



ONTARIO POWER AUTHORITY

Standard Offer Program

Renewable Energy

Final Program Rules





Ontario Power Authority

RENEWABLE ENERGY

STANDARD OFFER PROGRAM

PROGRAM RULES

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SECTION 1- INTRODUCTION

The format of this document includes a simplified description of each Section in a box at the beginning of each Section, similar to this box. These plain language introductions are included for the reader's ease of reference only, and will not affect the interpretation or the application of the Program Rules themselves.

1.1 Background to the Renewable Energy Standard Offer Program

The Ontario Power Authority (OPA) and the Ontario Energy Board (OEB) have developed a Renewable Energy Standard Offer Program (the “**Program**”) for the Province, designed to encourage and promote greater use of renewable energy sources including wind, waterpower, biomass, and solar, from smaller generating projects that would be connected to an electricity distribution system in Ontario.

Renewable energy facilities connected can contribute to cleaner air and a healthier environment. When implemented, the Program will make a significant aggregate contribution toward achieving the Government's target of having 2,700 megawatts of electrical power generated by new renewable energy sources in Ontario by the year 2010.

The fundamental objective of the Program is to remove barriers that have effectively prevented smaller renewable energy projects from proceeding. In particular, the Program will avoid the complexity, costs and administrative burden of developing project proposals and meeting the requirements of the competitive procurement processes and contracts that were designed for large projects. To remove these barriers, the Minister of Energy requested that the OPA and the OEB design a standard offer program for small renewable energy generation projects that would provide a standard pricing regime and simplified eligibility, contracting and other rules.

This document presents the Program Rules for the Renewable Energy Standard Offer Program, as prepared by the OPA. As part of the OPA's commitment to transparency and stakeholder consultation in all its activities, the Program Rules were published in draft form and comments and feedback were invited from those with an interest in the Program. The comments and feedback received were reviewed and considered by the OPA. The Program Rules were then revised to address, as appropriate in the circumstances, such feedback and comments.

The OPA will also publish an application package including final Program Rules, a Contract and detailed instructions on how to apply for a Contract. Any conflict or inconsistency between the Contract and the Program Rules shall be resolved in favour of the Contract.

The Program Rules in this document apply to renewable energy generation projects with a capacity of no greater than 10,000 kW that can be connected to an eligible electricity distribution system in Ontario.

For ease of understanding, brief “plain language” explanatory notes preface each section of the Program Rules. All upper case terms in these Program Rules are defined in the Appendix at the end of this document.

1.2 Purpose and Intent of the Program Rules

The intent of the Program is to make it easier for the operators of small renewable energy generating facilities to contribute to Ontario's electricity supply by providing power to their Local Distribution Company and receiving payment for the power they provide. The Program has been designed to promote renewable electricity generation projects that deliver value to the Ontario ratepayer.

To qualify under the Program, applicants must be willing to make necessary investments in their facilities and in the costs of connection to the Distribution System and metering, bear certain ongoing costs of operation and maintenance, and enter into a contract with the OPA pursuant to which the OPA will pay the Generator for Electricity delivered for a 20 year payment period.

Applicants are cautioned that certain areas of the transmission grid are limited in their ability to accept incremental power. For this reason, the OPA may be required to restrict or decline project applications in certain designated areas.

SECTION 2 - ELIGIBILITY REQUIREMENTS

An eligible renewable energy project must be located in Ontario, must have a Gross Nameplate Capacity of no more than 10,000 kW, must be connected (directly or indirectly) to an OEB-licensed Distribution System, must have a connection voltage of no more than 50 kilovolts and must be metered at the Generator's expense in accordance with Distribution System Code requirements.

2.1 To be eligible to participate in the Program, a Generator may be any Person, other than Ontario Power Generation Inc., its affiliates or any party in respect of which Ontario Power Generation Inc. has a material interest in the form of debt, equity or other contractual arrangements.

2.2 To be eligible to participate in the Program, a Project that is proposed to become a Contract Facility:

- (a) must constitute a Renewable Generation Facility, comprised of only one renewable energy source;
- (b) must be located in the Province of Ontario;
- (c) shall have a Gross Nameplate Capacity of not more than 10,000 kW;
- (d) shall not have achieved Commercial Operation, unless Commercial Operation was achieved on or after November 7, 1998, the date of proclamation of the Electricity Act, but prior to December 31, 2006;
- (e) notwithstanding (d) above, may be a Project that was out of service for a at least a twenty-four (24) consecutive month period commencing on or after November 7, 1998 and ending on or before December 2, 2006, provided it otherwise meets the requirements of this section 2.2, in which case the relevant Commercial Operation Date will be the date of Commercial Operation which occurs on or after the date that a Contract is executed in respect of the Contract Facility;
- (f) shall connect to either:

- (i) the Distribution System of an OEB-licensed electricity distributor via a single connection at a voltage of 50 kV or less which is exclusive to the Project, or
- (ii) pursuant to Section 6.2, a Load Customer (i.e. behind-the-meter) directly connected to the Distribution System of an OEB-licensed electricity distributor via a single connection at a voltage of 50 kV or less which is exclusive to the Load Customer, provided the Load Customer has a direct billing relationship with the relevant LDC;
- (g) must have separate metering suitable for Program data collection and settlement purposes, as described in Section 6 of these Program Rules; and
- (h) shall not be or have been the subject of a previous or current contract arising from the Ontario Hydro Non-Utility Generation program, the subsequent Province of Ontario or OPA requests for proposals for renewable energy supply or any OPA-administered standard offer program, or have or have had a physical or financial power purchase contract relating to the generation of Electricity by the Project or other form of contract relating to Electricity or Related Products relating to the Project not acceptable to the OPA. For greater certainty, a Project shall not be ineligible simply because it is at the time of the Application or was previously subject to net metering.

2.3 Other than as set forth above or otherwise restricted in these Program Rules, the Program does not:

- (a) restrict the nature or jurisdiction of entities that can own Contract Facilities;
- (b) impose environmental standards in addition to those existing under federal or provincial laws;
- (c) place a cap on the total number of Contract Facilities or the total kilowatts of capacity accepted under the Program; or
- (d) restrict the location of Contract Facilities, subject to the application of Green Zones, Yellow Zones and Orange Zones, as described in Section 4 of these Program Rules.

2.4 Phased Projects and Incremental Projects will be eligible to participate in the Program provided they satisfy the additional requirements set out in Section 9 and Section 10, respectively, of these Program Rules.

2.5 A Contract awarded under the Program shall remain in effect only for so long as the eligibility requirements set out in this Section 2 continue to be met.

SECTION 3 - APPLICATION ELIGIBILITY CRITERIA

There are four requirements that must be met by Applicants at the time of filing their Application with the OPA. Evidence that the requirements have been met must be provided and the OPA reserves the right to confirm compliance with the relevant parties or authorities. The four requirements are as follows:

- 1. The Applicant must include a completed Connection Impact Assessment provided by the relevant Local Distribution Company (unless the Project is ≤ 10 kW).*
- 2. The Applicant must state the category applicable to the Project under the environmental assessment requirements of the Ontario Ministry of the Environment, and provide evidence that any required environmental assessment is underway.*
- 3. The Applicant must provide evidence either of ownership of the property in question or of leasehold or other Access Rights necessary to complete the Project, such as a copy of a deed or a lease agreement.*
- 4. The Applicant must provide a letter of authorization in the form of Exhibit B, authorizing the Local Distribution Company to release information relating to the Applicant and the Load Customer (if any) to the OPA.*

3.1 All Applicants shall include with its Application an authorization letter in the form of Exhibit "B", addressed jointly to the OPA and the relevant LDC and signed by the Applicant and the Load Customer (if applicable), authorizing the LDC to provide to the OPA any and all such information relating to the Applicant, the Load Customer and each of their connections, meters, meter and billing data and accounts as the OPA may require for the purposes of evaluating the Application and/or granting or administering a Contract.

3.2 For all Projects other than In-Service Projects (see Section 3.3 below), the following conditions precedent must be satisfied by an Applicant prior to submitting an Application under the Program, and the evidence described below must be submitted with the Application as evidence that each condition precedent has been satisfied:

- (a) **Connection Impact Assessment:** The Applicant shall include with its Application a complete copy of a Connection Impact Assessment delivered to it by the LDC in respect of the proposed Connection Point of the Project to the Distribution System. The Connection Impact Assessment must have been delivered by the LDC to the Applicant within the previous 6 months or otherwise be certified by the relevant LDC as current within the previous 6 months. The Connection Impact Assessment must be for the approximate Gross Nameplate Capacity of the proposed Project and must not exceed 10 MW. No Connection Impact Assessment is required for Projects with a Gross Nameplate Capacity of 10 kW or less.
- (b) **Environmental Assessment:** The Applicant shall include with its Application a statement identifying the category to which the proposed Project belongs according to the Ontario Ministry of the Environment's *Guide to Environmental Assessment Requirements for Electricity Projects*

dated March 2001, as referred to in O. Reg. 116/01 under the *Environmental Assessment Act* (Ontario) entitled “Electricity Projects”, as amended from time to time. The Applicant’s statement shall certify on behalf of the Applicant that:

- (i) it is a “Category A project” and the *Environmental Assessment Act* (Ontario) does not apply to the Project;
- (ii) it is a “Category B project” and the Application includes a copy of the published “Notice of Commencement of Screening” identifying the date and location of publication;
- (iii) it is a “Category C project” and the Application includes a copy of the “Terms of Reference” as submitted to the Ministry of the Environment in respect of the individual environmental assessment of the Project, together with a statement of the date of submission of such Terms of Reference; or
- (iv) the Project is a hydroelectric facility and the Application includes a copy of all notices required pursuant to section 4.2.6 (entitled “ER Planning Process”) of the *Class Environmental Assessment for Modifications to Hydroelectric Facilities* or pursuant to any other provincially approved environmental assessment process, including but not limited to class environmental assessments;

all of which shall be subject to verification by the OPA with the Ministry of Natural Resources and/or the Ministry of the Environment, as appropriate.

- (c) **Demonstrated Site Access:** The Applicant shall include with its Application evidence that it is the registered owner of the lands underlying the proposed Project or has the necessary Access Rights including, without limitation, those relating to provincial Crown lands (*i.e.* Applicant of Record) and federal Crown lands (*i.e.* Priority Permit), and permissions from Band Councils with respect to Reserve Land or Special Reserves as defined by the *Indian Act* (Canada), where applicable.

3.3 The eligibility criteria described above in Section 3.2 do not apply to In-Service Projects. Applications relating to an In-Service Project must include either a copy of the Applicant’s Connection Agreement or written confirmation acceptable to the OPA, acting reasonably, from the relevant LDC that the In-Service Project has delivered Electricity through the Connection Point to the Distribution System or the Load Customer’s electrical system, as applicable.

3.4 Despite anything contained in these Program Rules or in the Contract, Applicants are solely responsible for ensuring the technical, regulatory and financial viability of their Projects, and the OPA shall have no responsibility whatsoever to independently assess the viability of any Application or Project nor any liability whatsoever in the event that a Project turns out not to be viable in any respect.

SECTION 4 - TRANSMISSION CONSTRAINTS

As certain areas of the transmission grid are or may become limited in their ability to accept incremental power, the OPA may be required to restrict or reject Applications in certain designated areas. These restrictions will take into account both existing operations and improvements that might be made to the transmission system over time. The OPA Website will from time to time designate areas as being “Green Zones”, “Yellow Zones” or “Orange Zones”. Applications for Projects that are larger than 10 kW, or larger than 250kW in the case of Farm-Based Projects, and are located in Orange Zones will not be accepted until transmission capacity is made available. Acceptance of Applications for Projects located in Yellow Zones may be subject to certain limitations based on transmission constraints. Acceptance of Applications for Projects located in Green Zones will not be subject to any limitations based on transmission constraints.

4.1 The OPA, in coordination with Hydro One, IESO, and other agencies and stakeholders, will identify, publish on the Website and periodically revise areas of the IESO-Controlled Grid which are subject to transmission constraints. Subject to the exceptions described in Section 4.2 below, the OPA will impose limits on the approval of Applications in certain designated areas as follows:

- (a) “Green Zones” are areas designated by the OPA as being locations where no transmission constraints have been identified. Applications for Projects in areas designated on the Website as “Green Zones” will not be rejected by the OPA on the basis of transmission constraints.
- (b) “Yellow Zones” are areas designated by the OPA as being locations where existing or potential transmission constraints have been identified and where certain limitations on new capacity may be required. An Application for a Project in a Yellow Zone will not be accepted unless:
 - (i) the Gross Nameplate Capacity of the Project, in combination with the Gross Nameplate Capacity of all other Projects which have previously been accepted in such Yellow Zones is less than the available capacity in such Yellow Zone; and
 - (ii) the Gross Nameplate Capacity of the Project, in combination with the Gross Nameplate Capacity of all other electricity generation facilities ranking ahead of the Project in the relevant connection queues, is less than the available threshold capacity in such Yellow Zone.

Applications for Projects in areas designated on the Website as “Yellow Zones” may be rejected once the OPA has accepted a number of Projects under the Program which, when connected, would cause certain threshold capacity limits to be reached, after which such Yellow Zones will be re-designated as “Orange Zones”.

Where there is more than one LDC in an area designated as a “Yellow Zone”, Applications having the same queue ranking in different LDC queues will be accepted by the OPA in accordance with firstly, the date of completion of the CIA as indicated by the time stamp noted by the LDC, and secondly, the date of payment of the CIA application fee to the LDC, failing which the OPA reserves the right to establish the queue ranking. In such designated areas, the OPA similarly

reserves the right to establish a queue ranking for an Applicant that otherwise meets the eligibility requirements of the Program but does not have an LDC queue rank.

- (c) “Orange Zones” are areas designated by the OPA as being locations where significant transmission constraints have been identified. Applications for Projects in areas designated on the Website as “Orange Zones” will not be accepted, subject to the exceptions described below.

4.2 The following exceptions shall apply to the designated zone system described above:

- (a) An Application which relates to a Project which has already connected to a Distribution System and has already attained Commercial Operation, or has an executed Connection Cost Agreement with an LDC will not be rejected on the basis of transmission constraints, even if the Project is located in a Yellow Zone or an Orange Zone at the time of the Application, provided that Commercial Operation or the execution of a Connection Cost Agreement was attained prior to 12:01 am on November 8, 2006.
- (b) An Application which relates to:
 - (i) a Project with Gross Nameplate Capacity of 10 kW or less; or
 - (ii) a Farm-Based Project with a Gross Nameplate Capacity of 250 kW or less;

will not be rejected on the basis of transmission constraints, even if the Project is located in a Yellow Zone or an Orange Zone, unless:

- (iii) Applications for other such Projects which have, in the aggregate, Gross Nameplate Capacity of 10 MW or more have already been accepted by the OPA in the same Yellow Zone or Orange Zone; or
- (iv) the Applicant for a Farm-Based Project or a Person not at Arm’s Length to the Applicant for a Farm-Based Project has submitted one or more Applications for one or more Projects located in the same Yellow Zone or Orange Zone which, in combination with the relevant Project, in the aggregate, Gross Nameplate Capacity exceeding 250 kW.

4.3 The designation of areas as Green Zones, Yellow Zones and Orange Zones will change from time to time following periodic reviews by the OPA in consultation with LDC’s, Hydro One and the IESO and will be made available on the Website.

4.4 Nothing in this Section 4 limits the right of the OPA to reject any application as provided in Sections 12.1(d) and 14.1(g).

SECTION 5 - CONTRACT PRICING

The Program Rules establish a market-based pricing system for all technologies except solar photovoltaic (PV), that provides a Base Rate to be paid to Generators for each kilowatt-hour (kWh) of Electricity delivered, plus a performance incentive for Generators who can control their output to meet peak demand requirements reliably over time. It also provides for price escalation to the Base Rate paid to some Generators, linked to the Consumer Price Index in Ontario.

The Program Rules establish a cost-based price for solar PV production in order to conduct price discovery. A cost-based price recognizes that PV Projects cannot be successful at this time under a pricing regime suitable for other renewable generation sources.

Program pricing will be reviewed periodically and may be modified, but modifications will not be retroactive and thus will not amend executed Contracts. Such pricing reviews are expected to occur at least every two years, but because PV technology is evolving rapidly, PV pricing may be reviewed sooner and more frequently.

In summary, Program pricing is as follows:

- *For the period starting from date of the Program launch and ending on April 30, 2007, all Generators, except PV Generators, will be paid a Base Rate of 11.0 cents per kWh for Electricity actually delivered under the Contract.*
- *In subsequent years, 20 percent of the Base Rate will be indexed for inflation according to the year-over-year change in the Consumer Price Index. The indexing formula and an example of this escalation provision can be found in the Program Rules.*
- *Projects that can reliably operate during On-Peak Hours (11 am to 7 pm EST) will be eligible for an additional 3.52 cents per kWh for Electricity actually delivered during those On-Peak Hours. Intermittent generation Projects are not eligible for this additional payment.*
- *PV Projects will be paid 42.0 cents per kWh but will not be eligible for inflation indexation or the peak-hour premium.*
- *In the case that the Generator is connected to a Load Customer, Contract Payments will be reduced to account for the portion of the total generation that is consumed by the Load Customer. The amount of the reduction will be determined by the product of the amounts of generation consumed by the Load Customer and the Hourly Ontario Energy Price. This adjustment is required to establish compliance with OEB codes for distributed generation connected “behind” the Load Customer’s meter. Where the resulting Contract Payment amount is negative, payments shall be made by the Generator to the OPA.*
- *The OPA will pay all applicable sales taxes on amounts payable to a Generator under a Contract. The Generator will be responsible for all taxes other than sales taxes in respect of the Electricity delivered from the Contract Facility.*

- ***WPPI and RPPI payments will be shared equally (50/50) between the Generator and the OPA.***

5.1 For Generators connected directly to the Distribution System, the OPA will pay a Generator in respect of a Contract Facility, other than a PV Contract Facility, an amount equal to the Base Rate for the Hourly Delivered Electricity in each hour that Electricity is generated and delivered from the Contract Facility. With respect to a PV Contract Facility connected directly to the Distribution System, the OPA will pay the Generator an amount equal to 42.0 cents per kWh for the Hourly Delivered Electricity in each hour that Electricity is generated and delivered from the Contract Facility. The Base Rate per kWh or 42.0 cents per kWh, as applicable, payable to a Generator in accordance with the Contract is hereinafter referred to in these Program Rules as the “**Contract Price**”.

5.2 Pursuant to the Contract and except as noted below, the OPA will pay to a Generator, in addition to the Base Rate, a premium of 3.52 cents per kWh for the Hourly Delivered Electricity in each On-Peak Hour that Electricity is generated and delivered from the Contract Facility (the “**On-Peak Performance Incentive Payment**”), provided that:

- (a) in the Application, the Applicant shall include an attestation signed by an accredited professional engineer licensed by Professional Engineers Ontario confirming that the proposed Generator’s plans and specifications for the Project include adequate investments in such equipment and infrastructure and in obtaining such regulatory and other approvals as are necessary to ensure that the Project will be able to generate Electricity for a minimum of 80% of the On-Peak Hours during the course of a calendar year under normal weather conditions and operating circumstances;
- (b) in the Application, the Applicant shall include an annual forecast of the monthly Electricity production of the Project during On-Peak Hours, and an annual forecast of the monthly Electricity production of the Project during Off-Peak Hours; and
- (c) not earlier than 120 days prior to and not later than 60 days prior to the Commercial Operation Date of the Contract Facility and each phase (if applicable), the Applicant shall provide a complete and accurate update of the attestation and information set out in this section, which update shall be satisfactory to the OPA in its discretion, including making appropriate third party enquiries.

5.3 Intermittent generation Projects, including, without limitation, wind and PV Projects, are not eligible for the On-Peak Performance Incentive Payment. The premium paid in the form of the On-Peak Performance Incentive Payment does not constitute an adjustment to the Base Rate and is not subject to escalation.

5.4 For Generators connected directly to the Distribution System, Contract Payments made in respect of Incremental Projects shall be determined by multiplying the relevant Contract Price and the On-Peak Performance Incentive Payment, as applicable, by the Hourly Delivered Electricity of the entire Facility, times the ratio of the Contract Capacity of the Incremental Project to the Gross Nameplate Capacity of the entire Facility.

5.5 The Contract, other than for PV Contract Facilities, includes an escalation on 20% of the Base Rate (but not the On-Peak Performance Incentive Payment) on the basis of increases in the Consumer Price Index commencing on and effective as of May 1, 2007 and thereafter on May 1 of each year of the Program, calculated as follows:

$$BR_y = FP + IP_y$$

Where:

BR_y is the **Base Rate** expressed in ¢/kWh commencing on May 1 of year y and ending on April 30 of year y+1. However, for the first year of the Program, the Base Rate applies for the period commencing on the date of Program launch and ending on April 30, 2007

$$BR_{2006} = 11 \text{ ¢/kWh}$$

FP is the **Fixed (non-indexed) Portion** for each Program year of the Payment Period, being 8.8 ¢/kWh

IP_y is the **Indexed Portion** for each year of the Payment Period.

$$IP_y = IP_{y-1} \times IR_y$$

$$IP_{2006} = 2.2 \text{ ¢/kWh}$$

IR_y is the **Index Rate** for year y. $IR_y = CPI_{y-1}/CPI_{y-2}$

IR_y shall not be less than 1.0

$$\text{Set } IR_{2006} = 1.0$$

CPI_y is the **Ontario "All Items" Consumer Price Index** published by Statistics Canada in December for year y

For example,

$$\text{If } CPI_{2006} = 129.2; CPI_{2005} = 126.5$$

$$IR_{2007} = 129.2/126.5 = 1.0213$$

$$IP_{2007} = 2.2 \times 1.0213 = 2.2470 \text{ ¢/kWh}$$

$$FP = 8.8 \text{ ¢/kWh}$$

$$BR_{2007} = 8.8 + 2.2470 = 11.0470 \text{ ¢/kWh}$$

For greater certainty, the Base Rate will increase by the CPI commencing on May 1, 2007 and all Contracts will commence with the then current Base Rate at the time such Contract is executed.

5.6 In accordance with the provisions of Section 6.4, where a Contract Facility is connected directly to a Load Customer and has its meter configured in a manner which reduces the amount payable by the Load Customer to the LDC for its metered consumption of Electricity because part or all of the Load Customer's Electricity consumed is supplied from the Contract Facility, Contract Payments will be reduced by an amount equal to the Hourly Ontario Energy Price in respect of the Hourly Delivered Electricity consumed by the Load Customer. In the event that such reduction results in a negative Contract Payment, a corresponding amount shall be paid by the Generator to the OPA.

5.7 The Contract provides that all payments received under WPPI and RPPI attributable to the Contract Facility or available to a Generator in respect thereof shall be shared equally (50%-50%) as between the Generator and the OPA. Settlement procedures with respect to such payments shall be as specified in the Contract, and shall provide for all payments to be made directly to a payment agent who, at the OPA's expense, will in turn remit equal amounts to the Generator and the OPA..

5.8 The Contract provides that all Related Products otherwise applicable to the Contract Facility or available to a Generator in respect thereof, are absolutely and unconditionally assigned to the OPA. Upon the request of the OPA, a Generator will use all Commercially Reasonable Efforts to obtain and assign to the OPA any applicable Related Products.

5.9 The OPA will pay all applicable Sales Taxes exigible on all amounts payable to a Generator pursuant to a Contract. The Generator shall remain liable for all taxes other than Sales Taxes in respect of the Contract Facility.

5.10 Without limiting the generality of any other provision contained in these Program Rules, the OPA specifically reserves the right at any time to amend the Contract Price, the Base Rate, the On-Peak Performance Incentive Payment and the CPI escalation of the Base Rate (including the methodology or calculation thereof) offered pursuant to the Program at any given time, in each case in respect of one or more types of Renewable Generating Facilities. Any such amendment shall be prospective only and shall not affect Contracts previously entered into.

SECTION 6 - METERING REQUIREMENTS AND PAYMENT

The Generator is responsible for coordinating with the Local Distribution Company to determine the appropriate metering configuration and requirements. The Generator is also responsible for the cost of connection and metering as determined by the Local Distribution Company in compliance with the Distribution System Code.

In most circumstances, Contract Facilities will connect directly to the Distribution System. Where Contract Facilities connect to an existing Load Customer, Contract Payments will be reduced by the product of HOEP and the Hourly Delivered Electricity consumed by the Load Customer. In such instances, both the Contract Facility's meter and the Load Customer's meter must provide hourly data in order to permit the calculation of Contract Payments accurately on an hourly basis.

Contract Payments will be based on the Electricity delivered from the Contract Facility to the Connection Point and successfully injected into the Distribution System or Load Customer's electrical system. Note that this may include adjustments to metered Electricity output to account for Site-Specific Losses.

6.1 All Contract Facilities must have separate metering, other than those Contract Facilities that are Incremental Projects, which may not have separate metering. The Generator shall have sole responsibility for coordinating metering configuration and metering requirements with the applicable LDC. Contract Facility meters must be under the control of the applicable LDC. Contract Facilities that are greater than 10 kW in Gross Nameplate Capacity will require metering that provides hourly data. Subject to Section 6.3 hereof, Contract Facilities that are less than or equal to 10 kW in Gross Nameplate Capacity will not require meters that provide hourly data until such time as the relevant LDC serving the Contract Facility requires the use of metering that provides hourly data.

6.2 Notwithstanding the ability to connect a Contract Facility directly to a Distribution System as set out in Section 2.2(f)(i), the Generator may connect the Contract Facility directly to the Load Customer in accordance with Sections 2.2(f)(ii) and 6.3 and have its Contract Facility meter located on the Load Customer side of the Load Customer load meter. Any such metering configuration may result in additional metering requirements and costs to the Generator and the Load Customer, for which the Generator will be solely responsible.

6.3 Where the Contract Facility is connected directly to a Load Customer as permitted in Section 6.2, both the Contract Facility's meter and the Load Customer's meter must provide hourly data, including Contract Facilities of 10 kW or less.

6.4 Where a Contract Facility is connected directly to a Load Customer and has its meter configured in a manner which reduces the amount payable by the Load Customer to the LDC for its metered consumption of Electricity because part or all of the Load Customer's Electricity consumed is derived directly from the Contract Facility, the following shall apply:

- (a) the Generator shall be paid the Contract Price and, if applicable, the On-Peak Performance Incentive Payment under the Contract, based on the Hourly Delivered Electricity; less
- (b) an amount equal to the Hourly Ontario Energy Price in respect of the Hourly Delivered Electricity consumed by the Load Customer.

6.5 The Generator shall provide the OPA and its designated agents all rights to receive, use, retain and deal with the meter data and read only access to the Contract Facility meter and the Load Customer's meter, if applicable.

SECTION 7 - SETTLEMENT

Under the Contract, the OPA will pay any amounts owing to the Generator and will accomplish this through the existing settlement mechanisms managed by the Local Distribution Company. However, the OPA may make alternate settlement arrangements at its sole discretion. In all cases, settlement will be based on metered data adjusted for site specific losses, and Contract Payments will be made directly to the Generator.

Electricity consumed by the Generator and the Local Distribution Company's fixed monthly customer charges will both be dealt with in the normal course by the Local Distribution Company, in compliance with the requirements of the Ontario Energy Board.

In case of payment disputes, the Contract will provide for appropriate dispute resolution mechanisms.

7.1 The OPA will have the contractual obligation to pay the Generator any amounts owing under the Contract and will do so through settlement between the Generator and the LDC in accordance with this Section, on a periodic basis in accordance with the relevant LDC's Settlement Period.

7.2 Periodic settlements by the LDC will account for Station Service, Site-Specific Losses (if applicable) and fixed monthly customer charges in the normal manner, in compliance with the requirements of the OEB.

7.3 Amounts owing by the Generator to the OPA shall be settled by way of set-off in the first available Settlement Period. Any amount which remains owing by a Generator to the OPA for a period in excess of one Settlement Period shall be payable directly by the Generator to the OPA.

7.4 The OPA reserves the right at its sole discretion to make alternate settlement arrangements in respect of the entire Program or in respect of one or more LDCs at any time and from time to time. In any event, any such arrangements will result in settlement based on Hourly Delivered Electricity and will entail payments in respect thereof to Generators from the OPA or other parties directed by the OPA to make such payments. Notwithstanding such other parties being involved in the settlement process, the OPA shall remain liable to the Generator for the Contract Payments. The Contract contains appropriate dispute resolution mechanisms in the event of payment disputes.

SECTION 8 - CONTRACT

A standardized Contract will be entered into between the OPA and each Generator. The Contract will include the following provisions:

- ***A Contract will provide for a Payment Period of 20 years. It will identify the location and type of the Generator's Contract Facility and the principals involved, and establish the Contract Capacity.***
- ***Within three years of the execution date of the Contract, the Commercial Operation Date of the Contract Facility (other than waterpower Projects) must be declared. If the Generator's Contract Facility is a waterpower Project then, within the same three year period, the Generator must obtain written approval from the Minister of Natural Resources for the location of the waterpower Project and its plans and specifications under Section 14 or 16, respectively, of the Lakes and Rivers Improvement Act (Ontario) (for Contract Facilities on provincial watercourses), and an interim licence issued under the Dominion Water Power Regulations (Canada) (for Contract Facilities on federal watercourses). These requirements are defined as the "Third Anniversary Requirements".***
- ***All waterpower Projects must attain Commercial Operation within eight (8) years of the execution of the Contract. All other Projects and eligible phases that fail to meet the Third Anniversary Requirements due to an event of Force Majeure must in any event attain Commercial Operation within eight years of the execution date of the Contract.***
- ***Generators are not required to post security deposits.***
- ***The OPA will acquire all Related Products generated from the Contract Facility. The OPA will pay only for Electricity delivered to the Distribution System or Load Customer.***

- *The Generator is solely responsible for all applicable Connection Costs and metering costs and all other related costs.*
- *The Generator is obliged to comply with all applicable laws, regulations, licenses and permits.*
- *The Contract may be terminated if information in the Application is found at any time to be inaccurate in a material respect.*
- *The Contract will include arbitration and other dispute resolution mechanisms.*

8.1 Following acceptance of an Application, the OPA will notify the Applicant by email of such acceptance (the "Acceptance Notice") and offer to enter in a Contract. The OPA and the Generator shall, within thirty (30) days of delivery of the Acceptance Notice, enter into a Contract for the purpose of establishing their respective rights and obligations in respect of the Program and these Program Rules. If the Applicant shall fail to enter into a Contract within such time period, the Application shall be deemed to have been withdrawn and the offer of a Contract shall be deemed to have been revoked. Without limiting the generality of the foregoing, the Contract will, among other things:

- (a) identify the parties, the location of the Contract Facility and the type of Contract Facility, using information provided in the Application;
- (b) establish the Gross Nameplate Capacity and the Contract Capacity of the Contract Facility and each phase thereof;
- (c) provide for payment obligations of the OPA for a period of 20 years, subject to earlier termination in accordance with its terms (the "**Payment Period**"), such Payment Period to commence on the Commercial Operation Date. The initial Contract Payment by the LDC will be as follows:
 - (i) for Contract Facilities other than In-Service Projects, payments will begin in respect of the first Settlement Period following the Commercial Operation Date or, if necessary in the opinion of the OPA and the LDC, in the subsequent Settlement Period, in accordance with the LDC's normal billing and payment practices;
 - (ii) for In-Service Projects, payments will begin in respect of the first Settlement Period following the date of the Contract or, if necessary in the opinion of the OPA and the LDC, in the subsequent Settlement Period, in accordance with the LDC's normal billing and payment practices;
- (d) provide that, other than with respect to waterpower Projects, there is a maximum period of three years from the date of the Contract to achieve Commercial Operation, failing which the Contract shall terminate or, in the case of a phased Project, shall continue in full force and effect only in respect of those phases of the Project which have achieved Commercial Operation within such time;
- (e) provide that, with respect to waterpower Projects, there is a maximum period of three years from the date of the Contract for the Generator to obtain, for all phases of the Project, the following:

- (i) for Projects on provincial watercourses, written approval from the Minister of Natural Resources for the location of the waterpower Project and its plans and specifications under Sections 14 or 16, respectively, of the *Lakes and Rivers Improvement Act* (Ontario); and
- (ii) for Projects on federal watercourses, an interim licence issued under the *Dominion Water Power Regulations* (Canada);

failing which the Contract shall terminate or, in the case of a phased Project, shall continue in full force and effect only in respect of those phases of the Project which have satisfied the requirements set out above within such time;

- (f) All waterpower Projects must attain Commercial Operation within eight (8) years of the execution of the Contract. All other Projects and eligible phases that fail to satisfy the Third Anniversary Requirements due to Force Majeure must in any event attain Commercial Operation within eight (8) years of the execution of the Contract;
- (g) provide that with respect to a Generator whose Application was accepted for a Contract for a Contract Facility located in a Yellow Zone or Orange Zone, such Contract shall be subject to termination if the Generator fails to maintain its position in the LDC's connection queue in good standing;
- (h) not require that the Generator post security deposits securing performance under the Contract or include provisions penalizing the Generator for failing to generate Electricity, other than:
 - (i) the loss of Contract Payments, and
 - (ii) the right of the OPA to terminate the Contract in the event that a Generator or Contract Facility that was eligible becomes ineligible or in the event a Contract Facility does not generate any Electricity in a consecutive 24 month period;
- (i) not require the OPA to pay any amounts to the Generator other than Contract Payments;
- (j) require that all Electricity generated from a Contract Facility during the term of the Contract shall be delivered to the Connection Point, require that all Related Products arising in respect of the Contract Facility during the term of the Contract be sold absolutely to the OPA and require that the Generator not enter into any agreement with any other party (other than a Load Customer as contemplated herein) relating to the sale or delivery of Electricity or Related Products that are the subject of the Contract, in each case unless otherwise agreed upon by the Parties;
- (k) permit assignment of the Contract by the OPA, without consent but with prior written notice to the Generator, to a third party having a credit rating by Dominion Bond Rating Service or another international rating service substantially the same as the OPA's credit rating;
- (l) permit assignment of the Contract by the Generator to a party who is eligible to participate in the Program and to whom title to the Contract Facility is transferred, or a change of Control of the Generator to a party who is eligible to participate in the Program, each without consent but with prior written notice to the OPA;

- (m) provide that the Generator is solely responsible for all Connection Costs and metering costs relating to the Contract Facility;
- (n) oblige the Generator to cause the Contract Facility to comply at all times with all Laws and Regulations and to continue to meet Program eligibility requirements, to use Commercially Reasonable Efforts to satisfy the Third Anniversary Requirements and, where applicable, to at all times comply with Good Engineering and Operating Practices;
- (o) contemplate a Secured Lender and a Secured Lender's Security Agreement and the provision for a New Agreement for the benefit of the Secured Lender in the event of default by the Generator under the Secured Lender's Security Agreement;
- (p) contain termination rights including, without limitation, termination on the basis of mutual consent and termination by the OPA if it is determined at any time that information contained in the Application was inaccurate in any material respect or in the event of fraudulent acts or material breach of the Contract on the part of the Generator;
- (q) contain rights of indemnification in favour of the OPA and related parties;
- (r) provide for binding arbitration of Contract disputes following notice from one party to the other of a dispute and a 30 day response period followed by a 90 day resolution period, after which either party may refer the matter to binding arbitration if the dispute has not been resolved, and provide for binding multi-party arbitration of disputes or issues relating to the Contract which are applicable to all Generators or any class of Generators;
- (s) authorize the OPA to inspect the Contract Facility at any time on reasonable notice and to access meter data for the Contract Facility (or a Load Customer, where applicable) either directly from a Generator or through the LDC; and
- (t) include any other provisions deemed appropriate from time to time by the OPA, in its sole discretion.

SECTION 9 - PHASED PROJECTS

The Program allows for Renewable Generation Facilities to be completed in two or more phases. However, the Program Rules stipulate that only those phases of a Project that achieve Commercial Operation (or in the case of waterpower Projects, that satisfy the other Third Anniversary Requirements) within three years of the execution date of the Contract will be eligible for payments under the Contract. Any phase of a Contract Facility that does not meet these applicable requirements will not be covered by the Contract and the Generator may not reapply under the Program for that phase. All Projects and eligible phases must in any event attain Commercial Operation within eight years of the execution date of the Contract.

9.1 It is a contractual requirement of the Program that all Contract Facilities satisfy the Third Anniversary Requirements. Where a Contract Facility is expected to be completed in two or more phases, a Generator will be permitted to achieve Commercial Operation separately for each phase, provided that:

- (a) upon the connection of each phase to the Distribution System, (i) the aggregate of all phases connected at such time satisfies all of the eligibility requirements, and (ii) the Contract Facility as a whole, when fully operational, must satisfy all of the eligibility requirements;
- (b) the Contract Facility will be restricted to those phases that are completed and have satisfied the relevant Third Anniversary Requirements on or before the third anniversary of the date of the Contract or in the case of waterpower Projects, those phases that have satisfied the Third Anniversary Requirements for waterpower Projects. Waterpower Projects or Projects experiencing events of Force Majeure must, notwithstanding such Force Majeure in the latter case, attain Commercial Operation not later than the eighth anniversary of the date of the Contract;
- (c) if one or more phases of a Contract Facility does not satisfy the relevant Third Anniversary Requirements on or before the third anniversary of the date of the Contract, such phase or phases shall be deemed to be removed from the Contract for the Contract Facility and the Generator may not thereafter receive Contract Payments for generation from such removed phases under the Contract or reapply for a new Contract for such phase or phases; and
- (d) the Payment Period shall begin on the Commercial Operation Date of the first phase of the Contract Facility.

SECTION 10- INCREMENTAL PROJECTS

The Program allows for Incremental Projects that either increase Electricity output from existing facilities or bring facilities back into service. An Incremental Project can be eligible for the Program if the combined installed generating capacity of the pre-existing facility and the Incremental Project does not exceed 10,000 kW. In any case, only the Electricity generated and delivered from the incremental capacity will be eligible for payment under the Contract.

10.1 An Incremental Project is a Project that is incremental to an existing renewable energy source Facility and makes use of that Facility's existing connection and metering. An Incremental Project must have the same renewable energy source as the Facility to which it is incremental.

10.2 An Incremental Project will be an eligible Project for the Program provided that its output in combination with the pre-existing Facility does not result in a combined Gross Nameplate Capacity of more than 10,000 kW and it is otherwise eligible to participate in the Program.

10.3 For a Project to constitute an Incremental Project, the change in the relevant Facility must cause an increase in its Gross Nameplate Capacity.

10.4 Contract Payments for Incremental Projects shall be made in accordance with Section 7 of these Program Rules.

10.5 To the extent that a Facility is ineligible to participate in the Program pursuant to the provisions of Section 2.2(d) and 2.2(h) of these Program Rules, and there is a subsequent Incremental Project at the Facility that would otherwise be eligible to participate in the Program, then such subsequent Incremental Project may be eligible to participate in the Program even though the original Facility is not eligible pursuant to Section 2.2(d) and 2.2(h).

10.6 An Incremental Project may make use of the existing connection to the Distribution System maintained by an ineligible Facility, despite the requirements of Section 2.2(f) of these Program Rules.

SECTION 11 - APPLICATION

Applications must be submitted in the designated form, and Applicants are required to submit Applications electronically. Applications must be complete and satisfy all of the eligibility requirements. The OPA reserves the right to reject any Application and will disclose the reasons for rejection to the Applicant.

11.1 Applicants who wish to participate in the Program shall submit to the OPA an Application in such form(s) and at such locations as may be designated and posted on the Website by the OPA from time to time, together with the documents required to establish that the Applicant has satisfied all of the Application eligibility criteria set out in Section 3 of these Program Rules. Applicants are required to submit Applications electronically in order to commence the Application review process, with additional required documents, schedules or attachments to follow in hard copy format to the OPA at 120 Adelaide Street West, Suite 1600, Toronto ON, M5H 1T1, Attention: Renewable Energy Standard Offer Program.

SECTION 12- APPLICATION REVIEW AND ACCEPTANCE

Acceptance or rejection of an Application will be solely at the discretion of the OPA. Applications will be reviewed for completeness and to validate that all eligibility requirements have been satisfied. The OPA will notify the Applicant of acceptance or rejection in writing.

An Applicant whose Application has been accepted and has been offered a Contract shall have 30 days to accept and execute the Contract.

An Applicant whose Application has been rejected shall be provided with reasons for the rejection and the Applicant may reapply at a later date once any deficiencies have been remedied.

12.1 Acceptance of an Applicant's Application will be solely at the discretion of the OPA. Without limiting the generality of the foregoing and for purposes of information only:

- (a) each Application will be reviewed in detail by the OPA to confirm the completeness of the overall Application and that all constituent elements thereof appear to confirm that the Project satisfies each of the eligibility requirements set out in Section 2 and has satisfied all of the Application eligibility criteria as set out in Section 3 of these Program Rules;

- (b) the OPA may, at its discretion, seek clarification or additional information from any Applicant relating to its Application or Project, in which event an Applicant shall have no more than thirty (30) days to respond to the request by e-mail, or if e-mail access is unavailable, by fax, courier or registered mail; and
- (c) subject to the exceptions described in Section 4.2, Applications for Projects located in an Orange Zone will not be accepted and Applications for Projects located in a Yellow Zone may not be accepted if transmission capacity limits have been or would be exceeded by that Project.

12.2 The OPA reserves the right to reject any Application for any reason, including, without limitation, an incomplete Application, an Application in respect of which the included information is not satisfactory to the OPA or its advisers in any respect and an Application in respect of which the OPA deems the Generator or the Project, or any parts thereof, to be unsuitable for the Program for any reason.

12.3 The OPA will provide, via e-mail or such other means as the OPA may determine in its sole discretion, written notice to each Applicant of the acceptance or rejection of the Applicant's Application in respect of a Project. Where the Applicant has indicated that e-mail access is unavailable, such written notice shall be provided by fax, registered mail or courier. The OPA will endeavour to provide such decision within forty-five (45) days of the submission of the Application, although the Applicant acknowledges that such timeline is a target only and the OPA shall have no liability for any delay beyond such target.

12.4 Upon acceptance by the OPA of an Application, the OPA shall offer a Contract (or an Option, where applicable) in its then standardized form to the Applicant, on the basis of the information set out in the Application.

12.5 Where the Program Rules, the Contract or the designated Green Zones, Yellow Zones and Orange Zones have been revised after an Application has been submitted but before it has been accepted, the revised Program Rules, Contract and/or designated zones shall apply. In such instances, the OPA may, in its discretion, permit Applicants to revise or update previously submitted Applications in order to comply with any changes to the Program Rules, Contract or designated zones.

12.6 Where the Program Rules, the Contract or the designated Green Zones, Yellow Zones and Orange Zones have been revised after an Application has been accepted but before the Contract has been executed, the Program Rules, Contract and designated zones in effect at the time of acceptance shall apply.

12.7 An Applicant whose Application has been accepted and has been offered a Contract (or Option pursuant to section 14.1(b)) shall have no longer than thirty (30) days to accept the offered Contract (or Option). An Applicant may accept and enter into the Contract (or Option) electronically through the Website in the manner described in the OPA's e-mailed notice of acceptance.

12.8 The OPA shall give reasons for rejecting an Application. Rejection of an Application shall be without prejudice to submitting a revised Application to the extent that an Applicant believes an Application can be improved and thereby accepted, provided that such revised Application shall be subject to the Program Rules and Contract then in effect.

12.9 A decision by the OPA to accept or reject an Application shall be final and binding and not subject to appeal to any party.

12.10 An Applicant may withdraw a submitted Application at any time, by notice in writing to the OPA.

SECTION 13 - CONFIDENTIALITY

Prospective Applicants to the Program should be aware that information which they provide to the OPA will be subject to the Freedom of Information and Protection of Privacy Act (Ontario) (“FIPPA”) and may become generally available to the public. Information that the Applicant considers to be commercially sensitive or otherwise confidential should be clearly marked as such, but may nevertheless be subject to FIPPA.

13.1 Subject to Section 13.3, all information provided by or obtained from the OPA in any form in connection with the Program, either before or after the execution of a Contract, is the sole property of the OPA and must be treated as confidential, and

- (a) is not to be used for any purpose other than applying to participate in the Program and the performance by the Generator under the Contract;
- (b) must not be disclosed without the prior written authorization of the OPA, other than to the Applicant’s or Generator’s partners, advisers and Secured Lenders, provided the disclosing party obtains similar confidentiality commitments from such third parties; and
- (c) shall be returned by the Applicant, Generator or third party (as applicable) to the OPA immediately upon request of the OPA.

13.2 Information provided by an Applicant or a Generator is subject to, and may be released in accordance with, the provisions of the *Freedom of Information and Protection of Privacy Act (Ontario)* (“FIPPA”). At the option of the Applicant, the Applicant will clearly indicate in a separate confidentiality statement, in a form included in the Application, those portions of the Application that contain proprietary or confidential information for which confidentiality is to be maintained by the OPA. In the event that no confidentiality statement is provided, the Applicant will be automatically deemed, by submission of the Application, to certify to the OPA that no portion of the Application contains proprietary or confidential information for which confidentiality is to be maintained by the OPA. Subject to Sections 13.3, 13.4 and 13.5, the confidentiality of any such information identified by the Applicant or Generator (as applicable) in a confidentiality statement will be maintained by the OPA, except that:

- (a) such information may be disclosed where an order by the Information and Privacy Commission, a court or a tribunal requires the OPA to do otherwise;
- (b) the OPA will provide the IESO with current information relating to the Program and its operation as the OPA shall determine from time to time;
- (c) the OPA may discuss any Project-related information with any third parties engaged by the OPA in connection with the Program, provided the OPA obtains similar confidentiality commitments from such third parties;
- (d) the OPA may discuss any Project-related information with the LDCs, the Ministry of Energy, the Ministry of the Environment, the Ministry of Finance, the Ministry of Natural Resources, the Ontario Energy Board, the Ontario Electricity Financial Corporation, the IESO, Hydro One Networks Inc. and other Governmental Authorities, provided the OPA obtains similar confidentiality commitments from such third parties;

- (e) the OPA may disclose and publish the names of all Applicants and Generators; and
- (f) the OPA may collect, disclose and publish aggregate data relating to the Program;
- (g) the OPA may collect, disclose and publish Contract Facility-specific data, provided that such disclosure is done in a manner and a time-frame which does not unreasonably compromise commercially sensitive information.

13.3 Notwithstanding any other provisions of these Program Rules, the following information shall not be considered to be confidential:

- (a) information which the disclosing party is required or compelled by law to disclose;
- (b) information which is or becomes generally available to the public without fault or breach on the part of the disclosing party of any duty of confidentiality owed by such disclosing party to the other party or to any third party;
- (c) information which the disclosing party can demonstrate has been rightfully obtained from a third party who had the right to transfer or disclose it to the disclosing party free of any obligation of confidence;
- (d) information which the disclosing party can demonstrate was rightfully known by it or in its possession at the time of disclosure, free of any obligation of confidence when disclosed; or
- (e) information which has been independently developed by the disclosing party.

13.4 Applicants are advised that their Applications will, as necessary, be disclosed on a confidential basis to the OPA's counsel, consultants, and other advisers retained for the purpose of the Program.

13.5 Notwithstanding any confidentiality statement provided by the Applicant, the OPA is subject to FIPPA and may be required to disclose information which is provided to the OPA by an Applicant or Generator and is otherwise not protected from disclosure through an exemption in FIPPA or any other applicable legislation, regulation or policy. Applicants should not assume that such an exemption is available.

SECTION 14 - ADDITIONAL RULES

The Program Rules include a number of additional provisions relating to the Program and the Contract, such as the following:

- ***Obtaining a Contract will not entitle a Generator to any exclusive right to generate Electricity to the exclusion of others. The OPA may enter into Contracts with other parties on similar or different terms.***
- ***Program Applications will be prepared at the sole cost and expense of the Applicant and the OPA will not be liable for an Applicant's costs or expenses under any circumstances.***
- ***The OPA may seek clarification, documentation and statements relating to Applications, which must be supplied within 30 days of the date of request unless otherwise stipulated by the OPA.***
- ***The OPA reserves the right to cancel or suspend the Program for any reason, without***

compensation to Applicants, but without prejudice to executed Contracts.

- ***The OPA may change the Program Rules, but any changes will be prospective only and not apply to executed Contracts.***

14.1 In addition to the foregoing, the following rules apply to the Program and all Applications, Applicants and Generators:

- (a) A Contract executed by the OPA and a Generator is not an exclusive contract for the generation of Electricity. In submitting an Application, an Applicant will be deemed to have acknowledged that the OPA may enter into Contracts or agreements with others on the same or similar terms and by other means and on different terms.
- (b) The OPA will grant an option to acquire a Contract in respect of a Project (an "Option") to an Applicant who is a party to a power purchase agreement and/or an agreement for the sale of Related Products with an OEB-licensed Electricity retailer (the "LER Contract") provided the Applicant otherwise qualifies under the Program Rules to receive a Contract and, in particular, has made an Application and satisfied the Application eligibility criteria set out in Section 3 of these Program Rules. The Option will be exercisable only upon the expiry of the LER Contract (including all renewals) or the termination of the LER Contract by the Option holder due to a breach of the LER Contract by the licensed Electricity retailer. The term of such Option and, if the Option is exercised, the resulting Contract, would terminate on the twentieth anniversary of the later of (i) the Commercial Operation Date of the Contract Facility, and (ii) the date the Option is granted. Upon exercise of the Option, the Contract to be entered into shall be the form of Contract that was in effect at the time that the Option was granted.

The Applicant's right at any time to exercise the Option will be conditional upon the Applicant continuing to satisfy the eligibility requirements set out in Section 2 of these Program Rules (provided that the existence of the prior LER Contract, if terminated on or before the exercise of the Option, shall not disqualify the Applicant pursuant to Section 2.2(h)). The Option will be assignable only to a party acquiring the ownership of the Project and taking an assignment of the LER Contract, on written notice to the OPA.

- (c) Each Application will be prepared at the sole cost and expense of the Applicant.
- (d) The OPA shall not be liable to pay any Applicant's costs or expenses under any circumstances. In particular, the OPA will not reimburse the Applicant in any manner whatsoever in the event of rejection of any or all Applications or in the event of the cancellation or suspension of the Program at any time. By submitting an Application, the Applicant irrevocably and unconditionally waives any claims against the OPA relating to the Applicant's costs and expenses including without limitation, costs in relation to satisfying the Application eligibility criteria described in Section 3 of these Program Rules.
- (e) The OPA reserves the right, but is not obligated, at any time, to seek clarification and to request additional information, documentation and statements in relation to any Application. Any such requested clarification, information, documentation or statements must be submitted to the OPA

within thirty (30) days of the date of such request or such other time frame as may be requested by the OPA, failing which the Application may be rejected as being incomplete.

- (f) The OPA may prepare a written interpretation of any aspect of an Application and seek the respective Applicant's acknowledgement of that interpretation. Written interpretations which have been acknowledged by an Applicant shall be considered to form part of the Application(s) of the Applicant. The OPA is not obliged to seek clarification or interpretation of any aspect of an Application.
- (g) Notwithstanding anything contained in these Program Rules, the OPA reserves the right, in its sole discretion, to reject any Application in whole or part whether or not completed properly and whether or not it contains all necessary information and reserves the right to discuss different or additional proposals to those included in any Application.
- (h) The OPA reserves the right to cancel the Program for any reason or to suspend the Program for any reason for such period of time as the OPA shall determine in its sole discretion, in each case without any obligation or any reimbursement to the Applicants.
- (i) Each Applicant shall be solely responsible for its own costs and expenses relating to the preparation and submission of its Application and the development of the Contract Facility, whether or not an Application is rejected or the Program or Contract is suspended, revoked or revised.
- (j) The OPA may verify with any Applicant or with a third party any information set out in an Application.
- (k) The OPA may at any time make changes, including substantial changes, to these Program Rules. All such changes will be prospective only.
- (l) The OPA reserves the right to withhold payment of any Contract Payment under a Contract until it is satisfied that the relevant Electricity was delivered at the Connection Point.

14.2 The rights reserved to the OPA in these Program Rules 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 Generator or any third party resulting from the OPA exercising any of its express or implied rights under the Program.

14.3 By submitting an Application, the Applicant authorizes the collection by the OPA of the information set out in the Application and otherwise collected in accordance with the terms hereof, and the use of such information for the purposes set out in or incidental to these Program Rules and the Contract, and for the purpose of offering, managing and directing the Program generally.

APPENDIX: DEFINITIONS

This Appendix contains a glossary of terms used throughout the Program Rules.

For the purposes of the Program Rules, the following terms shall have the following meanings:

- (1) “**Access Rights**” means, in respect of a Project, either title to or rights of access to the real property site on which the Project is located, enforceable by contract for the term of the Contract. Such contractual rights may include a lease, option, letter of intent, memorandum of understanding or other grant conditional only on the Applicant entering into the Contract, which shall in any case be satisfactory to the OPA in its sole discretion;
- (2) “**Ancillary Service**” has the meaning ascribed to it in the IESO Market Rules;
- (3) “**Applicant**” means a party submitting an Application to participate in the Program;
- (4) “**Application**” means an application submitted by an Applicant in response to the Program in respect of the construction, development and operation of a Project and all clarifications and additional information, documents and statements in respect thereof provided by an Applicant in writing as requested by or on behalf of, and accepted by, the OPA. The form of Application is attached as Exhibit “A” hereto;
- (5) “**Arm’s Length**” means, with respect to two or more Persons, that such Persons are not related to each other within the meaning of subsections 251(2), (3), (3.1), (3.2), (4), (5) and (6) of the *Income Tax Act* (Canada) or that such Persons, as a matter of fact, deal with each other at a particular time at arm’s length;
- (6) “**Base Rate**” means the price, expressed in cents per kWh, for each kWh of Hourly Delivered Electricity generated and delivered by a Contract Facility, other than a PV Contract Facility, during a Settlement Period. At the commencement of the Program the Base Rate will be 11.0 cents per kWh. Commencing on May 1, 2007 and thereafter on May 1st in each year of the Program, 20% of the Base Rate will be adjusted in accordance with Section 5.5 of the Program Rules to reflect any annual increase in CPI. For certainty, following May 1, 2007, “Base Rate” shall at any time refer to the Base Rate as adjusted in accordance with the foregoing;
- (7) “**Bio-fuel**” means a liquid fuel or product made solely from Renewable Biomass and includes, without limitation, ethanol or Biodiesel as well as the direct utilization of vegetable oils or animal fats;
- (8) “**Biodiesel**” means the mono-alkyl esters of fatty acids derived from vegetable oils or animal fats;
- (9) “**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, livestock manure, energy crops, livestock feed ingredients, food and feed processing by-products, off-specification food and feed materials and organic by-products from Bio-fuel production;
- (10) “**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;
- (11) “**Capacity Products**” means any products related to the rated, continuous load-carrying capability of a Contract Facility to generate and deliver Electricity at a given time.

(12) “**Cents**”, or “¢” means hundredths of a Canadian dollar;

(13) “**Commercial Operation**” means the receipt by a Generator of all Governmental Approvals required in connection with the operation of a Contract Facility (or a phase, as applicable), and the determination by the Generator through testing in accordance with the relevant Connection Agreement, confirmed if applicable by the relevant LDC, that the Contract Facility (or a phase, as applicable) is capable of delivering Electricity through the Connection Point to the Distribution System or the Load Customer’s electrical system, as applicable.

(14) “**Commercial Operation Date**” means the date on which Commercial Operation is first attained, as specified in a written notice from the Generator to the relevant LDC and the OPA, failing which the OPA may determine the Commercial Operation Date in its sole discretion, acting reasonably;

(15) “**Commercially Reasonable Efforts**” means efforts which are designed to enable a Person, directly or indirectly, to satisfy a condition to, or otherwise assist in the consummation of, any undertaking contemplated by the Program Rules or the Contract and which do not require the performing Person to expend any funds or assume liabilities other than expenditures and liabilities which are reasonable in nature and amount in the context of the transaction therein contemplated;

(16) “**Connection Agreement**” means the agreement or agreements required to be entered into by an LDC with a Generator with respect to the connection of its Contract Facility to a Distribution System, in accordance with the Distribution System Code, as applicable, and governing the terms and conditions of such connection, including the payment of Connection Costs;

(17) “**Connection Costs**” mean those costs which are payable by a Generator related to the reliable connection of its Contract Facility to a Distribution System, including any costs specified pursuant to a Connection Impact Assessment, a Customer Impact Assessment and a System Impact Assessment, as applicable;

(18) “**Connection Impact Assessment**” means an assessment conducted for an LDC to determine the impact on the Distribution System of connecting the Contract Facility to its Distribution System;

(19) “**Connection Point**” means

- (a) in respect of a Contract Facility connected to a Distribution System, the electrical connection point between the Contract Facility and such Distribution System; and
- (b) in respect of a Contract Facility connected to a Load Customer or connected to a Distribution System via a Load Customer, the electrical connection point between the Contract Facility and the Load Customer;

(20) “**Consumer Price Index**” or “**CPI**” means the Ontario “All-Items” Consumer Price Index published or established in December of each year by Statistics Canada (or its successor) in relation to the Province of Ontario;

(21) “**Contract**” means the standard form of contract which is offered by the OPA to Applicants under the Program from time to time, to be entered into between a Generator and the OPA, as amended, restated or replaced from time to time;

(22) “**Contract Capacity**” means:

- (a) for Incremental Projects, the increase in Gross Nameplate Capacity of the Facility that is directly attributable to the Incremental Project; and
- (b) for all other Projects, the Gross Nameplate Capacity of the Project;

(23) “**Contract Facility**” means a Project in respect of which an Application has been accepted by the OPA and a Contract has been entered into between a Generator and the OPA;

(24) “**Contract Payments**” means all payments to a Generator under a Contract including payments on account of the Contract Price multiplied by Hourly Delivered Electricity, the On-Peak Performance Incentive Payments, if applicable;

(25) “**Contract Price**” means the relevant price described in Section 5 of the Program Rules;

(26) “**Control**” 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 percent (50%) or more of the 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 or by contract, trust or otherwise;

(27) “**Customer Impact Assessment**” means a study conducted by a transmitter to assess the impact of the connection of a Project on the transmission customers in the area, a Distribution System and an end-user, if applicable;

(28) “**Distribution System**” means a Local Distribution Company’s system connected to the IESO-Controlled Grid for distributing Electricity at 50 kV or less, and includes any structures, equipment or other things used for that purpose. A Distribution System is comprised of the main system capable of distributing Electricity to many customers and the connection assets used to connect a customer to the main distribution system, provided that the distribution system shall be deemed not to include any equipment controlled by the IESO in accordance with the Distribution System Code;

(29) “**Distribution System Code**” means the code established and approved by the OEB, as amended from time to time, which, among other things, establishes the obligations of an LDC with respect to the services and terms of service to be offered to customers and retailers and provides minimum technical operating standards for Distribution Systems;

(30) “**Electricity**” means electric energy, measured in kWh;

(31) “**Electricity Act, 1998**” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A, as amended or replaced from time to time;

(32) “**Emission Reduction Credits**” means the credits associated with the avoidance or reduction of emissions below the lower of actual historical emissions or regulatory limits, including “emission reduction credits” as defined in O. Reg. 397/01 made under the *Environmental Protection Act (Ontario)*, as amended from time to time, or such other regulations as may be promulgated under the *Environmental Protection Act (Ontario)* or any currently applicable or future Laws and Regulations;

(33) “**Environmental Attributes**” means environmental attributes associated with a Contract Facility having decreased environmental impacts now or in the future, and the right to quantify and register these with competent authorities, including, without limitation:

- (a) all right, title, interest and benefit in and to any renewable energy certificate, credit, reduction right, offset, allocated pollution right, emission reduction allowance or other proprietary or contractual right, whether or not tradable, resulting from the actual or assumed displacement of emissions by the production of Electricity from the Contract Facility as a result of the utilization of renewable energy technology;
- (b) rights to any fungible or non-fungible attributes or entitlements relating to environmental impacts, whether arising from the Contract Facility itself, from the interaction of the Contract Facility with the IESO-Controlled Grid, the Distribution System or the Load Customer, or because of applicable Laws or Regulations or voluntary programs established by Governmental Authorities;
- (c) any and all rights, title and interest relating to the nature of an energy source (including a Renewable Fuel) as may be defined and awarded through applicable Laws and Regulations or voluntary programs, including all Emission Reduction Credits; and
- (d) all revenues, entitlements, benefits, and other proceeds arising from or related to the foregoing which may be available in connection with a Contract Facility;

but excluding WPPI and RPPI payments and such other items as the OPA may determine in its sole discretion at any time and from time to time, such excluded items to be posted on the Website and revised periodically.

In the event that any governmental or non-governmental agency, whether provincial, federal, national or international in scope or authority, creates or sanctions a registry, trading system, credit, offset or other program relating to Environmental Attributes or their equivalent, the term “Environmental Attributes” as used in the Program Rules shall include the rights or benefits created or sanctioned under any such program or programs to the extent available as a result of or arising from the production of Electricity from a Contract Facility.

(34) “**Facility**” means an Electricity generation facility which is greater than but includes a Contract Facility constructed, developed, and operated by a Generator;

(35) “**Farm-Based Project**” means a Project which forms part of an Ontario-situated farming business (as defined in the *Farm Registration and Farm Organization Funding Act, 1993* (Ontario)) operated by the Applicant or a Person not at Arm’s Length to the Applicant, that generates Electricity from Renewable Biomass, Bio-gas or Bio-fuel.

(36) “**Force Majeure**” means any act, event, cause or condition (i) that prevents a Person from performing its obligations, (ii) that is beyond the affected Person’s reasonable control, and (iii) which the Person is not able to mitigate through the use of Commercially Reasonable Efforts, and includes:

- (a) acts of God, including extreme wind, ice, lightning or other storms, earthquakes, tornadoes, hurricanes, cyclones, landslides, drought, floods and washouts;
- (b) fires or explosions;

- (c) local, regional or national states of emergency;
- (d) strikes and other labour disputes (other than legal strikes or labour disputes by employees of the Person invoking Force Majeure, unless such strikes or labour disputes are the result or part of a general industry strike or labour dispute);
- (e) civil disobedience or disturbances, war (whether declared or not), acts of sabotage, blockades, insurrections, terrorism, revolution, riots or epidemics;
- (f) delays or disruptions in fuel supply resulting from a Force Majeure event (whether such event is in respect of the Person invoking Force Majeure or a third party);
- (g) an order, judgment, legislation, ruling or direction by a Governmental Authority restraining a Person, provided that the affected Person has not applied for or assisted in the application for and has used Commercially Reasonable Efforts to oppose said order, judgment, legislation, ruling or direction;
- (h) any inability to obtain, or to secure the renewal or amendment of, any permit, certificate, impact assessment, licence or approval of any Governmental Authority or LDC required to perform or comply with any obligation under a Contract, unless the revocation or modification of any such necessary permit, certificate, impact assessment, licence or approval was caused by the violation of the terms thereof or consented to by the Person invoking Force Majeure; and
- (i) material delays in the delivery of key equipment;

(37) “**Generator**” means an Applicant whose application has been approved and who has entered into a Contract in respect of its Contract Facility with the OPA;

(38) “**Good Engineering and Operating Practices**” means any of the practices, methods and activities adopted by a significant portion of the North American electric utility industry as good practices applicable to the design, building, and operation of generating facilities of similar type, size and capacity or any of the practices, methods or activities which, in the exercise of skill, diligence, prudence, foresight and reasonable judgement by a prudent Generator in light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, expedition and Laws and Regulations. Good Engineering and Operating Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather are intended to delineate acceptable practices, methods, or acts generally accepted in the North American electric utility industry. Without limiting the generality of the foregoing and in respect of the operation of a Contract Facility, Good Engineering and Operating Practices include taking reasonable steps to ensure that:

- (a) adequate materials, resources and supplies, including fuel, are available to meet the Contract Facility’s needs under reasonable conditions and reasonably anticipated abnormal conditions; and
- (b) sufficient operating personnel are available and are adequately experienced and trained to operate the Contract Facility properly, efficiently and taking into account manufacturers’ guidelines and specifications and are capable of responding to abnormal conditions;

- (c) preventative, routine and non-routine maintenance and repairs are performed on a basis that ensures reliable long-term and safe operation and taking into account manufacturers' recommendations and are performed by knowledgeable, trained and experienced personnel utilising proper equipment, tools and procedures; and
- (d) appropriate monitoring and testing is done to ensure equipment is functioning as designed and to provide assurance that equipment will function properly under both normal and abnormal conditions;

(39) "**Green Zone**" has the meaning given to it in Section 4.1 of the Program Rules;

(40) "**GST**" means the goods and services tax exigible pursuant to the *Excise Tax Act* (Canada), as amended from time to time;

(41) "**Governmental Approvals**" means approvals, authorizations, consents, permits, grants, licences, privileges, rights, orders, judgments, rulings, directives, ordinances, decrees, registrations and filings issued or granted by law or by any Governmental Authority.

(42) "**Governmental Authority**" means any federal, provincial, or municipal government, parliament or legislature, or any regulatory authority, agency, tribunal, commission, board or department of any such government, parliament or legislature, or any court or other law, regulation or rule-making entity, having jurisdiction in the relevant circumstances, including the IESO, the OEB, the Electrical Safety Authority and any Person acting under the authority of any Governmental Authority, but excluding the Ontario Power Authority;

(43) "**Gross Nameplate Capacity**" means the manufacturer's total rated installed capacity to generate Electricity that is separately metered by one meter and, in the case of Incremental Projects, includes the Contract Capacity. The Gross Nameplate Capacity is determined prior to consideration of Station Service load and Site-Specific Losses;

(44) "**Hourly Delivered Electricity**" means:

- (a) in respect of Incremental Projects, the proportion of the Electricity generated and delivered by a Facility during any hour equal to the ratio of the Contract Capacity to the Facility's Gross Nameplate Capacity; and
- (b) for all other Contract Facilities, the Electricity generated and delivered by the Contract Facility during any hour;

in each case, provided such Electricity is delivered to the Connection Point and successfully injected into the Distribution System or the Load Customer's electrical system;

(45) "**Hourly Ontario Energy Price**" has the meaning given to it in the IESO Market Rules or any dispatch interval replacement thereof or successor thereto;

(46) "**Incremental Projects**" has the meaning given to it in Section 10.1 of the Program Rules;

(47) "**In-Service Project**" means a Project, other than an Incremental Project, which achieved Commercial Operation on or after November 7, 1998 but prior to December 31, 2006.

(48) “**IESO**” means the Independent Electricity System Operator of Ontario established under Part II of the *Electricity Act, 1998*, or its successor;

(49) “**IESO-Controlled Grid**” has the meaning ascribed to it by the IESO Market Rules;

(50) “**IESO Market Rules**” means the rules made under section 32 of the *Electricity Act, 1998*, together with all market manuals, policies and guidelines issued by the IESO, all as amended or replaced from time to time;

(51) “**kW**” means kilowatt(s);

(52) “**kWh**” means kilowatt-hour(s);

(53) “**Laws and Regulations**” means:

- (a) applicable federal, provincial or municipal laws, orders-in-council, by-laws, codes, rules, policies, regulations and statutes;
- (b) applicable orders, decisions, codes, judgments, injunctions, decrees, awards and writs of any court, tribunal, arbitrator, Governmental Authority or other Person having jurisdiction, including but not limited to the OEB;
- (c) applicable rulings and conditions of any licence, permit, certificate, registration, authorization, consent and approval issued by a Governmental Authority;
- (d) any requirements under or prescribed by applicable common law;
- (e) the Retail Settlement Code and any other codes issued by the OEB; and
- (f) the IESO Market Rules, as well as any manuals or interpretation bulletins issued by the IESO from time to time that are binding on the Generator;

(54) “**Load Customer**” means a facility that uses Electricity for its own consumption, and has contracted for, or intends to contract for, connection to the Distribution System for the purpose of drawing such Electricity from the Distribution System;

(55) “**Local Distribution Company**” or “**LDC**” means a Person licensed by the OEB as an “Electricity Distributor” in connection with a Distribution System;

(56) “**MW**” means megawatt(s);

(57) “**Municipal Solid Waste**” means (i) common refuse collected from the general public and generated by residential, commercial, institutional and industrial sources, consisting of paper, wood, yard wastes, food wastes, plastics, leather, rubber and other combustible materials and non-combustible materials such as metal, glass and rock, whether or not it is owned, controlled or managed by a municipality; and (ii) solid fuel, whether or not it is waste, that is derived in whole or in part from the refuse included in clause (i) of this definition, but which, for greater certainty, shall not include gaseous waste or wastes used in an incineration unit;

(58) “**New Agreement**” means a new agreement substantially in the form of a Contract and for the then balance of the term thereof, which may be entered into between the OPA or its assignee and a Secured Lender who is

at Arm's Length with the Generator or a Person identified by such Secured Lender following an event of default under the Secured Lender's Security Agreement;

(59) "**OEB**" means the Ontario Energy Board or its successor;

(60) "**Off-Peak Hour**" means any hour which is not an On-Peak Hour;

(61) "**On-Peak Hours**" means the hours of 11:00 am to 7:00 pm Eastern Standard Time on Business Days;

(62) "**On-Peak Performance Incentive Payment**" has the meaning given to it in Section 5.2 of the Program Rules;

(63) "**OPA**" means the Ontario Power Authority established under Part II.1 of the *Electricity Act, 1998*, and its successors and assigns;

(64) "**Option**" has the meaning given to it in Section 14.1(b) of the Program Rules;

(65) "**Orange Zone**" has the meaning given to it in Section 4.1 of the Program Rules;

(66) "**Payment Period**" means the 20-year period (subject to earlier termination) described in Section 8.1(c) of the Program Rules;

(67) "**Person**" means a natural person, firm, trust, partnership, limited partnership, company or corporation (with or without share capital), joint venture, sole proprietorship, Governmental Authority or other entity of any kind;

(68) "**PV**" means a photovoltaic solar system;

(69) "**Program**" means the Renewable Energy Standard Offer Program established by the OPA pursuant to the Program Rules;

(70) "**Program Rules**" means the rules for the Program to which this Appendix is attached, as may be amended from time to time by the OPA;

(71) "**Project**" means a proposed or existing Renewable Generation Facility described in an Application.

(72) "**PST**" means the Ontario provincial sales tax exigible under the *Retail Sales Tax Act* (Ontario), as amended from time to time;

(73) "**Related Products**" means all Capacity Products, Ancillary Services, transmission rights, Environmental Attributes and any other products or services of value that may be provided by or attributable to a Contract Facility from time to time and that may be traded in the markets established from time to time by the IESO Market Rules or other markets, or otherwise sold or otherwise have value, and which shall be deemed to include products and services for which no market may exist, but excluding (i) steam and hot water produced by the Contract Facility and (ii) WPPI and RPPI payments;

(74) "**Renewable Biomass**" means organic matter that is derived from a plant and available on a renewable basis, including, without limitation, 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:

- (a) such organic matter is not Municipal Solid Waste;
- (b) such organic matter is not peat or a peat derivative;
- (c) such organic material shall not contain any treated by-products of manufacturing processes, including, without limitation, chipwood, plywood, painted or varnished wood, pressure treated lumber, or wood contaminated with plastics or metals;
- (d) such organic material shall not include hazardous waste or liquid industrial waste, and also, shall not contain any materials that can adversely affect anaerobic processes or cause liquids and solids produced through anaerobic processes to become hazardous waste; and
- (e) supplementary non-renewable fuels used for start up, combustion, stabilization and low combustion zone temperatures shall be no more than 10.00% of the total fuel heat input in any calendar year for Electricity generation units with a Gross Nameplate Capacity of 500 kW or less and 5.00% of the total fuel heat input in any calendar year for Electricity generation units with a Gross Nameplate Capacity of greater than 500 kW;

(75)“**Renewable Generation Facility**” means a facility that generates Electricity that is delivered through an LDC-owned meter or other meter as provided by the Distribution System Code to a Distribution System or Load Customer from any one of the following sources: wind, Thermal Electric Solar, PV, Renewable Biomass, Bio-gas, Bio-fuel, landfill gas, or water;

(76)“**Renewables II RFP**” means the Ontario Ministry of Energy Request for Proposal No. SSB-071540 issued June 17, 2005.

(77)“**Retail Settlement Code**” means the code established and approved by the OEB, governing the determination of financial settlement costs for electricity retailers, consumers, generators and distributors, as amended from time to time;

(78)“**RPPI**” means the Renewable Power Production Incentive established and administered by the Government of Canada;

(79)“**Sales Taxes**” means GST and PST and excludes all other *ad valorem*, property, occupation, severance, production, transmission, utility, gross production, gross receipts, sales, use and excise taxes, taxes based on profits, net income or net worth and other taxes, governmental charges, licenses, permits and assessments;

(80)“**Secured Lender**” means a chargee, mortgagee, assignee, sublessee, grantee or similar counterparty under a Secured Lender’s Security Agreement;

(81)“**Secured Lender’s Security Agreement**” means an agreement or instrument, including a deed of trust or similar instrument securing bonds or debentures, containing a charge, mortgage, pledge, security interest, assignment, sublease or similar right with respect to all or any part of a Generator’s right, title and interest in or to its Contract Facility and the relevant Contract or any benefit or advantage of any of the foregoing, granted by the Generator as security for any indebtedness, liability or obligation of the Generator, together with any amendment, change, supplement, restatement, extension, renewal or modification thereof;

(82)“**Settlement Period**” means the monthly or other periodic billing cycle for a relevant LDC;

(83) “**Site-Specific Losses**” means Electricity losses due to line resistance, the operation of transformers and switches, and other associated losses which may occur as a result of the difference between the location of a Contract Facility’s meter and the assigned Connection Point. Loss factors for Site-Specific Losses shall be applied in accordance with the Retail Settlement Code and other applicable regulatory instruments;

(84) “**Source Separated Organics**” means the organic portion of the Municipal Solid Waste collection stream which has been separated from potential contaminants such as metal, plastic and glass prior to collection and which does not contain any treated by-products of manufacturing processes or other materials that can adversely affect anaerobic processes or cause liquids and solids produced through anaerobic processes to become hazardous waste.

(85) “**Station Service**” means the Electricity used at the Contract Facility for excitation, on-site maintenance and operation of auxiliary and other facilities essential to the operation of the Contract Facility.

(86) “**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 a Contract Facility to the IESO-Controlled Grid, or of the modification of an existing connection of a Contract Facility to the IESO-Controlled Grid on the reliability of the integrated power system;

(87) “**Thermal Electric Solar**” means a thermal electric solar system;

(88) “**Third Anniversary Requirements**” means (i) for all Contract Facilities other than waterpower Contract Facilities, the requirement that a Contract Facility, including all phases thereof, achieves Commercial Operation no later than the third anniversary of the date of the Contract, subject to Force Majeure; and (ii) for waterpower Contract Facilities, the requirement that a Generator obtains, for all phases of its Contract Facility, the following items no later than the third anniversary of the date of the Contract:

- (a) for Contract Facilities on provincial watercourses, written approval from the Minister of Natural Resources for the location of the dam and its plans and specifications under Sections 14 or 16 of the *Lakes and Rivers Improvement Act* (Ontario), respectively; and
- (b) for Contract Facilities on federal watercourses, a priority permit issued under the *Dominion Water Power Regulations* (Canada);

(89) “**Website**” means the OPA’s Renewable Energy Program Website accessible at “<http://www.powerauthority.on.ca>” or such other Website as the OPA shall select from time to time;

(90) “**WPPI**” means the Wind Power Production Incentive established and administered by the Government of Canada;

(91) “**Yellow Zone**” has the meaning given to it in Section 4.1 of the Program Rules.

EXHIBIT “A” – APPLICATION

To be posted separately on the OPA Website.

EXHIBIT “B” – FORM OF AUTHORIZATION LETTER

TO: _____ **[Insert full legal name of Local Distribution Company]** (the “LDC”)

AND TO: Ontario Power Authority (the “OPA”)

RE: Disclosure of Information

_____ **[insert Applicant’s full legal name]** (the “Generator”), as the owner, developer and operator of the embedded electricity generation facility located or to be located at _____ **[insert Contract Facility Address]** and connected or to be connected to the LDC’s electricity distribution system at _____ **[insert description of connection point]** (the “Generation Facility”), hereby irrevocably authorizes and consents to your releasing, disclosing, providing, delivering and otherwise making available to the OPA or to its agents, successors and assigns, any and all such information relating to the connections, proposed connections, meters, meter data, billing data and LDC account of the Generator or the Generating Facility as the OPA, its agents, successors or assigns may advise is required in connection with the evaluation, offer and administration of a contract under the OPA’s Renewable Energy Standard Offer Program.

And, if connecting to a Load Customer:

_____ **[insert Load Customer’s full legal name]** (the “LDC Customer”), as a customer of the LDC with account number _____ **[insert Load Customer’s LDC account number from most recent electricity bill]** relating to the property located at _____ **[insert Load Customer facility Address]** (the “Account”) and connected to the LDC’s electricity distribution system, hereby irrevocably authorizes and consents to your releasing, disclosing, providing, delivering and otherwise making available to the OPA or to its agents, successors and assigns, any and all such information relating to the connections, proposed connections, meters, meter data, billing data and LDC account of the LDC Customer or the Account as the OPA, its agents, successors and assigns may advise is required in connection with the evaluation, offer and administration of a contract under the OPA’s Renewable Energy Standard Offer Program.

DATED as of the ___ day of _____, 200__.

GENERATOR: Per: _____
Name:
Title:
I have authority to bind the Generator.

LDC CUSTOMER: Per: _____
Name:
Title:
I have authority to bind the LDC Customer.