIRE

All capitalized terms used in this Technical Questionnaire, unless otherwise stated, have the meanings ascribed to them in the CHP RFP. Proponents are advised that any information relating to the price or other variables for the Contract Facility set out in the Economic Bid Statement of the CHP RFP shall not be provided by the Proponent in the Technical Questionnaire, failing which, the Proposal may be rejected.

General Information

Name of proposed Contract Facility:

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

State 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:

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:

Proponent's mailing address, telephone and facsimile numbers, email address:

Name, mailing address, telephone and facsimile numbers, email address of the primary contact person(s) and any substitute contact person(s) for the Proponent:

Mandatory Technical Requirements (Section 3.2.2)

RFP Section 3.2.2.1- Facility Type

The Contract Facility will either be (choose one):

- a District Energy Facility; or
- a Natural Gas-Fired Industrial Cogeneration Facility; or
- a Renewable Fuel-Fired Industrial Cogeneration Facility; or
- a By-product Fuel-Fired Industrial Cogeneration Facility.

RFP Section 3.2.2.2- Host Developed Contract Facility

The Contract Facility will either be (choose one):

- a Host Developed Contract Facility; or
- a Third Party Developed Contract Facility.

RFP Section 3.2.2.3 – Plant Size in MW

State the Annual Average Contract Capacity, in MW, of the proposed Contract Facility:

State the Nameplate Capacity, in MW, of the proposed Contract Facility:

RFP Section 3.2.2.4 - COD

State the proposed milestone date for Commercial Operation of the proposed Contract Facility (mm/dd/yyyy):

State the proposed Milestone Date for Financial Closing, if applicable, of the proposed Contract Facility (mm/dd/yyyy):

RFP Section 3.2.2.5

Confirm that the proposed Contract Facility is located in the Province of Ontario and is connected to the IESO-Controlled Grid, a Local Distribution Company or an End User:

Location

- Yes, the proposed Contract Facility is located in the Province of Ontario; or
- No, the proposed Contract Facility is not located in the Province of Ontario.

State the address of the proposed Contract Facility:

- A map showing the location of the proposed Contract Facility and indicating key components of the proposed Contract Facility on the lands has been included in the proposal.

Proposal section reference: _____

Connection

State Connection Point of the proposed Contract Facility:

And confirm that:

- The proposed Contract Facility is connected to the IESO-Controlled Grid and affects supply or demand in the interconnected electricity grid in Ontario; or

- The proposed Contract Facility is connected to a Local Distribution Company and affects supply or demand in the interconnected electricity grid in Ontario; or
- The Contract Facility is connected to an End User and affects supply or demand in the interconnected electricity grid in Ontario; or
- Other: _____
- An electrical single line diagram showing the Connection point of the proposed Contract Facility has been provided.
Proposal section reference: _____
- A site plan and layout of the proposed Contract Facility has been provided.
Proposal section reference: _____

RFP Section 3.2.2.6 - Site Control

Confirm the site control of the proposed Contract Facility:

- Option
- Title
- Lease or other agreement
- Other: _____

The following documents have been attached:

- An executed copy of an agreement entitling the Proponent to an option to lease, licence or purchase the land
- A copy of a registered title, lease or licence
- A copy of a "Site Release"
- Proposal section reference: _____

RFP Section 3.2.2.7 - Heat Rate

State the Contract Heat Rate (HHV) for the proposed Contract Facility, in MMBtu/MWh (if applicable):

Heat Rate(HHV): _____ MMBtu/MWh

- Not applicable (Renewable Fuel-Fired Industrial Cogeneration Facilities and By-product Fuel-Fired Industrial Cogeneration Facilities are not required to submit a Contract Heat Rate)

RFP Section 3.2.2.8 - Class 43.1

Confirm that the proposed Contract Facility meets or exceeds the requirements outlined in section 3.2.2.7 of the CHP RFP:

- Yes, the Contract Facility meets or exceeds the heat rate qualification for cogeneration or specified-waste fuelled systems required for Class 43.1 Capital Cost Allowances under the relevant regulations and schedules contained in the *Class 43.1 Technical Guide and Technical Guide to Canadian Renewable Conservation Expenses (CRCE)* (published by Natural Resources Canada); or
- No, the Contract Facility does not meet the heat rate qualification according to the requirements outlined in Section 3.2.2.7 of the CHP RFP.

The following documents have been attached:

- A heat and mass balance has been provided as a supporting document identifying the information required to confirm the Contract Facility meets or exceeds the heat rate qualification for Class 43.1 capital cost allowances under the relevant regulations and schedules contained in the *Class 43.1 Technical Guide and Technical Guide to Canadian Renewable Conservation Expenses (CRCE)* (published by Natural Resources Canada).

Proposal section reference: _____

RFP Section 3.2.2.9 - Off-Take Agreement and Useful Heat Output

State the term of the Off-Take agreement:

State the Volume of Useful Heat Output to be purchased or conveyed to the Host Facility:

The following supporting documentation has been attached:

- A copy of the Off-Take Agreement and has been provided.
Proposal section reference: _____
- Other documentation substantiating the volume of Useful Heat Output has been attached.

Proposal section reference: _____

Section 3.2.3.910 - Useful Heat Output

Confirm that the proposed application of Useful Heat Output is exclusively reserved by the Host Facility:

- Yes, it is exclusively reserved by the Host Facility; or
- No, it is not exclusively reserved by the Host Facility.

Only if applicable, for those proposed Contract Facilities where the Host is committing to purchasing the Useful Heat Output from more than one proposed Contract Facility, the following requirements must be met.

- These requirements are not applicable to the proposed Contract Facility

If applicable, confirm that the application of Useful Heat Output purchased from each such proposed Contract Facility is:

- used by more than one separate and distinct application with respect to the applications committed to any other proposed Contract Facilities; and
- covered by a separate Off-Take Agreement; and
- required by the Host Facility independent of every other application such that any single application will proceed in conjunction with the selection of the corresponding proposed Contract Facility under the CHP RFP, regardless of whether or not any other proposed Contract Facility from which the Host has also committed to purchase Useful Heat Output is or is not selected under the CHP RFP.

OR:

- The requirements above have not been met.

Furthermore, if a Host commits to purchase Useful Heat Output from more than one Contract Facility, the Proponent of each such Contract Facility must include in its Proposal a completed declaration.

- A completed declaration confirming that the Host's proposed purchases and applications of Useful Heat Output comply with the requirements of this Section 3.2.2.9 has been provided.

Proposal section reference: _____

RFP Section 3.2.2.11 – Application of Useful Heat Output

Confirm that the proposed Contract Facility complies with the requirements in section 3.2.2.10 of the CHP by providing:

- a letter from the OPA confirming that the application of Useful Heat Output is acceptable
 - OPA letter is attached.Proposal section reference: _____

- a declaration stating that the Useful Heat Output application has not changed since the issuing of Useful Heat Output letter by the OPA.
 - A declaration is attached.Proposal section reference: _____

RFP Section 3.2.2.12 - 15% Useful Heat Output

Confirm that the proposed Contract Facility has a Useful Heat Output equal to or greater than 15% of the total energy output of the proposed Contract Facility, calculated on an average annual basis as set forth in Appendix M:

- Yes, the Useful Heat Output meets the requirements outlined in Section 3.2.2.11 of the CHP RFP; or
- No, the Useful Heat Output meets the requirements outlined in Section 3.2.2.11 of the CHP RFP.

The following documents have been attached:

- Supporting documentation including, but not limited to, a heat and mass balance has been provided confirming that the proposed Contract Facility meets the requirements set out in section 3.2.2.11 of the CHP RFP.

Proposal section reference: _____

RFP Section 3.2.2.13 – 3.2.2.16

Confirm that the Mandatory Technical Requirements Declaration (Appendix K) has been completed and included in the proposal:

- Yes, the Mandatory Technical Requirements Declaration has been completed and included in the proposal; or
- No, the Mandatory Technical Requirements Declaration has been completed and included in the proposal.

Proposal section reference: _____

Executive Summary of Proposed Contract Facility (Section 3.2.4)

An executive summary of the Contract Facility, with a maximum length of 6 pages, must be provided.

- Yes, an executive summary has been attached; or
- No, an executive summary has not been attached.

Proposal section reference: _____

Dated at ● this ● day of ● 200●.

[Insert name of Proponent]

By: _____

Name: ●

Title: ●

By: _____

Name: ●

Title: ●

I/we have the authority to bind the Proponent

APPENDIX H PROPOSAL SECURITY (LETTER OF CREDIT FORM)

DATE OF ISSUE:	[Insert Date]
APPLICANT:	[Insert Proponent's Name]
BENEFICIARY:	Ontario Power Authority
AMOUNT:	●
EXPIRY DATE:	[Insert Expiry Date, being a minimum of ninety (90) 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 <i>Bank Act</i> (Canada)]
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 Proponent, whose Proposal has been selected and accepted by the Beneficiary, [has failed to deliver the Initial Completion and Performance Security within eight (8) Business Days of being notified by the Beneficiary that it is a Selected Proponent,] or [fails to sign the CHP Contract or CHP PPA, as applicable, within ten (10) Business Days of the date on which the Proponent was given the CHP Contract or CHP PPA, as applicable, to sign,] or [has made a material misrepresentation in the Proposal,] or [is in breach or default of the CHP RFP] and therefore the Beneficiary is entitled to draw upon the Credit in the amount of the draft attached hereto. All capitalized terms used in this certificate that have not been defined herein have the meanings ascribed to them in the CHP RFP." [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 approximately 1,000 MW of Combined Heat and Power Generation issued by the Ontario Power Authority dated ●, 2006, as amended (the "CHP RFP") and the Proposal dated [insert date of Proposal] submitted by the Proponent in response thereto (the "Proposal").

We agree with you that all drafts drawn under, and in compliance with the terms of this Credit will be duly honoured, if presented at the counters of **[insert the bank]** in Toronto, **[insert bank's address]** at or before 5:00 p.m. (EPT) 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 I 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 the Ontario Power Authority 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 binds itself, its 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 an electrical generating facility in the Province of Ontario, in response to a Request for Proposals for up to 1,000 MW of Combined Heat and Power Generation issued by the Ontario Power Authority dated ●, 2006, as amended, hereinafter called the Combined Heat and Power RFP. All capitalized terms used in this Bid Bond that have not been defined herein have the meanings ascribed to them in the Combined Heat and Power RFP.

The condition of this obligation is that the Principal has failed to deliver the Initial Completion Performance Security within eight (8) Business Days of being notified by the Ontario Power Authority that it is a Selected Proponent, or fails to sign the CHP Contract or CHP PPA, as applicable, within ten (10) Business Days of the date on which the Principal is given the CHP Contract or CHP PPA, as applicable, to sign, or has made a material misrepresentation in the Proposal, or is in breach or default of the Combined Heat and Power 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 ●, 2006.

[PRINCIPAL]

By: _____

Name: ●

Title: ●

I/we have the authority to bind the Principal.

[SURETY]

By: _____

Name: ●

Title: ●

I/we have the authority to bind the Surety.

APPENDIX J PROPOSAL RETURN LABEL

AFFIX THIS LABEL TO YOUR PROPOSAL SUBMISSION PACKAGE ENVELOPE:

(Full Legal Name and Address)

NAME _____

RFP No. CHP-2006

ADDRESS _____

DATE _____

CONTACT _____

PHONE NO _____

FAX NO. _____

E-MAIL ADDRESS _____

TO:
BNY Trust Company of Canada
 4 King Street West, Suite 1101
 Toronto, Ontario
 M5H 1B6

Attention: Ontario Power Authority – CHP RFP

The Postal Code is to aid in identifying the building only. The onus remains solely with Registered Participants to instruct courier/ delivery personnel to deliver the Proposal submissions to the exact address and floor location specified above by the Proposal Submission Deadline. Registered Participants and Proponents assume sole responsibility for late deliveries if these instructions are not strictly adhered to.

Important Instructions:

Proposals must be submitted in a sealed package(s) to the address indicated on the Return Label between the hours of 9:00 a.m. and 5:00 p.m. (EPT), Monday through Friday (excluding statutory holidays in Ontario), AND NO LATER THAN THE PROPOSAL SUBMISSION DEADLINE FOR THE CHP RFP.

The Ontario Power Authority does not accept responsibility for the Proposals directed to any location other than at the address indicated on the label above. Failure to affix this label to your submission envelope/ package may also result in Proposals not being recognized as Proposals. This could result in your Proposal arriving late at the address above and will be deemed late, rejected and returned to the interested party.

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

APPENDIX K MANDATORY TECHNICAL REQUIREMENTS DECLARATION

PROVINCE OF ONTARIO

TO WIT

IN THE MATTER OF a proposal dated •, 2006 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 Combined Heat and Power Supply issued by the Ontario Power Authority and dated •, 2006, as amended (the “CHP RFP”)

I, •

OF THE •

IN THE •

SOLEMNLY DECLARE THAT

- a) 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 CHP RFP.

COMPLIANCE WITH MANDATORY REQUIREMENTS

- b) The proposed Contract Facility will be designed, constructed and operated in compliance with all relevant requirements of the IESO Market Rules, the OEB Transmission System Code, the OEB Distribution System Code and all other laws and regulations, as applicable;
- c) The Proponent has not commenced procurement for the purposes of the Contract Facility of any of the following major equipment: gas turbine generator sets, steam turbine generator sets, steam generators, condensers, transformers, switchgear equipment; and, with respect to construction of the Contract Facility, has not issued a Notice to Proceed prior to September 28, 2005. For greater certainty, commencing procurement means the signing of a purchase order or execution of a contractual obligation to procure equipment for the purposes of the Contract Facility. For greater certainty, existing major equipment owned by the Proponent or options on major equipment held but not assigned nor allocated specifically to the Contract Facility prior to September 28, 2005 are considered acceptable; and

- d) The proposed Contract Facility is not an Upgrade of an Existing Generating Facility.
- e) *[delete if not applicable]* The proposed Contract Facility is a Host Developed Contract Facility and *[delete either (a) or (b) as appropriate]*:
 - (a) the legal entity that is the Host or that Controls the Host (or if a District Energy Facility, the district energy business) is the legal entity that is the Proponent or owns 30 percent or more, either directly or indirectly, of the Proponent; or
 - (b) the Proponent acknowledges that the legal entity that is the Host or Controls the Host (or if a District Energy Facility, the district energy business) must execute the Form of Guarantee for Host Developed Contract Facility attached as Exhibit U to the CHP Contract or Exhibit Q to the CHP PPA, as applicable, prior to the execution of such contracts.

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 L USEFUL HEAT OUTPUT

1. DEFINITION OF USEFUL HEAT OUTPUT:

Refer to the definition in Appendix B: Glossary of Terms. For greater certainty, the following are considered acceptable applications of Useful Heat Output for the purposes of meeting the mandatory requirement as outlined in Section 3.2.2.11:

4.2 Determination of Minimum 15% Criterion:

The requirement that a Contract Facility has a Useful Heat Output equal to or greater than 15% of the total energy output of the Contract Facility, as set forth in Section 3.2.2.12 will be satisfied if the following condition is met on an average annual basis:

$$\text{Useful Heat Output} = (\text{MWh}_{\text{thermal}}) \div (\text{MWh}_{\text{electrical}} + \text{MWh}_{\text{thermal}}) \geq 15\%$$

Where:

$\text{MWh}_{\text{thermal}}$ is the net annual useful thermal energy produced by the proposed Contract Facility

$\text{MWh}_{\text{electrical}}$ is the net annual electrical energy produced by the proposed Contract Facility as measured by the Delivery Point, net of any losses, station service requirements or other parasitic electrical loads arising on the Contract Facility side of the Delivery Point.

And where:

$$\text{MWh}_{\text{thermal}} = \sum M_e \times H_e - \sum M_r \times H_r - \sum M_i \times H_i$$

Where:

M_e is the mass flow of heat exported from the combined heat and power cycle

H_e is the enthalpy of heat exported from the combined heat and power cycle

M_r is the mass flow of heat returned to the combined heat and power cycle

H_r is the enthalpy of heat returned to the combined heat and power cycle

M_i is the mass flow of heat externally added to the combined heat and power cycle

H_i is the enthalpy of heat externally added to the combined heat and power cycle

e, r, i denote respectively the number of export, return and import processes in the combined heat and power cycle.

For greater certainty, where a proposed Contract Facility is an Expansion of an Existing Generating Facility, Useful Heat Output is calculated using the same formulae shown above, except that MWh_{thermal} is the sum of the net annual useful thermal energy produced by both the Existing Generating Facility and the Expansion of the Existing Generating Facility.

APPENDIX M DESCRIPTION OF CHP CREDIT PROVISION

1. OVERVIEW OF THE CHP CREDIT

The provision of the CHP Credit reflects the OPA's understanding that Proponents may need to offer thermal energy at a discount to a Host in order to secure an Off-Take Agreement. Hence, Proponents of District Energy Facilities and Natural Gas-Fired Industrial Cogeneration Facilities may nominate a CHP Credit value for their Contract Facility up to the Maximum Allowable CHP Credit calculated as follows:

$$\text{Maximum Allowable CHP Credit} = (\text{UHO} \times (3.6 / 1.055) \times (\text{RHR} - \text{CHR})) \div (\text{MW} \times \text{CHR} \times 0.85)$$

Where:

UHO is the Useful Heat Output expressed in MW-thermal. The Useful Heat Output (in MW-thermal) is multiplied by the factor 3.6 / 1.055 to convert to MMBTU/h.

RHR is the applicable Reference Heat Rate based on the Contract Capacity expressed in MMBTU/MWh, see Table N-1 of this Appendix

CHR is the proposed Contract Heat Rate expressed in MMBTU/MWh

MW is the Contract Capacity expressed in MW

For example, for a Proponent proposing a 60 MW Natural Gas-Fired Industrial Cogeneration Facility with a Net Heat Output of 30 MWth and Contract Heat Rate of 6.2 MMBTU/MWh (HHV), the Maximum Allowable CHP Credit it could request would be 0.324 MMBTU/MWh $([30 \times (3.6/1.055)] \times (7.2 - 6.2) \div (60 \times 6.2 \times 0.85))$. In another example, for a Proponent proposing a 15 MW Natural Gas-Fired Industrial Cogeneration Facility with a Net Heat Output of 29 MWth and Contract Heat Rate of 6.2 MMBTU/MWh (HHV), The Maximum Allowable CHP Credit it could request would be 2.253 MMBTU/MWh $([29 \times (3.6/1.055)] \times (8.0 - 6.2) \div (15 \times 6.2 \times 0.85))$.

Proponents are free to nominate any amount as their proposed CHP Credit up to the Maximum Allowable CHP Credit.

During operation of the Contract Facility, the CHP Credit may impact deemed operating costs depending on the Market Heat Rate in any given hour. For greater certainty, the CHP Credit provision would not impact deemed operating costs in those periods when the Market Heat Rate is greater than the Contract Heat Rate.

2.0 APPLICATION OF CHP CREDIT FOR DETERMINING PERIODS OF DEEMED OPERATION

During those periods when the Market Heat Rate is less than the Contract Heat Rate, but greater than the Contract Heat Rate less the CHP Credit, the Contract Facility will be deemed to operate and provide its Contract Capacity as output. The difference between the Contract Heat Rate and the Market Heat Rate will be reflected in the deemed operating costs. Specifically, the loss during these periods, which equals (1) the difference between the Market Heat Rate and the Contract Heat Rate, multiplied by (2) the Contract Capacity and the natural gas price, will be subtracted from the net profits created when the facility is “in the money.” Continuing with the first example from above, if the Market Heat Rate in a given hour is 6.0 MMBTU/MWh, and the Proponent with Contract Capacity of 60 MW and a Contract Heat Rate of 6.2 MMBTU/MWh had a CHP Credit of 0.3 MMBTU/MWh, the increased cost of operating during this hour (i.e., $[6.0 \text{ MMBTU/MWh} - 6.2 \text{ MMBTU/MWh}] \times 60 \text{ MW} \times \text{the natural gas price}$) would be reflected in the Imputed Net Revenue for the period.

3.0 CHP CREDIT PAYMENT

During those periods when the Market Heat Rate is lower than the Contract Heat Rate less the CHP Credit, the Contract Facility will be deemed not to operate and eligible facilities will receive a CHP Credit Payment to partially cover the cost of gas to produce thermal energy by continued operation of the Contract Facility or other means. Continuing with the first example from above, if the Market Heat Rate in a given hour is 5.0 MMBTU/MWh, and the Proponent with Contract Capacity of 60 MW and a Contract Heat Rate of 6.2 MMBTU/MWh had a CHP Credit of 0.3 MMBTU/MWh, the CHP Credit Payment would cover part of the cost of natural gas based on the Contract Capacity and CHP Credit (i.e., $0.3 \text{ MMBTU/MWh} \times 60 \text{ MW} \times \text{the natural gas price}$). This deemed cost would be reflected in the contract payment. How Proponents serve the thermal energy load and how they use the natural gas covered through the CHP Credit provision during these periods is on their account.

Note that for evaluation purposes, the cost of the CHP Credit provision will be reflected in the evaluated costs for District Energy Facilities and Natural Gas-Fired Industrial Cogeneration Facilities. Hence, all other things being equal, a Proponent that nominates a higher CHP Credit will have higher evaluated costs than a Proponent that nominates a lower CHP Credit.

4.0 REFERENCE HEAT RATE TABLE

Contract Capacity	Reference Heat Rate (MMBTU/MWh) (HHV)
≤ 10 MW	9.0
> 10 and ≤ 30 MW	8.0
> 30 and ≤ 60 MW	7.2
> 60 and ≤ 160 MW	7.0
> 160 MW	6.8

Table N-1

APPENDIX N DETERMINATION OF EVALUATED COSTS**1. DATA**

The following data will be used in conducting the Economic Bid Evaluation. The data are available to the public and posted on the RFP Website, which may be used by Proponents as they wish in preparing their Economic Bid Statements, and comprises the following:

- the relevant one, two and three hour ahead pre-dispatch data for each hour of a typical week in each month of the Prospective Power Years
- HOEP for each hour of a typical week in each month of the Prospective Power Years
- the Gas Price Index for each hour of a typical week in each month of the Prospective Power Years
- the Specified Index, and the Specified Forecast Index as set out in Appendix P,

The data will be used as described below to determine the Evaluated Cost for each proposed Contract Facility.

The model used to determine the Evaluated Cost is available to the public and posted on the RFP website.

2. EVALUATION PROCESS FOR DISTRICT ENERGY FACILITIES AND NATURAL GAS-FIRED INDUSTRIAL COGENERATION FACILITIES:

The Evaluated Cost for District Energy Facilities and Natural Gas-Fired Industrial Cogeneration Facilities is given by (1) the present value of the Fixed Capacity Payment less the Imputed Net Revenue plus the CHP Credit Payment for each year of the Term, divided by (2) the Annual Average Contract Capacity over the Term. The calculation of each of these components is described in greater detail below.

Where the Proponent has submitted an Incremental Fixed Capacity Payment, the Fixed Capacity Payment, Contract Heat Rates and Contract Capacities will be replaced by the Fixed Capacity Payment plus Incremental Fixed Capacity Payment, the restated Contract Heat Rates and the restated Contract Capacities, respectively, during the Earliest Restatement Year and in each subsequent year of the Term thereafter.

4.3 Fixed Capacity Payment

Since all proposed Contract Facilities will be evaluated on the same set of Prospective Power Years, the Fixed Capacity Payment, which is given in Dollars of the Commercial Operation Date, need not be

adjusted or indexed to a common year for the purposes of comparing the Proposals. The Fixed Capacity Payment will be indexed to the Specified Index in each Contract Year following the first Contract Year based on the percentage of the Fixed Capacity Payment to be indexed to the Specified Index specified by the Proponent in the Economic Bid Statement.

If the Proponent has submitted an Incremental Fixed Capacity Payment, which is also given in Dollars of the Commercial Operation Date, it will be fully indexed to the Specified Index for the period between the Commercial Operation Date and the Earliest Restatement Date. The Incremental Fixed Capacity Payment will also be indexed to the Specified Index in each Contract Year following the Earliest Restatement Year based on the percentage of the Fixed Capacity Payment to be indexed to the Specified Index specified by the Proponent in the Economic Bid Statement.

For greater certainty, the Fixed Capacity Payment will be used in each year of the Term preceding the Earliest Restatement Year and the Fixed Capacity Payment plus the indexed Incremental Fixed Capacity Payment will be used during the Earliest Restatement Year and in each year of the Term thereafter.

4.4 Imputed Net Revenue

The evaluation will then determine the total Imputed Net Revenue in each Contract Year based on the market prices and Gas Price Index for the Prospective Power Year corresponding to the applicable year. For greater certainty, Prospective Power Year 1 would correspond to the first Contract Year, Prospective Power Year 2 would correspond to the second Contract Year, and so on, regardless of the Commercial Operation Date specified by the Proponent.

The Imputed Net Revenue is calculated as the amount by which the Imputed Gross Energy Market Revenue is greater than the Energy Cost (determined as described below) for each year. The Imputed Net Revenue will be used to calculate the total Contingent Support Payment paid by the OPA, or the Revenue Sharing Payment paid to the OPA, as the case may be, for each Contract Year. The Imputed Gross Energy Market Revenue calculation for evaluation purposes will use the methodology described below. This methodology will assume the Deemed Dispatch Option applies over the entire Term and will deem operation based on actual market prices and evaluate gross revenue based on HOEP prior to implementation of a day-ahead market.

- Start-Up Costs applicable to the imputed operation will be limited to no more than one (1) imputed start-up per day.
- The Energy Cost (to be expressed in \$/MWh) for the Contract Facility will be calculated using:

- Contract Heat Rates or restated Contract Heat Rates provided by the Proponent, depending on the Contract Year being evaluated, which will be contained in the Economic Bid Statement and must be less than 9.0 MMBTU/MWh and which will be directly applied to the natural gas prices, as reported by the Gas Price Index, stated in \$/MMBTU; and
- O&M Costs, as set out in the Economic Bid Statement and adjusted by the Specified Index.

The Imputed Net Revenue will be calculated based on a deemed pattern of operation and start-up. For evaluation purposes, that pattern will be determined by applying the methodologies described in the Deemed Dispatch option in Appendix A1 to market data for the Prospective Power Years. The Imputed Net Revenue will be evaluated for each Contract Year for the entire facility based on the Annual Average Contract Capacities or restated Annual Average Contract Capacities provided by the Proponent, as applicable.

4.5 CHP Credit Payment

The CHP Credit, if applicable, is assumed to be invoked whenever the facility is not in a deemed pattern of operation. The cost of invoking the CHP Credit is given by the applicable CHP Credit given in MMBTU/MWh, submitted by the Proponent (and which shall not exceed the Maximum Allowable CHP Credit determined using the methodology described in Appendix M), which will be directly applied to the natural gas price, as indicated by the Gas Price Index, stated in \$/MMBTU and multiplied by the Annual Average Contract Capacity. The CHP Credit Payment is calculated for each Contract Year as the sum of the cost of invoking the CHP Credit in each instance. Where a Proponent has submitted restated Contract Heat Rates, restated Contract Capacities and/or an Incremental Fixed Capacity Payment, the CHP Credit is only valid in the Contract Years preceding the Earliest Restatement Year and as such the CHP Credit Payment is only calculated for this period.

4.6 Evaluated Cost

The Evaluation Team will then calculate the Evaluated Cost for the Proposed Contract Facility, which is given as (1) the present value at the mid-point of the first Contract Year of the Fixed Capacity Payment less Imputed Net Revenue plus the CHP Credit Payment in each Contract Year, divided by (2) the Annual Average Contract Capacity over the contact Term. The present value will be calculated at a discount rate of 7%.

Where the Proponent has submitted restated Contract Heat Rates, restated Contract Capacities and an Incremental Fixed Capacity Payment, the Contract Heat Rates, Contract Capacities and Fixed Capacity Payment will be replaced by the restated Contract Heat Rates, the restated Contract Capacities and the

Fixed Capacity Payment plus Incremental Fixed Capacity Payment during the Earliest Restatement Year and in each subsequent year of the Term thereafter. In addition, the Annual Average Contract Capacity over the Term will reflect the restated Contract Capacities for the Earliest Restatement Year and in each subsequent year of the Term.

5. EVALUATION PROCESS FOR RENEWABLE AND BY-PRODUCT FUEL-FIRED INDUSTRIAL COGENERATION FACILITIES

The Evaluated Cost for Renewable and By-product Fuel Fired Industrial Cogeneration Facilities is given by (1) the present value of the Above Market Cost in each Contract Year, which is given by the difference between the Contract Price multiplied by the total output of the Contract Facility and the Gross Energy Market Revenues earned by the Contract Facility based on the Submitted Hourly Electricity Profile and the HOEP divided by (2) the average annual On-Peak Contract Capacity over the Term.

Specifically, based on the Contract Facility's output in any hour according to the Submitted Hourly Electricity Profile, the market revenues earned when the Contract Price is below the HOEP would be subtracted from the deficit accumulated when the Contract Price is above the HOEP.

Examples of the above calculations are included in Appendix O.

5.1 Contract Price

Since all proposed Contract Facilities will be evaluated on the same set of Prospective Power Years, the Contract Price, which is given in Dollars of the Commercial Operation Date, need not be adjusted or indexed to a common year for the purposes of comparing Proposals. The Contract Price will be indexed to the Specified Index in each Contract Year following the first Contract Year based on the percentage of the Contract Price to be indexed to the Specified Index specified by the Proponent in the Economic Bid Statement.

If the Proponent has submitted an Incremental Contract Price, which is also given in Dollars of the Commercial Operation Date, it will be fully indexed to the Specified Index for the period between the Commercial Operation Date and the Earliest Restatement Date. The Incremental Contract Price will be indexed to the Specified Index in each Contract Year following the Earliest Restatement Year based on the percentage of the Contract Price to be indexed to the Specified Index specified by the Proponent in the Economic Bid Statement.

For greater certainty, the Contract Price will be used in each year of the Term preceding the Earliest Restatement Year and the Contract Price plus the indexed Incremental Contract Price will be used during the Earliest Restatement Year and in each year thereafter.

5.2 Above Market Cost

As indicated above, the Above Market Cost is given by the difference between the Contract Price multiplied by the total output and the Gross Energy Market Revenue earned by the Contract Facility.

For each Prospective Power Year, the appropriately indexed Contract Price and Incremental Contract Price, as applicable, will be applied to the Contract Facility's total annual output. For the purposes of this evaluation, the total annual output will be given by the Submitted Hourly Electricity Profile by the Proponent in the Economic Bid Statement.

The Gross Energy Market Revenue in each Prospective Power Year will be calculated as the sum over each hour in the Prospective Power Year of the HOEP multiplied by the output in the respective hour, as given by the Submitted Hourly Electricity Profile by the Proponent in the Economic Bid Statement.

5.3 Evaluated Cost

The Evaluation Team will then calculate the Evaluated Cost for the Proposed Contract Facility, which is given as (1) the present value at the mid-point of the first Contract Year of the Above Market Cost divided by (2) the average On-Peak Contract Capacity over the Term. The present value will be calculated at a discount rate of 7%.

Where the Proponent has submitted a restated Submitted Hourly Electricity Profile and an Incremental Contract Price, the Submitted Hourly Electricity Profile and Contract Price will be replaced by the restated Submitted Hourly Electricity Profile and the Contract Price plus Incremental Contract Price during the Earliest Restatement Year and in each subsequent year of the contract thereafter. In addition, the average On-Peak Contract Capacity over the Term will reflect the restated Submitted Hourly Electricity Profile for the Earliest Restatement Year and in each subsequent year of the Term.

APPENDIX O CALCULATION OF ADJUSTED EVALUATED COST OF AN ILLUSTRATIVE PROPOSAL

This Appendix provides examples of the calculations performed in the Economic Bid Evaluation of an illustrative Proposal for each of a new Natural Gas-Fired Industrial Cogeneration Facility and a new Renewable Fuel-Fired Industrial Cogeneration Facility. Be advised that the information provided in these examples is illustrative only and in no way reflect any actual Proposal.

As per Appendix N, the following data will be used in conducting the Economic Bid Evaluation:

- The relevant one, two and three hour ahead pre-dispatch data for each hour of a typical week in each month of the Prospective Power Years
- HOEP for each hour of a typical week in each month of the Prospective Power Years
- The Gas Price Index for each hour of a typical week in each month of the Prospective Power Years
- The Specified Index and the Specified Forecast Index as set out in Appendix P

1. A PROPOSAL FOR A NEW NATURAL GAS-FIRED INDUSTRIAL COGENERATION FACILITY

Parameters of an example of a new Natural Gas-Fired Industrial Cogeneration Facility

Financial Parameters:

Commercial Operation Date	1/1/2010
Fixed Capacity Payment (\$/year)	9,000,000
Incremental Fixed Capacity Payment (\$/year)	3,000,000
Percentage of Fixed Capacity Payment to be Indexed to Specified Index (%)	20
O&M Costs (\$/MWh)	3.00
Start-up Cost (MMBTU/start)	65

Note that an Incremental Fixed Capacity Payment has been included to illustrate the indexing provisions provided for in the Economic Bid Evaluation process.

Operational Parameters:

	Season			
	1	2	3	4
Contract Capacity (MW)	40	30	30	40
Contract Heat Rate (MMBTU/MWh)	6.5	6.0	6.5	6.0
Useful Heat Output (MW-thermal)	43.9	43.9	43.9	43.9
CHP Credit(MMBTU/MWh)	0.10	0.10	0.10	0.10
Restated Contract Capacity (MW)	60	60	60	60
Restated Contract Heat Rate (MMBTU/MWh)	7.5	7.5	7.5	7.5
Earliest Restatement Year	10			

a) Calculating the Maximum Allowable CHP Credit

In order to ensure that the Proponent’s specified CHP Credit does not exceed the Maximum Allowable CHP Credit, it is necessary to calculate the Maximum Allowable CHP Credit for each Season. The process begins with identifying the Reference Heat Rate for each Season based on the proposed Contract Capacity and the Reference Heat Rate table provided in Appendix M. Finally, the parameters provided in the following table are applied to the formula also provided in Appendix M. The calculation is provided for the Season 1 parameters.

$$\text{Maximum Allowable CHP Credit}_{\text{Season 1}} = (\text{Net Heat Output} \times (3.6 / 1.055) \times (\text{Reference Heat Rate} - \text{Contract Heat Rate})) \div (\text{Contract Capacity} \times \text{Contract Capacity} \times 0.85)$$

$$= \frac{43.9 \left(\frac{3.6}{1.055} \right) \times (7.2 - 6.5)}{40 \times 6.5 \times 0.85} = 0.48$$

	Season			
	1	2	3	4
Contract Capacity (MW)	40	30	30	40
Reference Heat Rate (MMBTU/MWh)	7.2	7.2	7.2	7.2
Contract Heat Rate (MMBTU/MWh)	6.5	6.0	6.5	6.0
Useful Heat Output (MW-thermal)	43.9	43.9	43.9	43.9
Maximum Allowable CHP Credit (MMBTU/MWh)	0.48	1.96	1.36	0.88

For this Proposal, the proponent specified CHP Credits are all less than the Maximum Allowable CHP Credits.

Calculating the annual Fixed Capacity Payment

In order to determine the Evaluated Cost of the proposed Contract Facility in each Contract Year, it is necessary to calculate the Fixed Capacity Payment for each year, reflecting the specified percentage of the Fixed Capacity Payment to be indexed to the Specified Forecast Index and the Restatement. In the first

column of the following table, the base Fixed Capacity Payment is given, where the Fixed Capacity Payment provided in the Economic Bid Statement is assumed to be given for the first year of Commercial Operation. For each subsequent year, to account for inflation, the portion of the Fixed Capacity Payment that has been specified by the Proponent will be adjusted by the Specified Forecast Index. In this example the Proponent has specified 20%, which is the maximum allowable. The second column lists the Incremental Fixed Capacity Payment, which for the purposes of the Economic Evaluation, begins in the Earliest Restatement Year. The Incremental Fixed Capacity Payment, which is given by the Proponent in dollars of year of Commercial Operation, indicated for the Earliest Restatement Year is the proposed Incremental Fixed Capacity Payment fully (100%) indexed to the Specified Forecast Index. For each subsequent year, to account for inflation, the portion of the Incremental Fixed Capacity Payment that has been specified by the Proponent will be adjusted by the Specified Forecast Index, which in this case is 20%. The total annual Fixed Capacity Payments are indicated in the table below.

Contract Year	Fixed Capacity Payment (\$)	Incremental Fixed Capacity Payment (\$)	Total Fixed Capacity Payment (\$)
1	9,000,000		9,000,000
2	9,036,000		9,036,000
3	9,072,720		9,072,720
4	9,110,174		9,110,174
5	9,148,378		9,148,378
6	9,187,345		9,187,345
7	9,227,092		9,227,092
8	9,267,634		9,267,634
9	9,308,987		9,308,987
10	9,351,167	3,585,278	12,936,444
11	9,394,190	3,599,619	12,993,809
12	9,438,074	3,614,247	13,052,321
13	9,482,835	3,629,167	13,112,002
14	9,528,492	3,644,386	13,172,878
15	9,575,062	3,659,909	13,234,971
16	9,622,563	3,675,743	13,298,306
17	9,671,014	3,691,894	13,362,908
18	9,720,435	3,708,367	13,428,802
19	9,770,843	3,725,170	13,496,013
20	9,822,260	3,742,309	13,564,569

Calculating the annual Evaluated Cost

In order to determine the Evaluated Costs of the proposed Contract Facility in each Contract Year, it is first necessary to evaluate the Imputed Net Revenue and CHP Credit Payment, if applicable, for each year. The evaluation of both is based on the data for the pre-dispatch prices, HOEP and Gas Price Index provided for the Prospective Power Years.

The O&M Costs submitted by the Proponent are assumed to be for the first year of Commercial Operation. For each subsequent year, to account for inflation, the O&M Cost is fully indexed to the Specified Forecast Index.

As previously indicated, the CHP Credit ceases upon Restatement. For the purposes of the Economic Bid Evaluation, Restatement occurs in the Earliest Restatement Year. In this example, the CHP Credit Payment ceases to exist in the tenth Contract Year.

The Evaluated Cost in each Contract Year is then given by the total Fixed Capacity Payment, as given above, less the Imputed Net Revenue plus the CHP Credit Payment.

Finally, the Annual Average Contract Capacity is also calculated for each year, as it is used in the final stage of the Economic Bid Evaluation to determine the Proposal's Evaluated Cost on per unit of capacity basis.

The following table provides the annual Imputed Net Revenue and CHP Credit Payment based on the data provided for the Prospective Power Years and the Economic Bid Evaluation model provided on the RFP Website.

Contract Year	Imputed Net Revenue (\$)	CHP Credit Payment (\$)	Total Fixed Capacity Payment (\$)	Annual Evaluated Cost (\$)	Average Contract Capacity (MW)
1	3,303,917	88,143	9,000,000	5,784,226	35.0
2	2,568,850	98,278	9,036,000	6,565,428	35.0
3	3,589,265	126,926	9,072,720	5,610,381	35.0
4	3,532,887	66,217	9,110,174	5,643,504	35.0
5	4,923,164	68,400	9,148,378	4,293,613	35.0
6	3,059,552	196,596	9,187,345	6,324,389	35.0
7	1,686,892	153,861	9,227,092	7,694,062	35.0
8	3,932,481	99,111	9,267,634	5,434,264	35.0
9	3,341,152	71,322	9,308,987	6,039,156	35.0
10	6,342,466	0	12,936,444	6,593,978	60.0
11	4,294,842	0	12,993,809	8,698,967	60.0
12	4,386,648	0	13,052,321	8,665,672	60.0
13	2,114,644	0	13,112,002	10,997,359	60.0
14	6,983,739	0	13,172,878	6,189,139	60.0
15	7,361,485	0	13,234,971	5,873,486	60.0

16	7,127,556	0	13,298,306	6,170,750	60.0
17	5,922,521	0	13,362,908	7,440,387	60.0
18	6,584,789	0	13,428,802	6,844,012	60.0
19	7,746,485	0	13,496,013	5,749,528	60.0
20	8,308,296	0	13,564,569	5,256,273	60.0

Calculating the Proposal’s Evaluated Cost

As previously indicated, the Evaluated Cost is given by the present value at the COD, assuming mid-year payments, of the Evaluated Cost for each Contract Year divided by the Average Annual Contract Capacity for the entire term. The Evaluated Cost for each year is first discounted to COD at a 7% discount rate. Finally, these values are summed and divided by the Annual Average Contract Capacity, as indicated in the table below.

Contract Year	Annual Evaluated Cost Discounted to COD (Assuming Mid-Year Payments)	Annual Average Contract Capacity (MW)
1	5,591,823	35.0
2	5,931,812	35.0
3	4,737,322	35.0
4	4,453,542	35.0
5	3,166,620	35.0
6	4,359,210	35.0
7	4,956,340	35.0
8	3,271,617	35.0
9	3,397,928	35.0
10	3,467,382	60.0
11	4,275,019	60.0
12	3,980,053	60.0
13	4,720,534	60.0
14	2,482,843	60.0
15	2,202,070	60.0
16	2,162,168	60.0
17	2,436,482	60.0
18	2,094,569	60.0
19	1,644,494	60.0
20	1,405,058	60.0
Total/Average	70,736,884	49

The Proposal Evaluated Cost is calculated as follows:

$$\text{Evaluated Cost} = \frac{70,736,884}{49} = \$1,451,013/\text{MW}$$

Calculating the Proposal’s Adjusted Evaluated Cost

As previously described, the Adjusted Evaluated Cost is calculated as the product of the Evaluated Cost and the Proposal’s Discount Factor, which is derived from the Proposal’s Stage 2 Rated Criteria point score. The table below provides this example Proposal’s point score for each Rated Criteria, the total point score and Discount Factor.

RATED CRITERIA		POINT SCORE AWARDED
a.	Contract Facility	
	(i) Contract Facility Maturity	14
	(ii) Contract Facility Risk Mitigation	12
	(iii) Host Facility Risk Mitigation	17
b.	Proponent	
	(i) Proponent Team Experience	11
	(ii) Financial Plan	22
TOTAL POINT SCORE		76
DISCOUNT FACTOR (= 76 x 0.0025)		0.19

The Proposal’s Adjusted Evaluated Cost is calculated as follows:

$$\text{Adjusted Evaluated Cost} = \$1,451,013/\text{MW} * (1 - 0.19) = \$1,175,321/\text{MW}$$

6. A PROPOSAL FOR A NEW RENEWABLE FUEL-FIRED INDUSTRIAL COGENERATION FACILITY

Parameters of an example of a new Renewable Fuel-Fired Industrial Cogeneration Facility

Financial Parameters:

Commercial Operation Date	1/1/2010
Contract Price (\$/MWh)	80
Incremental Contract Price (\$/MWh)	20
Escalation Rate for Contract Price (% of Specified Index)	100
Earliest Restatement Year	10

Operational Parameters:

Submitted Hourly Electricity Profile (in MW)

Day Type	Hour	Submitted Hourly Electricity Profile (MW)				Restated Submitted Hourly Electricity Profile (MW)			
		Season				Season			
		1	2	3	4	1	2	3	4
Weekday	1	10	12	12	10	14	16	16	14
	2	10	12	12	10	14	16	16	14
	3	10	12	12	10	14	16	16	14
	4	10	12	12	10	14	16	16	14
	5	10	12	12	10	14	16	16	14
	6	10	12	12	10	14	16	16	14
	7	12	12	12	12	16	16	16	16
	8	12	12	12	12	16	16	16	16
	9	12	12	12	12	16	16	16	16
	10	12	12	12	12	16	16	16	16
	11	12	12	12	12	16	16	16	16
	12	12	12	12	12	16	16	16	16
	13	12	12	12	12	16	16	16	16
	14	12	12	12	12	16	16	16	16
	15	12	12	12	12	16	16	16	16
	16	12	12	12	12	16	16	16	16
	17	12	12	12	12	16	16	16	16
	18	12	12	12	12	16	16	16	16
	19	12	12	12	12	16	16	16	16
	20	12	12	12	12	16	16	16	16
	21	12	12	12	12	16	16	16	16
	22	12	12	12	12	16	16	16	16
	23	12	12	12	12	16	16	16	16
	24	12	12	12	12	16	16	16	16
Weekend	1	10	12	12	10	14	16	16	14
	2	10	12	12	10	14	16	16	14
	3	10	12	12	10	14	16	16	14
	4	10	12	12	10	14	16	16	14
	5	10	12	12	10	14	16	16	14
	6	10	12	12	10	14	16	16	14
	7	10	12	12	10	14	16	16	14

	8	10	12	12	10	14	16	16	14
	9	10	12	12	10	14	16	16	14
	10	10	12	12	10	14	16	16	14
	11	10	12	12	10	14	16	16	14
	12	10	12	12	10	14	16	16	14
	13	10	12	12	10	14	16	16	14
	14	10	12	12	10	14	16	16	14
	15	10	12	12	10	14	16	16	14
	16	10	12	12	10	14	16	16	14
	17	10	12	12	10	14	16	16	14
	18	10	12	12	10	14	16	16	14
	19	10	12	12	10	14	16	16	14
	20	10	12	12	10	14	16	16	14
	21	10	12	12	10	14	16	16	14
	22	10	12	12	10	14	16	16	14
	23	10	12	12	10	14	16	16	14
	24	10	12	12	10	14	16	16	14

a) Calculating the annual Contract Price

In order to determine the Evaluated Cost of the proposed Contract Facility in each Contract Year, it is necessary to calculate the Contract Price for each year, reflecting the specified percentage of the Contract Price to be indexed to the Specified Forecast Index and the Restatement. In the first column of the following table, the base Contract Price is given, where the Contract Price provided in the Economic Bid Statement is assumed to be given for the first year of Commercial Operation. For each subsequent year, to account for inflation, the portion of the Contract Price that has been specified by the Proponent will be adjusted by the Specified Forecast Index. In this example the Proponent has specified 100%. The second column lists the Incremental Contract Price, which for the purposes of the Economic Evaluation, begins in the Earliest Restatement Year. The Incremental Contract Price in the Earliest Restatement Year is the proposed Incremental Contract Price fully (100%) indexed to the Specified Forecast Index. For each subsequent year, to account for inflation, the portion of the Incremental Contract Price that has been specified by the Proponent will be adjusted by the Specified Forecast Index. The total Contract Price for each year is also indicated in the table below.

Contract Year	Contract Price (\$/MWh)	Incremental Contract Price (\$/MWh)	Total Contract Price (\$/MWh)
1	80.00		80.00
2	81.60		81.60
3	83.23		83.23
4	84.90		84.90
5	86.59		86.59
6	88.33		88.33
7	90.09		90.09

8	91.89		91.89
9	93.73		93.73
10	95.61	23.90	119.51
11	97.52	24.38	121.90
12	99.47	24.87	124.34
13	101.46	25.36	126.82
14	103.49	25.87	129.36
15	105.56	26.39	131.95
16	107.67	26.92	134.59
17	109.82	27.46	137.28
18	112.02	28.00	140.02
19	114.26	28.56	142.82
20	116.54	29.14	145.68

Calculating the annual Above Market Cost

In order to determine the Evaluated Costs of the proposed Contract Facility, it is necessary to first evaluate the Above Market Cost that is incurred in each Contract Year. This is given by the difference between what the Contract Facility would be paid based on the Contract Price multiplied by the annual output and the Contract Facility’s Imputed Gross Energy Market Revenues. This evaluation is based on the HOEP provided for the Prospective Power Years, the Contract Price, Incremental Contract Price, the Submitted Hourly Electricity Profile and the restated Submitted Hourly Electricity Profile.

For the purposes of the Economic Bid Evaluation, the Contract Facility’s earnings under the CHP PPA in each year is equal to the applicable Contract Price multiplied by the annual output, as given by the Submitted Hourly Electricity Profile.

The Imputed Gross Energy Market Revenue for each year is calculated in the Economic Bid Evaluation as the sum of the output in a given hour, as per the Submitted Hourly Electricity Profile, multiplied by the HOEP in the hour.

The components required to calculate the Above Market Cost and the Above Market Cost for each year are provided in the table below.

Contract Year	Annual Output as per Submitted Hourly Electricity Profile (MWh)	PPA Price (\$/MWh)	Earnings Under CHP PPA (\$)	Imputed Gross Energy Market Revenue (\$)	Above Market Cost (\$)
1	101,053	80	8,084,229	6,256,720	1,827,509
2	101,053	82	8,245,913	5,535,342	2,710,571
3	101,053	83	8,410,831	7,350,369	1,060,462

4	101,053	85	8,579,048	5,817,828	2,761,220
5	101,053	87	8,750,629	7,559,874	1,190,755
6	101,053	88	8,925,642	8,518,464	407,177
7	101,053	90	9,104,154	6,437,446	2,666,709
8	101,053	92	9,286,237	7,020,586	2,265,652
9	101,053	94	9,471,962	5,822,299	3,649,664
10	136,093	120	16,264,356	11,250,988	5,013,368
11	136,093	122	16,589,643	9,661,054	6,928,589
12	136,093	124	16,921,436	11,341,974	5,579,462
13	136,093	127	17,259,865	10,342,583	6,917,282
14	136,093	129	17,605,062	12,298,480	5,306,583
15	136,093	132	17,957,163	10,850,438	7,106,725
16	136,093	135	18,316,307	12,822,691	5,493,616
17	136,093	137	18,682,633	13,014,771	5,667,862
18	136,093	140	19,056,286	11,757,323	7,298,963
19	136,093	143	19,437,411	13,631,684	5,805,727
20	136,093	146	19,826,159	12,019,742	7,806,417

Calculating the Proposal's Evaluated Cost

As previously indicated, the Evaluated Cost is given by the present value at COD, assuming mid-year payments, of the Above Market Cost for each Contract Year divided by the average On-Peak Contract Capacity for the entire term. The Evaluated Cost for each year is first discounted to COD at a 7% discount rate. Finally, these values are summed and divided by the average Contract Capacity, as indicated in the table below.

Contract Year	Annual Above Market Discounted to COD (Assuming Mid-Year Payments)	Average On-Peak Contract Capacity (MW)
1	1,766,719	12.0
2	2,448,979	12.0
3	895,439	12.0
4	2,179,003	12.0
5	878,204	12.0
6	280,655	12.0
7	1,717,833	12.0
8	1,364,001	12.0
9	2,053,481	12.0
10	2,636,233	16.0
11	3,404,985	16.0

12	2,562,589	16.0
13	2,969,192	16.0
14	2,128,795	16.0
15	2,664,433	16.0
16	1,924,907	16.0
17	1,856,038	16.0
18	2,233,804	16.0
19	1,660,568	16.0
20	2,086,739	16.0
Total/Average	39,712,598	14.2

The Proposal Evaluated Cost is calculated as follows:

$$\text{Evaluated Cost} = \frac{39,712,598}{14} = \$2,796,662/\text{MW}$$

Calculating the Proposal’s Adjusted Evaluated Cost

As previously described and illustrated in the first example, the Adjusted Evaluated Cost is calculated as the product of the Evaluated Cost and the Proposal’s Discount Factor, which is derived from the Proposal’s Stage 2 Rated Criteria point score. The table below provides this example Proposal’s point score for each Rated Criteria, the total point score and Discount Factor.

RATED CRITERIA		POINT SCORE AWARDED
a.	Contract Facility	
	(i) Contract Facility Maturity	14
	(ii) Contract Facility Risk Mitigation	12
	(iii) Host Facility Risk Mitigation	17
b.	Proponent	
	(i) Proponent Team Experience	11
	(ii) Financial Plan	22
	TOTAL POINT SCORE	76
	DISCOUNT FACTOR (= 76 x 0.0025)	0.19

The Proposal's Adjusted Evaluated Cost is calculated as follows:

$$\text{Adjusted Evaluated Cost} = \$2,796,662/\text{MW} * (1 - 0.19) = \$2,265,296/\text{MW}$$

APPENDIX P SPECIFIED FORECAST INDEX

The Specified Forecast Index is as follows:

<u>Period</u>	Index (per annum)
Contract Year 1 to Contract Year 20, inclusive	2.0%

APPENDIX Q STATUTORY DECLARATION

PROVINCE OF ONTARIO

TO WIT

IN THE MATTER OF a proposal dated •, 2006 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 Combined Heat and Power Supply issued by the Ontario Power Authority and dated •, 2006, as amended (the “CHP RFP”)

I, •

OF THE •

IN THE •

SOLEMNLY DECLARE THAT

- a) 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 CHP RFP.

PROPOSAL VALIDITY AND PROPOSAL SECURITY

All statements, specifications, data, confirmations and other 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.

The Proposal is valid, irrevocable, and open for acceptance, until 5:00 P.M. (EPT) on the ninetieth (90th) day after the Proposal Submission Deadline.

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 OPA to the Evaluation Team and the OPA’s other advisors retained for the purpose of evaluating or participating in the evaluation of the Proposal.

The Proponent has received and reviewed the CHP RFP issued by the OPA, 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 •, 2006.

The Proponent has received and reviewed the final CHP Contract or CHP PPA, as applicable, issued by the OPA, 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 •, 2006, and has agreed to be bound by the terms of the CHP Contract or CHP PPA, as applicable, including any security that may be required under the CHP Contract or CHP PPA, as applicable.

Neither the Proponent, the proposed Contract 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 Contract Facility.

The Proponent has agreed that the OPA 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 CHP Contract or CHP PPA, as applicable, or has failed to deliver the Initial Completion and Performance Security to the OPA within the time required as set forth in the CHP RFP, or has made a material misrepresentation in the Proposal, or is in breach or default of the CHP RFP.

NON-COLLUSION

In preparing its Proposal(s), only the following individuals [**state names of individuals**] were involved in determining pricing of its Proposal(s) (whether as a member of its Proponent Team or otherwise), no other individuals were so involved and such individuals were not involved in determining pricing of a Proposal of Another Proponent Team, unless the Proponent of Another Proponent Team is the same as, is owned as to 50% or more by, is Controlled by or is under common Control with, the Proponent making the Proposal, in which case, employees of the Proponent and an entity which Controls the Proponent and such other Proponent may be involved in determining pricing of a Proposal of Another Proponent Team, and in which case names of such individuals and details of such other Proposal(s) are as set out below:

Name	Other Proposal(s)

The Proponent:

- (a) has not coordinated its Economic Bid Statement or any other aspect of any of its Proposal(s) with Another Proponent Team; and
- (b) has kept and will continue to keep the Proposal confidential until the Selected Proponents are publicly announced.

No member of its Proponent Core Team has entered into any agreement or arrangement with any member of Another Proponent Core Team, which may, directly or indirectly, affect the Economic Bid Statement or any other aspect of the Proposal(s) submitted by the Proponent and/or Another Proponent Team.

- (12) Neither the Proponent nor any member of its Proponent Core Team has engaged in any Prohibited Conduct.

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 R CONFLICT OF INTEREST DECLARATION

PROVINCE OF ONTARIO

TO WIT

IN THE MATTER OF a proposal dated •, 2006 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 Combined Heat and Power Supply issued by the Ontario Power Authority and dated •, 2006, as amended (the “CHP RFP”)

I, •

OF THE •

IN THE •

SOLEMNLY DECLARE THAT

- a) 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 CHP RFP.

By checking one of the following boxes that applies, I confirm that:

“NO” - there is not, nor was there, any actual or potential Conflict of Interest relating to the preparation of the Proposal.

“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.]

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 CHP RFP:

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 or the OPA (other than confidential information which may have been disclosed by the OPA to the Proponents in the normal course of the CHP RFP) which is relevant to the CHP RFP or the Proposal.

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