

Energy Recovery Standard Offer Program ERSOP Rules – Addendum #1

On May 2, 2011, the OPA issued ERSOP Rules version 1.0. In response to feedback from stakeholders, the OPA is amending the process for Applications received after the end of the Launch Period and before August 31, 2011 at 5:00 PM (EPT) (the “**Second Tranche Applications**”). For greater certainty, nothing in this addendum to the ERSOP Rules in any way affects Applications received during the Launch Period. The changes to the ERSOP Rules set out in this addendum have been introduced to facilitate the prioritization of Second Tranche Applications in a manner similar to the manner in which Launch Applications are prioritized, in order to make the best possible use of the remaining Available Capacity, if any, following the end of the Launch Period.

The following Section is added to the ERSOP Rules as Section 10:

SECTION 10 – SECOND TRANCHE APPLICATIONS

10.1 Program Limits

- (a) Despite what is set out in Section 2.3(e), the OPA will continue to accept Applications following the end of the Launch Period, even though it may not have yet determined if there is any remaining Available Capacity. If the OPA subsequently determines that there is no remaining Available Capacity after all of the Launch Applications have been processed, then the hard copy materials (including the Application Fee) for all Second Tranche Applications shall be returned to the Applicants unopened. If the OPA subsequently determines that there is remaining Available Capacity after all of the Launch Applications have been processed, then the hard copy materials shall be opened at that time and the Second Tranche Applications shall continue to be processed in accordance with the ERSOP Rules. After the Launch Applications have been processed, the OPA reserves the right to increase or decrease the remaining amount of Available Capacity based on the outcome of the Launch Applications, expected levels of Second Tranche Applications, information from the Combined Heat and Power IV Procurement and other factors deemed relevant by the OPA.
- (b) To facilitate the procedure set out in Section 2.3(d), following the closing time for Second Tranche Applications, the OPA will temporarily cease receiving new Applications until it has completed processing of the Second Tranche Applications and has determined whether there is any remaining Available Capacity. The OPA will provide no less than five Business Days notice on the Website of the reopening of the ERSOP Program for new Applications following the closing time for Second Tranche Applications.
- (c) For greater certainty, Applications for Projects not in areas of the Province designated on the Website as eligible for the Launch Period may only be submitted after the end of the Launch Period, and shall be considered Second Tranche Applications, as applicable. The same Application may not be submitted as both a Launch Application and a Second Tranche Application.

10.2 Application Requirements

- (a) Notwithstanding anything to the contrary in Section 4.1(a) of the ERSOP Rules or otherwise in the ERSOP Rules, all Second Tranche Applications that meet all

of the Project and Application eligibility requirements set out in Section 2 and Section 3 shall be assigned a Time Stamp in accordance with the procedure set out in Section 10.3. For greater certainty, an Application is considered to be received at the time of the electronic submission of the Application, provided that the hard copy materials are received in accordance with Section 4.1(a).

- (b) Any Second Tranche Application that does not meet all of the Project and Application eligibility requirements set out in Section 2 and Section 3 will be rejected in accordance with Section 4.2.
- (c) All Applicants submitting a Second Tranche Application may include, along with the other materials required pursuant to Section 3.1, a reduction, in increments of \$0.01/MWh, to the Contract Price (a “**Price Reduction**”). Where the Applicant provides a Price Reduction, the Contract Price in the applicable ERSOP Contract shall be equal to the Contract Price set out in Section 6.2, less the Price Reduction.

10.3 Time Stamp Assignment

- (a) All Second Tranche Applications will be assigned a Time Stamp in relative priority to one another such that Second Tranche Applications with a greater Price Reduction shall be assigned earlier Time Stamps than those Second Tranche Applications with a lesser, or no, Price Reduction. The Time Stamps assigned to all Second Tranche Applications shall be later in time than the Time Stamps assigned to Launch Applications and earlier in time than the Time Stamps assigned to Applications received after the closing time for Second Tranche Applications. For the purpose of coordinating the connection availability screen set out in Section 5.1(c) in respect of Second Tranche Applications, such process shall alternate between CHPSOP applications and ERSOP Applications, starting with a CHPSOP application.
- (b) Where two or more Second Tranche Applications propose the same, or no, Price Reduction, their Time Stamps will be assigned in relative priority to one another by random draw.
- (c) Notwithstanding Sections 4.2(d) or 5.1(d), no ERSOP Contracts shall be offered in respect of Second Tranche Applications until all Second Tranche Applications have been reviewed and prioritized by the OPA.

10.4 Program Sub-limits for Second Tranche

- (a) In order to ensure an equitable allocation of Available Capacity between CHPSOP Projects and ERSOP Projects for the purpose of issuing ERSOP Contracts in respect of Second Tranche Applications, a minimum of three-quarters of the Available Capacity remaining at the end of the Launch Period will be available to CHPSOP Projects and a minimum of one quarter of the remaining Available Capacity will be available to ERSOP Projects.
- (b) If either CHPSOP or ERSOP does not use its entire allocation of Available Capacity pursuant to Section 10.4(a), then the remaining Available Capacity shall become available to either CHPSOP Projects or ERSOP Projects. If there are

sufficient CHPSOP Projects and ERSOP Projects to utilize their entire respective sub-limits of Available Capacity pursuant to Section 10.4(a), then if necessary to comply with the absolute limit of 220 MW set out in Section 2.3(c), the final Available Capacity shall be allocated to an ERSOP Project.