ADDENDUM No. 1

dated July 30, 2004 to the
Renewable Energy Supply Contract (RES Contract)
associated with the Ministry of Energy's
Request for Proposals for
300 MW of Renewable Energy Supply
referenced as RFP No. SSB-065230

This Addendum No. 1 contains amendments to the RES Contract posted on the Ministry's Renewables RFP website on June 24, 2004, which will be reflected in and incorporated into the RES Contract to be executed by the Buyer and Successful Proponents. Prospective Proponents should note that while the amendments generally involve certain selected words within each paragraph, the revised paragraph is set out below in its entirety in order to avoid any potential confusion.

1. In Section 1.1, the definition of "**Ontario Public Service**" or "**OPS**" is deleted and replaced with the following:

   "**Ontario Public Service**" or "**OPS**" means the ministries, Ontario Electricity Financial Corporation, and other administrative units of the Government of Ontario over which Ministers of the Crown preside, and for the purposes of this Agreement includes the Agencies and the Ontario Power Authority (if created).

2. Section 2.1(a) is deleted and replaced with the following:

   (a) The Supplier covenants and agrees to design and build the Contract Facility using Good Engineering and Operating Practices and meeting all relevant requirements of the IMO Market Rules, Transmission System Code, Distribution System Code, and all Laws and Regulations. The Supplier further covenants and agrees that all materials and equipment installed in the Contract Facility must be new and not previously used, provided that where turbines, generators and step-up transformers installed in the Contract Facility are not new, the Supplier further covenants and agrees that such turbines, generators and step-up transformers must be covered by a warranty consistent with Good Engineering and Operating Practices.

3. Section 2.3(a) is deleted and replaced with the following:

   (a) The Supplier covenants and agrees to own the Contract Facility during the Term and to operate and maintain the Facility such that the requirements of the IMO Market Rules and the Connection Agreement are met, and in accordance with Good Engineering and Operating Practices.

4. Section 10.1(f) is deleted and replaced with the following:

   (f) The Supplier or Guarantor amalgamates with, or merges with or into, or transfers the Renewable Generating Facility and/or all or substantially all of its assets to, another Person unless, at the time of such amalgamation, merger or transfer, there has been a permitted and valid assignment

hereof by the Supplier or Guarantor under this Agreement to the resulting, surviving or transferee Person and such Person has assumed all of the Supplier's or Guarantor's obligations under this Agreement.

5. Section 11.3(i) is deleted and replaced with the following:

(i) any inability to obtain, or to secure the renewal or amendment of, any permit, certificate, licence or approval of any Governmental Authority required to perform or comply with any obligation under this Agreement, unless the revocation or modification of any such necessary permit, certificate, licence or approval was caused by the violation of the terms thereof or consented to by the Party invoking Force Majeure; or

6. Section 14.2 is deleted and replaced with the following:

14.2 Liquidated Damages

Nothing in this Article shall reduce a Party's claim for liquidated damages pursuant to Section 2.6 or for an Early Termination Payment pursuant to Section 10.5. The Supplier acknowledges and agrees with the Buyer that the actual damages incurred by the Buyer and electricity consumers as a result of a failure by the Supplier to meet its obligations under this Agreement are impossible to definitively quantify and the Supplier further agrees that the payment of the liquidated damages set forth in this Agreement constitutes a fair and reasonable means of compensating the Buyer for damages likely to be incurred as a result of such delays and does not constitute a penalty. The Buyer agrees that the payment of liquidated damages pursuant to Section 10.5 constitutes a fair and reasonable means of compensating the Supplier for such damages likely to be incurred and does not constitute a penalty.

7. Section 16.5(b) is deleted and replaced with the following:

(b) The Supplier may, subject to compliance with Laws and Regulations and provided that there is not a Supplier Event of Default that has not been remedied, assign this Agreement without the consent of the Buyer to an Affiliate acquiring the Contract Facility; provided, however, that no such assignment by the Supplier or any of its successors or permitted assigns hereunder shall be valid or effective unless and until such Affiliate agrees with the Buyer in writing to assume all of the Supplier's obligations and be bound by the terms of this Agreement, and the arrangements and obligations of the Supplier set forth in Article 6 have been met in accordance with the terms of Article 6. If a valid assignment of this Agreement is made by the Supplier in accordance with this Section 16.5, the Buyer acknowledges and agrees that, upon such assignment and assumption and notice thereof by the assignor to the Buyer, the assignor shall be relieved of all its duties, obligations and liabilities hereunder.