



PROGRAM RULES

Version 1.1
July 14, 2010

This page has intentionally been left blank.

TABLE OF CONTENTS

SECTION 1 - INTRODUCTION..... 1

1.1 BACKGROUND..... 1

1.2 COMMUNITY ENERGY PARTNERSHIPS PROGRAM 1

1.3 OBJECTIVES OF THE CEPP 1

SECTION 2 - PARTICIPATION IN THE CEPP..... 2

2.1 COMMUNITY ELIGIBILITY 2

2.2 JOINT VENTURES 3

2.3 PROJECT ELIGIBILITY..... 3

2.4 PROJECT SPLITTING 3

2.5 PROJECT TRANSFER 4

SECTION 3 - FUND STRUCTURE 5

3.1 OVERVIEW 5

3.2 PREREQUISITES TO GRANT 1..... 6

3.3 GRANT 1 - DESIGN AND DEVELOPMENT 6

3.4 GRANT 2 - REGULATORY APPROVALS 6

3.5 PERIODIC REPORTS..... 7

3.6 VERIFICATION..... 7

3.7 INTERNAL RESOURCES 8

SECTION 4 - APPLICATION REQUIREMENTS 8

4.1 GENERAL REQUIREMENTS 8

4.2 GRANT 1 APPLICATIONS..... 9

4.3 GRANT 2 APPLICATIONS..... 9

4.4 REPRESENTATIONS AND WARRANTIES..... 10

4.5 TERMS AND CONDITIONS 10

SECTION 5 - APPLICATION REVIEW AND ACCEPTANCE..... 11

5.1 APPLICATIONS 11

5.2 REVIEW 11

SECTION 6 - FUNDING AGREEMENT FORM AND EXECUTION 13

6.1 OFFER AND ACCEPTANCE..... 13

6.2 FORM OF FUNDING AGREEMENT 13

6.3 ACTIVITIES AND DELIVERABLES..... 13

6.4 RESPONSIBILITY FOR PROJECT VIABILITY..... 14

SECTION 7 - PAYMENTS..... 15

7.1 OVERVIEW 15

7.2 GRANT 1 PROJECT EXPENSES 16

7.3 GRANT 2 PROJECT EXPENSES 16

SECTION 8 - AUDIT RIGHTS..... 16

8.1 AUDIT..... 16

SECTION 9 - PROGRAM REVIEW AND AMENDMENTS 17

9.1 PROGRAM AMENDMENTS..... 17

EXHIBIT A – CEPP FUNDED ACTIVITIES (BY TECHNOLOGY)

EXHIBIT B – GRANT 1 APPLICATIONS (BY TECHNOLOGY)

EXHIBIT C – GRANT 2 APPLICATION (BY TECHNOLOGY)

SECTION 1 - INTRODUCTION

1.1 Background

The *Green Energy Act and Green Economy Act (Ontario)*, 2009 includes provisions for programs to encourage involvement by Aboriginal people, community groups and municipalities in the development of renewable energy generation.

On September 24, 2009, the Ontario Minister of Energy and Infrastructure directed the Ontario Power Authority (the “**OPA**”) to establish through a third party (the “**Program Manager**”), a Community Energy Partnerships Program (the “**CEPP**”) to facilitate the participation of communities in the development of renewable energy generation facilities. In particular, CEPP will assist communities in paying for some of the soft costs associated with the development of renewable energy projects.

1.2 Community Energy Partnerships Program

Financial grants from the CEPP are available to communities in the province of Ontario as defined by the FIT Rules. Grants are capped at a maximum of \$200,000 per Project and can be used for certain costs associated with two phases of project development activity:

Grant 1 - Design and Development

Grant 2 - Regulatory Approvals

This document contains the rules (the “**Program Rules**”) with respect to applying for and receiving funding under the CEPP. These Program Rules will be reviewed and may be amended from time to time. For clarity, an Applicant need not obtain funding under Grant 1 to be eligible for funding under Grant 2.

The CEPP will maintain an application package, including application forms, the form of contract between the Program Manager and successful Applicant under the CEPP (the “**Funding Agreement**”) and instructions on how to apply for funding on the Website. Any conflict or inconsistency between the Funding Agreement and these Program Rules shall be resolved in favour of the Funding Agreement.

Capitalized terms have the definitions set out in Appendix - Definitions.

1.3 Objectives of the CEPP

The objectives of the CEPP are as follows:

- to facilitate the participation of communities in the development of renewable energy generation facilities;
-

- to level the playing field for groups that may otherwise be excluded from developing renewable energy projects, due to financial barriers and higher project costs not encountered by commercial developers;
- to encourage local partnerships and to help community partners maximize their equity share;
- to encourage a high level of local community engagement, participation and investment in renewable energy projects; and
- to provide funding for a diversity of technology types, organizational and community types and geographic regions in Ontario.

SECTION 2 - PARTICIPATION IN THE CEPP

2.1 Community Eligibility

Funding under the CEPP and entry into a Funding Agreement is available to a community in the province of Ontario (each, a “**Community**”) that falls in one of the following categories, which mirror a 100% Community Participation Level as defined in the FIT Rules:

- (a) one or more individuals resident in Ontario;
- (b) a Registered Charity with its head office in Ontario;
- (c) a Not-For-Profit Organization with its head office in Ontario;
- (d) a “co-operative corporation”, as defined in the *Co-operative Corporations Act* (Ontario), all of whose members are resident in Ontario (a “**Co-op**”);
- (e) a private corporation whose shareholders all fall into categories (a) – (d) above, and for whom commercial electricity generation is not their primary business or employment;
- (f) a partnership or limited partnership whose partners all fall into categories (a) – (d) above, and for whom commercial electricity generation is not their primary business or employment; or
- (g) any other organization that would be considered to have a 100% Community Participation Level under the FIT rules.

Any of the above Persons that are successful Applicants to the CEPP will be the direct recipients of funds, as provided in these Program Rules.

Qualification as eligible for the CEPP is separate and distinct from qualification as a Community Participation Project under the FIT Rules, and qualifying as eligible for the CEPP does not mean a Project qualifies as a Community Participation Project under the FIT Rules.

2.2 Joint Ventures

A Project owned or developed by a Community on its own, together with one or more other Communities, or together with one or more other Persons, shall remain eligible for funding under the CEPP pursuant to a Funding Agreement, provided that where one or more Persons that are not a Community have an Economic Interest or other interest in a Project:

- (a) only a Community shall be eligible for funding under the CEPP; and
- (b) any Person(s) that is/are not a Community that is or intends to participate in the Project shall not have previously provided funding or other consideration, whether in-kind or otherwise, for Activities that are or may be funded, in whole or in part, under the CEPP, directly or indirectly, to the Applicant.

2.3 Project Eligibility

To be eligible for funding under the CEPP and entry into a Funding Agreement, a proposed project (a “**Project**”) must, in addition to any other requirements set out in these Program Rules, meet the following mandatory criteria:

- (a) intended to constitute a Renewable Generating Facility;
- (b) be located in the Province of Ontario;
- (c) intended to have a capacity of greater than 10 kilowatts and up to and including 10 megawatts;
- (d) the Applicant not having any reason to expect that the Project would not be both Economically Viable and the subject of a future FIT Contract;
- (e) must not be funded, or the subject of an application for funding, under any other OPA-administered program; and
- (f) for Projects that are currently or were previously the subject of a RESOP Contract, evidence must be submitted demonstrating that the RESOP Contract has terminated and that any applicable Connection Impact Assessment has been rescinded.

2.4 Project Splitting

Where an Applicant has submitted a Grant 1 Application or a Grant 2 Application in respect of a Project using a Renewable Fuel, none of the following Persons (in each case, in respect of such Project, a “**Proponent**”):

- (a) such Applicant;
- (b) the Community related to or associated with such Applicant; or

- (c) another applicant under the CEPP related to or associated with such Community;

may submit another Application for a Project using the same Renewable Fuel on the same single property, except as otherwise set out in the *FIT Guidelines: Multiple Projects on One Property* policy document prepared by the OPA and available on its website. Where an Application in respect of a Project has terminated, a Proponent may submit an Application for another Project using the same Renewable Fuel on the same single property.

An Application will be deemed to be terminated where:

- (a) a FIT Contract has been entered into in respect of the Project that is the subject of the Application and a Notice to Proceed has been issued by the OPA pursuant to Section 2.4 of the FIT Contract;
- (b) the Applicant provides a written statement to the Program Manager that the Project has been terminated; or
- (c) the Program Manager so notifies the Applicant in writing.

Once a Project has been terminated, no further Application may be made in respect of such Project.

Projects may not be divided into smaller Projects for the purposes of submitting more than one Application or otherwise increasing funding or obtaining any other benefit under the CEPP. If the Program Manager determines that a project has been divided into smaller Projects, it may reject all Applications in respect of such Projects or take such other action as it deems appropriate. For the purposes of determining whether a project has been divided into smaller Projects, the Program Manager will consider factors such as whether the Applicants in respect of such Projects are the same Person, or controlled or related to such Person, the locations of such Projects, and the Renewable Fuel(s) used by such Projects.

2.5 Project Transfer

- (a) This Section 2.5 shall apply where an Applicant has received \$20,000 or more in aggregate under the CEPP.
- (b) Where, at any time, an Applicant has assigned, sold or otherwise transferred (a “Transfer”) any legal or equitable interest in any part of the Project to a Person that is not a Community, the Applicant will immediately notify the Program Manager, and all dollar amounts received by the Applicant under the CEPP shall be repaid with interest within one (1) month of such Transfer. Where part of the Applicant’s interest in a Project has been so Transferred, only that proportion of the CEPP amounts received that the part Transferred is of the Applicant’s original interest is repayable.
- (c) The Applicant shall provide to the Program Manager at any time upon request satisfactory evidence that no such Transfer has occurred. If such evidence is not

provided, at the Program Manager's option, all dollar amounts received by the Applicant under the CEPP shall be promptly repaid with interest.

SECTION 3- FUND STRUCTURE

3.1 Overview

Under the CEPP, a Project shall be considered for funding in two phases:

Grant 1 - Design and Development

Grant 2 - Regulatory Approvals

The Design and Development Grant includes the completion of an Environmental Constraint Analysis and an outline of the regulatory approvals required for the Project. This Grant will also provide funding for obtaining site control, undertaking Resource Assessments, engineering, developing a business plan and economic analysis, organizational development, preparing a community consultation plan and securing resource control, if applicable.

The Regulatory Approvals Grant provides funding to complete work and studies required for a Renewable Energy Approval or any other regulatory approvals a Project may require.

Funding under the CEPP is divided into Grant stages based on the way in which a typical Project would develop. While some Projects will transition through each Grant stage sequentially, there is recognition that each Project is different and may require funding for different Activities at different stages. Funding can be provided for a single Activity or multiple Activities, depending upon the Project requirements. For example, an Applicant may apply for a noise study only while another Applicant may require funding for a bat study, a bird study and a noise study.

While certain deliverables from Grant 1, whether or not CEPP funding has been provided in respect of such deliverables, serve as prerequisites for Grant 2, it is permissible to commence an Activity in Grant 2 prior to completion of all deliverables in respect of Grant 1. If an Activity has commenced prior to the completion of all necessary prerequisites, funding will not be provided in advance of such Activity, but may be paid as a reimbursement once all prerequisites have been completed (subject to all other applicable requirements).

As provided in Sections 7.2 and 7.3, CEPP funding will not be provided for Activities that commenced prior to the Funding Period.

Funding is available for Projects up until the time that a Notice to Proceed has been issued by the Program Manager pursuant to Section 2.4 of the FIT Contract. At such time, the Project will be considered to have moved beyond the development stage and will no longer be eligible for CEPP funding.

3.2 Prerequisites to Grant 1

In order to apply for Grant 1, Applicants must complete the Grant 1 Application. The Grant 1 Application is designed to assist Applicants to complete core pre-feasibility work. See Figure 1 below for a list of prerequisites to the Grant 1 Application.

As part of the application the Applicant is required to provide a written statement that no Activities in relation to the Project for which funding is being applied under the Application have been carried out or undertaken.

All information required before applying for Grant 1 is set out in the Grant 1 Application and Grant 1 Guidelines.

3.3 Grant 1 - Design and Development

The Design and Development Grant (“**Grant 1**”) Activities are intended to provide an Applicant with the opportunity to conduct more detailed investigations and assessment of the Project. Grant 1 Activities include some or all of those listed in Appendix A – CEPP Funded Activities, which sets out CEPP funded Activities by technology.

Grant 1-A Activities are considered Activities appropriate for the Applicant to carry out even prior to a FIT Application. Grant 1-B Activities, however, due to their expense, scope or nature, are considered Activities appropriate for the Applicant to carry out only after applying for a FIT contract.

3.4 Grant 2 - Regulatory Approvals

The Regulatory Approvals phase of a Project (“**Grant 2**”) involves activities related to obtaining the Renewable Energy Approval, any required environmental assessments, any other Regulatory Approvals, and Project site-specific studies, as well as other activities listed in Appendix A – CEPP Funded Activities.

Prior to funding of any Grant 2 Activities, a FIT Contract shall have been executed by the OPA and the Applicant in respect of the Project and shall be binding or the Project must not be in the FIT Reserve. See Figure 1 for a list of Grant 2 prerequisites. Notwithstanding this requirement, Grant 2 Site-specific Studies may be funded pursuant to an Application with the consent of the Program Manager, in its sole discretion.

FIGURE 1: CEPP PREREQUISITES

Grant 1 Prerequisites	Grant 2 Prerequisites
<ul style="list-style-type: none"> • Completed CEPP G1 Application Form and requisite attachments: <ul style="list-style-type: none"> ○ Landowner MOI (where relevant); ○ Copy of MNR Site Release Application submission (waterpower only); 	<ul style="list-style-type: none"> • FIT Contract or not in FIT Reserve; • Completion of all required G1 activities relevant to your project; • MNR Site Release Approval (waterpower only); and • CEPP G2 Application Form & Budget

<ul style="list-style-type: none">○ If completed, EA Phase 1 Project Concept Document (waterpower only);○ RETScreen preliminary resource and financial assessment;○ Detailed Site Plan;○ LDC Consultation Report; and○ Completed G1 CEPP Budget	<p>NOTE: Site-specific studies may be funded without these prerequisites with consent of the Program Manager.</p>
---	---

In the charts in Appendix A – CEPP Funded Activities, Activities in bold type must be completed before applicants can receive their next or final CEPP grant payment. Activities not in bold type are optional and may or may not be required for your particular project, or may be activities you decide to do at another stage of your project.

Applicants are only required to submit applications for Grant 1 and Grant 2, not for the subsets of each (for e.g. Grant 1-A, Grant 1-B). Rather these letters represent groupings of milestones to be achieved in order to release the next and/or final tranche of funding.

3.5 Periodic Reports

The Applicant will be required to submit Check-in Reports to the Program Manager at intervals depending upon Project Activities and respective timelines. The Funding Agreement will specify when Check-in Reports are required. In the Check-In Reports, the Applicant will be required to disclose any deviations from the Funding Agreement in regards to Project scope, timelines or Budget, as specified in the Funding Agreement. The actions taken regarding any deviation from the contract will be at the Program Manager’s discretion and could include a contract amendment, delay of final payment and/or termination of funding.

3.6 Verification

Each Deliverables submission shall be submitted in the required form and shall contain representations and warranties as follows:

- (a) The Applicant has complied with the CEPP Program Rules and the Funding Agreement in submitting its Application and in carrying out the Activities funded, in whole or in part, under the CEPP; and
- (b) The Applicant has engaged in a Competitive Tender Process in relation to the engagement of all applicable external consultants and suppliers of goods and services in relation to the Activities funded in whole or in part under the CEPP and the terms and conditions, including price, of each such engagement are commercially reasonable, reflect an Arm’s Length relationship and are free from conflict of interest and collusion.

Each Deliverables submission shall also contain copies of invoices for external consultants, accountants and legal advisors, provided that such invoices may only reflect payments based on

agreed upon rates for services provided and may not include per diems or disbursements or other fees, costs or expenses for meals, hospitality or similar expenses.

Where some or all of expenses within a Grant are reimbursable under the CEPP, the Applicant shall enter into written agreements with all consultants and service providers engaged in relation to such Grant. The Applicant shall keep and maintain all books and records, including such agreements with consultants and service providers, necessary to support the information contained in and with respect to each the above representations and warranties, any Deliverables submitted to the Program Manager, and any statement or information submitted to the Program Manager in relation to the CEPP, for a period of not less than seven (7) years and Program Manager and the OPA shall be entitled to request copies of, and access to, such books and records from time to time during such period.

3.7 Internal Resources

Where employees or other internal resources of the Applicant have been devoted to an Activity so as to comprise Project Expenses (as provided in Section 7) reimbursable in whole or in part under the CEPP, it shall be a requirement that such internal resources qualify as Internal Applicant Resources and that an accounting of them be provided, including names, description of work done, dates worked, hours and hourly rates.

SECTION 4- APPLICATION REQUIREMENTS

4.1 General Requirements

An Application shall be in the form of a Grant 1 Application or Grant 2 Application, as appropriate.

An Application must also contain a description of the qualifications of the internal personnel of the Applicant and/or the external consultant(s) engaged to carry out the proposed Activities. This description must contain experience that applies to the nature of the Activities being proposed.

An Applicant must provide the Program Manager with contact information including a valid e-mail address for purposes of correspondence related to the CEPP. This information can be amended by the Applicant from time to time by providing written notice to the Program Manager. Neither the Program Manager nor the OPA shall be responsible for any failed transmission resulting from an Applicant's failure to comply with this provision.

The OPA and the Program Manager reserve the right to reject an Application or withhold or deny funding from an Applicant or in respect of a Project that is not in good standing with the OPA and the Program Manager, in their sole and absolute discretion, including Applicants that, at any time and from time to time, have not provided timely or complete Check-In Reports, Deliverables submissions, information in response to requests by the Program Manager, amounts owing to the Program Manager or the OPA or are not otherwise in compliance with these Program Rules or a Funding Agreement.

An Application shall contain representations and warranties and terms and conditions in accordance with Sections 4.4 and 4.5.

4.2 Grant 1 Applications

An Application for funding of Grant 1-A Activities or Grant 1-B Activities (a “**Grant 1 Application**”) shall be in the form attached as Exhibit A and shall include:

- (a) a written statement that no Activities in relation to the Project for which funding is being applied under the Application have been carried out or undertaken; and
- (b) where applicable, that the prerequisites to funding such Activities have been met.

The prerequisites to funding of any Grant 1-A Activities are shown in Figure 1.

The prerequisites to funding of any Grant 1-B Activities are the bolded Grant 1-A Activities shown in Appendix A – CEPP Funded Activities, provided that all but the FIT application may be waived with the written consent of the Program Manager, such consent to be in the sole and absolute discretion of the Program Manager.

Where the Grant 1 Application is a resubmission of one or more previous Applications, this should be indicated in the Grant 1 Application.

The Program Manager shall endeavour to accept or deny a Grant 1 Application by written response to the Applicant within sixty (60) to ninety (90) days following the receipt of a complete Application.

Where a Grant 1 Application is denied, the Program Manager shall provide in the response the reasons for such denial and propose improvements to the Grant 1 Application that will be necessary for approval should the Grant 1 Application be resubmitted.

If a Grant 1 Application is accepted, the Program Manager shall provide notice to the Applicant containing an offer to enter into a Funding Agreement.

4.3 Grant 2 Applications

An Application for funding of Grant 2 Activities (a “**Grant 2 Application**”) shall be in the form attached as Exhibit B. A Grant 2 Application shall include, in addition to the requirements set out in Section 4.1, evidence that all prerequisites to Grant 2 CEPP funding have been met.

As a prerequisite to funding of any Grant 2 Activities, a FIT Contract shall have been entered into by the OPA and the Applicant in respect of the Project and shall be binding or the Project must not be in the FIT Reserve. Other prerequisites are shown in Figure 1 above. Notwithstanding such prerequisites, Grant 2 site-specific studies may be funded with the written consent of the Program Manager, such consent to be in the sole and absolute discretion of the Program Manager.

Where the Grant 2 Application is a resubmission of one or more previous Applications, this should be indicated in the Grant 2 Application.

The Program Manager shall endeavour to accept or deny a Grant 2 Application by written response to the Applicant within sixty (60) to ninety (90) days following the receipt of the Application.

Where a Grant 2 Application is denied, the Program Manager shall provide in the response the reasons for such denial and propose improvements to the Grant 2 Application that will be necessary for approval should the Grant 2 Application be resubmitted.

If a Grant 2 Application is accepted, the Program Manager shall provide notice to the Applicant containing an offer to enter into a Funding Agreement. Where the Applicant has already entered into a Funding Agreement in respect of Grant 1, the Program Manager shall provide notice to the Applicant containing an offer to amend the Funding Agreement for the purposes of funding the Grant 2 Activities.

4.4 Representations and Warranties

An Applicant shall make the following representations, warranties and agreements in each Application:

- (a) There are no previous or contemporaneous Applications made by the Applicant, the Community related to or associated with such Applicant, or another applicant under the CEPP related to or associated with such Community, except as disclosed in this Application.

4.5 Terms and Conditions

The following terms and conditions shall apply to, and shall be incorporated by reference into, each Application:

- (a) The receipt of an Application shall not constitute consent by the Program Manager or the OPA to support, process or accept the Application, nor shall the Application create or be deemed to create a relationship of partners, joint venturers, fiduciary, principal and agent or any other relationship between the OPA or the Program Manager and the Applicant, other than as expressly provided in these Program Rules.
- (b) The Program Manager's decision with respect to the Application is final, may be made in its sole and absolute discretion, and takes precedence over prior communications. There are no warranties, conditions or representations (including any that may be implied by statute) and there are no agreements in connection with the subject matter of the Application, except as specifically set forth or referred to in the Application, the Program Rules and the Funding Agreement that may be entered into between the Program Manager and the Applicant should the Application be approved. No reliance may be placed on any warranty, representation, opinion, advice or assertion of fact made by the OPA, the Program Manager or any of their respective representatives, except to the extent that the same has been reduced to writing and included as a term of the Application, the Program Rules or the Funding Agreement.

- (c) Financial support under the CEPP to an Applicant will only be provided upon execution of the Funding Agreement between the Applicant and the OPA, and only according to the terms and conditions therein.
- (d) The OPA reserves the right to make public the names of the organizations, including the Applicant, who have submitted an Application, the title of their Project or proposed Project, and the amount of funds awarded, if any. All other information submitted by the Applicant in will be treated as confidential subject to and in accordance with applicable law, including applicable freedom of information and privacy laws and regulations. The Applicant acknowledges and agrees that the OPA and the Program Manager are subject to the *Freedom of Information and Protection of Privacy Act* (Ontario) (“**FIPPA**”) and may, subject to FIPPA, require disclosure of confidential information in the custody or control of the OPA or the Program Manager to third parties.
- (e) The Application shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Notwithstanding that the Application was drafted by the OPA’s legal and other professional advisors, the Applicant shall acknowledge and agree that any doubt or ambiguity in the meaning, application or enforceability of any term or provision of the Application shall not be construed or interpreted against the OPA or in favour of the Applicant when interpreting such term or provision, by virtue of such fact.

SECTION 5 - APPLICATION REVIEW AND ACCEPTANCE

5.1 Applications

Applicants who wish to participate in the CEPP will submit an Application to the Program Manager in accordance with these Program Rules and instructions posted on the Website.

Applicants are required to submit Applications both electronically and in hard copy. Documents to be submitted in hard copy must be delivered to the Program Manager at:

Community Power Fund
30 Duncan Street, Suite 203
Toronto, ON, M5V 2C3
Attention: CEPP

no later than ten (10) Business Days after the electronic submission of the Application, and in accordance with the specific details set out in these Program Rules and on the Website.

5.2 Review

Each Application will be reviewed by the Program Manager, who will make recommendations to the Review Committee. The Review Committee is the ultimate decision-maker for all Application approvals and administration of Funding Agreements for approved Projects.

CEPP PROGRAM RULES

The Program Manager may request clarification, additional information, documentation and statements in relation to any Application at any time. Any such requested clarification, additional information, documentation or statements must be submitted to the Program Manager promptly and in any case within one (1) month of the date of such request.

The following criteria shall be applied by the Program Manager and the Review Committee in reviewing an Application:

- (a) Whether the Application is complete;
- (b) Whether the prerequisites have been met;
- (c) Whether the supporting materials meet reasonable standards of completeness, quality and relating to the Application;
- (d) Whether the Budget is reasonable;
- (e) Whether requirements regarding Internal Applicant Resources have been met (where applicable);
- (f) Whether the Project is Economically Viable;
- (g) The number of Community investors in the Project;
- (h) The level of local investment, engagement and participation in the Project;
- (i) The extent to which the Project helps the CEPP meet its objective of providing funding for a diversity of technology types, organizational and community types and geographic regions in Ontario;
- (j) Whether the Applicant, the Community related to or associated with such Applicant, or another applicant under the CEPP related to or associated with such Community, is in good standing with the OPA and the Program Manager, including whether any of such Persons have breached or defaulted in respect of any previous OPA contracts or the Funding Agreement; and
- (k) Whether there is a reasonable expectation that the Project will be connected to a Distribution System or the Transmission System within a reasonable period of time. For clarity, if and so long as the Project is in the FIT Reserve, it will be presumed there is no such reasonable expectation.

If an Application is rejected, the Program Manager shall provide reasons for rejecting the Application. Any such rejection shall not prohibit an Applicant from submission of a new or revised Application, provided that such new or revised Application shall be subject to the Program Rules and Funding Agreement in effect at the time of submission or resubmission.

All decisions of the Program Manager, the Review Committee and the OPA with respect to an Application shall be in their sole and absolute discretion. Any decision by the Program Manager or

Review Committee to accept, reject or otherwise deal with an Application shall be final and binding and shall not be subject to appeal by the Applicant.

SECTION 6 - FUNDING AGREEMENT FORM AND EXECUTION

6.1 Offer and Acceptance

If an Application is approved for funding, a Funding Agreement between the Program Manager and the successful Applicant will be entered into as provided in this Section 6.1.

Following the acceptance of an Application, the Program Manager will provide notice to the Applicant in respect of such Project in which the Program Manager shall offer to enter into a Funding Agreement in the form then applicable on the basis of the information set out in the Application.

An Applicant shall have one (1) month from the issuance of the offer to accept the Funding Agreement by executing the Funding Agreement and delivering it to the Program Manager. If the Program Manager does not receive the executed Funding Agreement within this time, the Application shall be deemed to have been withdrawn and the offer of a Funding Agreement shall be revoked and of no further force or effect.

Where an Applicant has entered into a Funding Agreement in relation to Grant 1 Activities and subsequently submits an Application in respect of Grant 1 or Grant 2 Activities that is accepted by the Program Manager pursuant to these Program Rules, the Funding Agreement may be amended to provide for Activities and Disbursements under such subsequent Grant 1 or Grant 2, as the case may be (and a Funding Agreement entered into in respect of Grant 1 Activities may similarly provide for Activities and Disbursements in relation to Grant 2 Activities).

6.2 Form of Funding Agreement

The form of the Funding Agreement, as it may be amended from time to time, will be posted on the Website. Details of the successful Application, including Budget, Activity schedule, payment milestones, Deliverables, and a work plan schedule shall be incorporated into the Funding Agreement.

6.3 Activities and Deliverables

The Applicant shall carry out the Activities and provide the Deliverables as provided in the Funding Agreement and by the date(s) required in the Funding Agreement. Deliverables as required hereunder in respect of each Grant shall be provided to the Program Manager in the form required by the Funding Agreement.

The Applicant shall inform the Program Manager as soon as it becomes aware that the work is not likely to be completed by such date(s).

The Applicant shall provide to the Program Manager Check In Reports as provided in these Program Rules and the Funding Agreement.

If the Applicant fails to comply with the terms and conditions of the Funding Agreement, including completing the funded Activities within the required time frame, then the Program Manager may, at its sole and absolute discretion and on notice to the Applicant, exercise all applicable legal and equitable remedies, including withholding funding, requiring the return to the OPA or the Program Manager of dollar amounts (with interest), and/or terminating the Funding Agreement.

6.4 Responsibility for Project Viability

Notwithstanding anything contained in these Program Rules, Applicants are solely responsible for ensuring the technical, regulatory and financial viability of their Projects, and neither the OPA nor the Program Manager shall have any responsibility whatsoever to assess the viability or prospects of any Application or Project nor any liability whatsoever in the event that an Applicant suffers any losses or damages of any kind in respect of a Project or the subject matter of any Application or funding under these Program Rules or in relation to or arising out of the CEPP.

At all times during a Funding Period, the Applicant and the Project shall be in material compliance with the information and materials submitted as part of or with the Application. At any time during a Funding Period, if an Applicant knows or has reason to know that the Project is not in material compliance with the Budget or business plan (as applicable), work plan, schedule or any other information or materials submitted with the Application in respect of such Funding Period, the Applicant shall notify the Program Manager in writing of such non-compliance together with a detailed description of the nature and extent of such non-compliance and proposed amendments to the Application or relevant supporting materials to bring the Project into compliance. The Program Manager shall, in its sole and absolute discretion, consent to such amendments or reject them. If the Program Manager rejects such amendments, the Program Manager shall have the right to terminate the applicable Funding Agreement and/or any further funding thereunder.

If at any time, any of the following events (each, a “**Funding Termination Event**”) occurs:

- (a) an Applicant knows or has reason to know that the Project is not Economically Viable;
- (b) an Applicant knows or has reason to know that it is not reasonable to expect that a FIT Contract can be entered into in respect of the Project, whether because a FIT Application has been rejected or for any other reason;
- (c) the Project is placed in the FIT Reserve; or
- (d) a Notice to Proceed has been issued to the Applicant or in respect of the Project by the OPA pursuant to Section 2.4 of the FIT Contract;

the Applicant shall so inform the Program Manager promptly in writing, shall not incur any further expenditures in connection with the CEPP in relation to the Project, and shall not be eligible for any further funding under the CEPP in respect of the Project (other than in respect of otherwise Eligible External Expenses in relation to which the Applicant entered into a legally binding commitment in writing prior to the Funding Termination Event, such commitment could not reasonably have been excluded from the relevant contract or otherwise avoided through commercially reasonable efforts

to include appropriate termination provisions or otherwise, and evidence of such commitment is provided to the Program Manager).

Notwithstanding this Section 6.4, an Applicant may submit a further Application in relation to a Project in respect of which a Funding Termination Event has occurred within eighteen (18) months of the commencement of such Funding Termination Event provided that the Applicant provides, together with the Application and in addition to requirements under these Program Rules for such Application:

- (a) Evidence that:
 - (i) The Funding Termination Event has ended; and
 - (ii) The cause of the Funding Termination Event has been addressed such that there is no reasonable expectation of the Funding Termination Event re-occurring;
- (b) Representations and warranties by the Applicant that:
 - (i) No other material adverse change or event has occurred in respect of the Project;
 - (ii) All Deliverables previously provided to the Program Manager remain true, accurate and complete in all material respects;
 - (iii) There is no reason to believe that any Activities previously carried out should be repeated or varied in any material respect; and
 - (iv) All assumptions and conditions underlying such Activities and Deliverables remain materially unchanged.

SECTION 7 - PAYMENTS

7.1 Overview

The timing and conditions to Disbursements shall vary depending on the amounts and timelines involved. In the circumstances set out in, *inter alia*, Section 6.3 or Section 8, amounts may be due to the OPA or Program Manager from an Applicant.

Generally, there will be two or three payments per phase. An initial disbursement will be paid upon receipt of a signed Funding Agreement by the Program Manager, a second disbursement may be paid upon completion of a project milestone, and a final disbursement will be paid upon completion of the phase and receipt of all required deliverables for that phase.

Maximum funding in respect of both Grants of a Project shall be two hundred thousand dollars (\$200,000.00)

7.2 Grant 1 Project Expenses

The aggregate Grant 1 Disbursement shall consist of a dollar amount up to 90% of aggregate Grant 1 Project Expenses, up to a maximum of two hundred thousand dollars (\$200,000).

Eligible expenses for Grant 1 Activities (the “**Grant 1 Project Expenses**”) may consist only of direct costs incurred by an Applicant for services necessary for the Grant 1 Activities, and may not consist of any Excluded Project Expenses, fees, costs, disbursements, payments-in-kind, gifts, expenses or other consideration of any type, other than Eligible External Expenses and Internal Applicant Resources incurred and expended no earlier than the start of the Funding Period.

7.3 Grant 2 Project Expenses

The Aggregate Grant 2 Disbursement shall consist of a dollar amount up to 90% of aggregate Grant 1 Project Expenses, up to a maximum of two hundred thousand dollars (\$200,000), in aggregate (less any previous funding amounts received by the Applicant or to which the Applicant is or may become entitled in respect of the Project).

Eligible expenses for Grant 2 Activities (the “**Grant 2 Project Expenses**”) may consist only of direct costs incurred by an Applicant for services necessary for the Grant 2 Activities, and may not consist of any Excluded Project Expenses, fees, costs, disbursements, payments-in-kind, gifts, expenses or other consideration of any type, other than Eligible External Expenses and Internal Applicant Resources incurred and expended no earlier than the start of the Funding Period.

SECTION 8 - AUDIT RIGHTS

8.1 Audit

During the Funding Period and for a period of seven (7) years thereafter, or such longer period as may specified in Laws and Regulations, where applicable, an Applicant that has participated in the CEPP shall:

- (a) keep proper books, accounts, and records of its revenue received and expenses incurred and paid in connection with Activities and CEPP funding, and shall keep its invoices, receipts, and other vouchers relating thereto;
- (b) on reasonable notice, during normal business hours and not more often than once in a calendar year in respect of any expenditures on Activities or CEPP funding, make available to the OPA or the Program Manager or their designate such books, accounts, records, invoices, receipts, and vouchers referred to above and permit the OPA or Program Manager t(at its own expense) to examine and audit and take copies and extracts from such documents; and
- (c) subject to Laws and Regulations, allow the OPA or the Program Manager or their designate, at the OPA or the Program Manager’s discretion and expense and on reasonable notice, and not more often than once in a calendar year, to conduct a

technical audit to verify that the Activities were carried out in accordance with these Program Rules and the Funding Agreement.

If any discrepancy is identified by the audit referred to in this Section 8, the appropriate adjustments shall be promptly made between the Parties. If there has been an overpayment by the Program Manager or the OPA, the amount of the overpayment shall constitute a debt due to the OPA or Program Manager, and may be so recovered. If such overpayment is greater than three (3) percent of the aggregate funding in respect of the Activities for the relevant audited Grant, the cost of such audit shall be paid by the Applicant, and such amount shall also constitute a debt due to the OPA or Program Manager and may be so recovered. Any debt due to the OPA or Program Manager herein referred to may, in addition to any other remedies available at law or in equity, also be recovered by the OPA or Program Manager by set-off.

SECTION 9 - PROGRAM REVIEW AND AMENDMENTS

9.1 Program Amendments

The OPA intends to review and amend as necessary the CEPP, these Program Rules, and the form of Funding Agreement (which, for greater certainty, shall not affect any executed Funding Agreements) following the development and finalization of the Economic Connection Test (as defined in the FIT Rules) and related processes and procedures, and at regular two-year intervals. The OPA may make such an amendment outside of a scheduled program review in response to changes in the Economic Connection Test, Ministerial directions, changes in Laws and Regulations, significant changes in market conditions or other circumstances as required.

Notice of any Amendment as a result of a scheduled program review will be posted on the Website at least 30 days prior to the effective date of such Amendment. Notice of any Amendment that is not as a result of a scheduled program review will be posted on the Website for such time period, if any, prior to the effective date of such Amendment, as circumstances may permit.

APPENDIX - DEFINITIONS

**to the
CEPP PROGRAM RULES**

The following terms shall have the respective meaning stated below when used in the Program Rules:

1. **Activity or Activities** means some or all of the Grant 1 Activities and the Grant 2 Activities.
2. **Applicant** means an Community that submits an Application.
3. **Application** means Grant 1 Application or a Grant 2 Application.
4. **Arm's Length** has the meaning given to it in the *Income Tax Act* (Canada))
5. **Biogas** has the meaning given to it in Ontario Regulation 328/09, made under the *Electricity Act*, as published in The Ontario Gazette on September 26, 2009, but excludes landfill gas.
6. **Biomass** has the meaning given to it in Ontario Regulation 328/09, made under the *Electricity Act*, as published in The Ontario Gazette on September 26, 2009, but may also include supplementary non-renewable fuels other than coal used for start up, combustion, stabilization and low combustion zone temperatures shall be no more than ten percent (10%) 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 five percent (5%) of the total fuel heat input in any calendar year for Electricity generation units with gross nameplate capacity of greater than 500 kW.
7. **Budget** means statement of the reasonably expected Costs associated with Activities proposed to be carried out pursuant to an Application.
8. **Business Day** means a day, other than a Saturday or Sunday or statutory holiday in the Province of Ontario.
9. **CEA Act** means the Canadian Environmental Assessment Act.
10. **CEPP** shall have the meaning given to it in Section 1.1 of the Program Rules.
11. **Check In Report** means a status report with respect to a Project submitted from time to time by the Applicant to the Program Manager as may be required in the Funding Agreement.
12. **Community** shall have the meaning given to it in Section 2.1 of the Program Rules.
13. **Competitive Tender Process** means a bidding process for the purpose of selecting a provider of goods or services having an aggregate value greater than \$10,000.00 (ten thousand dollars) that is in compliance with any applicable tendering policy of the Applicant or,

where the Application is a corporation that is wholly owned by a Community, such Community, and wherein:

- (a) the request for proposals or tendering document contains a clear description and specifications of the deliverables and does not contain any features that would unduly reduce or restrict competition;
- (b) purchases, commitments, projects or deliverables have not been fragmented, subdivided or split for the purpose, in whole or in part, of being valued below \$10,000.00 (ten thousand dollars) for the purpose of avoiding a competitive tendering process;
- (c) the bidders are at Arm's Length to the Person conducting the process and to each other;
- (d) there has been no price fixing or other collusion between any of the bidders or between any bidder and the Person conducting the process;
- (e) at least three bidders have participated or reasonable efforts were made to solicit such bids;
- (f) all bidders have appropriate skills, qualifications and experience in respect of the goods or services to be provided;
- (g) bids have been submitted in writing;
- (h) the winning bid has been chosen in accordance with transparent criteria reflecting price and/or quality;
- (i) adequate written records have been made and kept regarding the process;
- (j) the process has been fair; and
- (k) the Person conducting the process has not been subject to any conflict of interest;

provided that, where the provider of goods or services has been providing this type of goods or services to the Applicant prior to the date of the Application, the requirements of (a) through (k) above shall not apply to the engagement or retention of such provider.

- 14. **Connection Impact Assessment** or **CIA** means an assessment conducted by an LDC to determine the impact on the Distribution System of connecting the Project to its Distribution System.
- 15. **Connection Point** means:
 - (i) if the Project is intended not to be a Behind-the-Meter Facility, the electrical connection point between the Project and the Distribution System where

Electricity is injected into the Distribution System or the IESO-Controlled Grid (as applicable); and

- (ii) if the Project is intended to be a Behind-the-Meter Facility, the electrical connection point between the Project and the Host Facility where Electricity is injected into the Host Facility's electrical system.

- 16. **Co-Op** shall have the meaning given to it in Section 2.1 of the Program Rules.
- 17. **Costs** means costs, expenses, fees, taxes, rates, in-kind payments, or other consideration of any kind.
- 18. **Deliverables** means some or all of the Grant 1-A Deliverables, the Grant 1-B Deliverables and the Grant 2 Deliverables, as appropriate.
- 19. **Disbursement** means a Grant 1 Disbursement or a Grant 2 Disbursement.
- 20. **Distribution System** means a system connected to the IESO-Controlled Grid for distributing Electricity at voltages of 50 kilovolts or less, and includes any structures, equipment or other things used for that purpose, provided that a Distribution System shall be deemed not to include any equipment controlled by the IESO pursuant to the Distribution System Code.
- 21. **Distribution System Code** means the "Distribution System Code" established and approved by the OEB, 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.
- 22. **Economically Viable** means, in respect of a Project, that the Project has a positive internal rate of return, inclusive of any benefits to the Applicant's community.
- 23. **Electricity** means electric energy, measured in kWh.
- 24. **Electricity Act** means the Electricity Act, 1998 (Ontario).
- 25. **Eligible External Expenses** means Costs incurred and expended in respect of external duly qualified professional and technical consultants or contractors who are directly involved and reasonably necessary to carry out the project management, technical, engineering, environmental, or financial aspects of the Activities, that have been retained pursuant to a Competitive Tender Process and in respect of which receipts have been received by the Applicant, provided that Excluded Project Expenses shall be excluded from Eligible External Expenses.
- 26. **Engineering Activities** means engineering activities for purposes of Project site preparation and capital cost estimate consisting of:
 - (a) Conceptual design layout: preferred Project site selection, preliminary site plan, assessment of technology alternatives, Project site servicing, Project site constraints,

transportation assessment, survey and map preparation, outlining developmental costs, determining capital costs and determining operation, maintenance and decommissioning costs, and Electricity production estimates.

- (b) Electrical engineering design: equipment selection, Project site electrical plan, electrical room layouts/single line diagram, connection corridor hydro and telephone and cost estimates.
- (c) Civil/geotechnical engineering design: geotechnical investigations, grading and servicing plan, Project site plan refinement, storm water management, cost estimates and Project site survey. For landfill gas, drill test wells to test for landfill gas quality and quantity, review existing landfill cover and revise and update previous landfill gas calculations.
- (d) Mechanical/structural engineering design, made up of:
 - (i) Structural engineering, consisting of: foundation design and/or framing review, scale facility, fuel storage within building foundation, tipping floor, retaining/push walls, equipment foundations, stacks, cost estimating and building design; and
 - (ii) Mechanical engineering, consisting of: PID Drawing, equipment selection, equipment layout, building HVAC, process ventilation, fire protection, building hazard classification, facility plumbing and drainage, process services, electrical load list, heat loss calculations and cost estimates.

27. **Engineering Report** means a report consisting of the following:

- (a) A conceptual design report containing preferred Project site selection, preliminary site plan, assessment of technology alternatives, Project site servicing, Project site constraints, transportation assessment, survey and map preparation, outlining developmental costs, determining capital costs and determining operation, maintenance and decommissioning costs.
- (b) An electrical engineering design report containing equipment selection, Project site electrical plan, electrical room layouts/single line diagram, connection corridor hydro and telephone, cost estimates and drawings.
- (c) A civil/geotechnical engineering design report containing geotechnical investigations, grading and servicing plan, Project site plan refinement, storm water management, cost estimates and Project site survey. For landfill gas, data from drill test wells for landfill gas quality and quantity must be submitted along with results from reviewing existing landfill cover and updated landfill gas calculations; and
- (d) A mechanical/structural engineering design report comprised of:

- (i) structural engineering report containing foundation design and/or framing review, scale facility, fuel storage within building foundation, tipping floor, retaining/push walls, equipment foundations, stacks, cost estimating and building design; and
 - (ii) Mechanical Engineering Report containing PID Drawing, equipment selection, equipment layout, building HVAC, process ventilation, fire protection, building hazard classification, facility plumbing and drainage, process services, electrical load list, heat loss calculations and cost estimates.
 - 28. ***Environmental Constraint Analysis*** means an analysis that is completed prior to entering the REA approval process or other regulatory approval processes and that:
 - (a) identifies any natural and cultural heritage features associated with the Project site and surrounding lands;
 - (b) examines the implications of environmental policies that have been designed to protect such features on the Project; and
 - (c) refines the scope of work required for the REA.
 - 29. ***Excluded Project Expenses*** means, in relation to an Application, expenses in respect of:
 - (a) capital Costs of a Project;
 - (b) a FIT Contract application;
 - (c) any and all amounts paid to Governmental Authorities;
 - (d) any Activity already funded, carried out or committed to by a Person that is not a Community; and
 - (e) any Costs incurred, or relating to any activity, matter or thing carried out, prior to May 10, 2010.
 - 30. ***FIT Application*** means a duly completed application under the FIT Program in respect of a Project that has been properly submitted (together with appropriate application security) to the OPA pursuant to the FIT Rules, including Sections 3, 9.2 and 13.2, as applicable, thereof.
 - 31. ***FIT Contract*** means the agreement entered into with the OPA in accordance with the FIT Rules, comprised of the FIT Contract Cover Page, the general terms and conditions, any applicable special terms and conditions, the Standard Definitions of the FIT Rules, and the other Exhibits are attached, as amended, restated or replaced from time to time.
 - 32. ***FIT Program*** has the meaning ascribed thereto in Appendix 1 –Standard Definitions of the FIT Rules.
-

33. ***FIT Reserve*** has the meaning ascribed thereto in Appendix 1 –Standard Definitions of the FIT Rules.
34. ***FIT Rules*** means the Feed-in-Tariff Rules issued by the OPA as amended from time to time.
35. ***Funding Agreement*** has the meaning given to it in Section 1.2.
36. ***Funding Period*** means, in respect of a Grant, the period commencing at the date an Application for such Grant is received and ending at the later of (i) the date that the final Disbursement is made in respect of such Application, and (ii) the date that all Deliverables in respect of such Grant are received by the Program Manager.
37. ***Funding Termination Event*** has the meaning given to it in Section 6.4;
38. ***Government of Ontario*** means Her Majesty the Queen in right of Ontario.
39. ***Governmental Authority*** means any federal, provincial, or municipal government, parliament, 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 OPA and the Program Manager.
40. ***Grant*** means Grant 1 or Grant 2.
41. ***Grant 1*** shall have the meaning given to it in Section 3.3 of the Program Rules.
42. ***Grant 1 Activities*** means some or all of Grant 1-A Activities and the Grant 1-B Activities.
43. ***Grant 1 Application*** shall have the meaning given to it in Section 4.2 of the Program Rules.
44. ***Grant 1 Deliverables*** means the Grant 1-A Deliverables and the Grant 1-B Deliverables.
45. ***Grant 1 Project Expenses*** shall have the meaning given to it in Section 7.2 of the Program Rules.
46. ***Grant 1-A Activities*** means some or all of the Activities listed under “Grant 1-A Activities” in Appendix A – CEPP Funded Activities.
47. ***Grant 1-B Activities*** means some or all of the Activities listed under “Grant 1-B Activities” in Appendix A – CEPP Funded Activities.
48. ***Grant 2*** shall have the meaning given to it in Section 3.4 of the Program Rules.
49. ***Grant 2 Activities*** means some or all of the Activities listed under “Grant 2 Activities” in Appendix A – CEPP Funded Activities.
-

50. **Grant 2 Application** shall have the meaning given to it in Section 4.3 of the Program Rules.
51. **Grant 2 Project Expenses** shall have the meaning given to it in Section 7.3 of the Program Rules.
52. **Grant 2 Site-specific Studies** means appropriate site-specific studies which may include one or more of the following:
- (a) Air quality/climate change review using existing data (for on-reserve Projects only);
 - (b) Noise study;
 - (c) Effluent management study;
 - (d) Storm water management;
 - (e) Surface water;
 - (f) Hydrogeology;
 - (g) Coastal environment;
 - (h) Bird studies;
 - (i) Bat studies;
 - (j) Fish inventory and habitat;
 - (k) Breeding amphibians;
 - (l) Ecological land classification;
 - (m) Agriculture and forestry, archaeology assessment; and
 - (n) Heritage assessment.
53. **Host Facility** means a facility which:
- (a) the Renewable Generation Facility is connected to at the Connection Point; and
 - (b) is either (i) directly connected to a Distribution System or (ii) connected to the IESO-Controlled-Grid directly or through one or more other facilities (which other facility is not, for greater certainty, a Distribution System);
- and may include that part of the Project that is not part of the Renewable Generation Facility.
54. **IESO** means the Independent Electricity System Operator of Ontario established under Part II of the Electricity Act or its successor.
-

55. ***IESO-Controlled Grid*** has the meaning given to it by the IESO Market Rules.
56. ***IESO Market Rules*** means the rules made under section 32 of the Electricity Act, together with all market manuals, policies, and guidelines issued by the IESO, as may be amended from time to time.
57. ***including*** means “including without limitation”.
58. ***Internal Applicant Resources*** means internal resources of the Applicant in the form of employee time as measured in dollars per person/hour, provided that:
- (a) the employee(s) carrying out the Activity are reasonably qualified and have the requisite skills and experience to accomplish the task to a reasonable standard and within a reasonable period of time;
 - (b) the number of hours devoted to such Activity reflects the number of hours that would be required to accomplish such activity by an appropriately qualified and experienced individual working reasonably efficiently;
 - (c) the person/hours recorded and accounted for in respect of such Activity are true and accurate;
 - (d) the dollar amount expended, per hour and in aggregate, for such Activity by an employee or internal resource, is consistent with and comparable to the per hour and aggregate expenditures in respect of such employee or internal resource in respect of services provided to the Applicant by such employee or internal resource both prior to and following the Activity; and
59. ***LDC*** means the owner or operator of a Distribution System who is licensed by the OEB as an “electricity distributor”.
60. ***LDC Consultation Report*** means a statement by the LDC or Transmitter to whose system the Project is to be connected that there is no current reason to expect that the Project will not be connected to its Distribution System or Transmission System, as the case may be.
61. ***Laws and Regulations*** means, from time to time:
- (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;
 - (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, the Distribution System Code, the Transmission System 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.
62. **MNR** means the Ontario Ministry of Natural Resources.
63. **Meter** means a meter owned by or under the control of the LDC or the Transmitter, as applicable, that measures and records the quantity of Electricity which passes through it;
64. **Not-For-Profit** means a corporation without share capital governed by Part III of the *Corporations Act* (Ontario) or by Part II of the *Canada Corporations Act*.
65. **OEB** means the Ontario Energy Board or its successor.
66. **Ontario EA Act** means the Environmental Assessment Act, R.S.O. 1990, c. E.18, as amended.
67. **OPA** shall have the meaning given to it in Section 1.1 of the Program Rules.
68. **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.
69. **Program Manager** has the meaning ascribed thereto in Section 1.1 and as the OPA may designate from time to time.
70. **Program Rules** shall have the meaning given to it in Section 1.2 of the Program Rules.
71. **Project** shall have the meaning given to it in Section 2.3 of the Program Rules.
72. **Proponent** shall have the meaning given to it in Section 2.4 of the Program Rules.
73. **REA Studies and Plans** means those studies and plans necessary or appropriate for the purpose of the Project's REA and which may include:
- (a) Construction Plan: A report describing the details of the construction activities, location and timing, any negative environmental effects and mitigation measures.
 - (b) Consultation Report: A minimum of three notifications to the public are required, including conducting two public meetings and a municipal meeting.
 - (c) Decommissioning Plan: A plan for decommissioning of the Project.
 - (d) Design and Operations Report: A Project site plan, conceptual plans related to both design and operation, and an environmental effects monitoring plan.
-

- (e) Effluent Management Plan Report: An assimilative capacity report.
 - (f) Emissions Summary and Dispersion Modeling.
 - (g) Hydrogeological Assessment: Assessment of hydrogeological conditions and storage assessment, monitoring and contingency plans.
 - (h) Noise Study Report.
 - (i) Odour Study Report: Report on processes and sources of odour, environmental effects and mitigation.
 - (j) Project Description Report: Describes energy sources, equipment, activities, capacity, land ownership, negative environmental effects and Project map.
 - (k) Surface Water Assessment Report: Assesses surface water features and storage, monitoring and contingency plans.
 - (l) Wind Turbine Specification Report: Specifies wind turbines to be used (applies to Class 3, 4 or 5 wind projects).
 - (m) Natural Heritage Assessment and Archaeology/Cultural Investigation (as required by Ministry of Natural Resources): Report on natural/cultural heritage assessment and water records review, Agency consultation and Project site investigations (boundary delineation only).
 - (n) Crown Land Interest Report (as required by Ministry of Natural Resources): Report on title searches, consent from unpatented mining claim holders, legal agreements, mitigation, Project site access controls and measures to address compatibility to existing land use.
74. **Registered Charity** has the meaning given to it in the *Income Tax Act* (Canada).
75. **Regulatory Approvals** means, at any time, any approvals, permits or licenses necessary or appropriate for the Project issuable by any Governmental Authority under Laws and Regulations that may be reasonably obtained at such time, including those required by the following Governmental Authorities under the legislation indicated:
- (a) Fisheries and Oceans Canada - *Fisheries Act*;
 - (b) Ministry of Natural Resources - Lakes and Rivers Improvement Act, Public Lands Act, Provincial Parks and Conservation Reserves Act, Endangered Species Act, Conservation Authorities Act;
 - (c) Transport Canada - *Navigable Waters Act*;
 - (d) Parks Canada - Historic Canals Regulations and National Parks Act;
-

- (e) Environment Canada/Fisheries and Oceans Canada - *Species at Risk Act*;
 - (f) Indian and Northern Affairs Canada - *Indian Act, Dominion Water Power Act*, Public Lands Licensing;
 - (g) Ministry of the Environment - Ontario Water Resources Act and Clean Water Act;
 - (h) Ministry of Culture - *Ontario Heritage Act*; and
 - (i) Municipal building permits - applicable municipal legislation and bylaws.
76. **Regulatory Approvals Report** means a report on the Regulatory Approvals necessary or appropriate for the Project, including copies of applications submitted for all Regulatory Approvals.
77. **Renewable Energy Approval** or **REA** means the approval issued by the Ontario Ministry of the Environment under Section 47.3 of the Environmental Protection Act (Ontario).
78. **Renewable Fuel** means wind, solar (photovoltaic), Biomass, Biogas, landfill gas or waterpower.
79. **Renewable Generating Facility** means a facility located in Ontario which generates Electricity exclusively from one or more Renewable Fuels and delivers that Electricity through a Meter in accordance with all Laws and Regulations to the IESO-Controlled Grid, a Distribution System or a Host Facility.
80. **RESOP Contract** means a contract entered into by the OPA and another Person in respect of the development of a renewable energy generation facility under the OPA's Renewable Energy Standard Offer Program.
81. **Resource Assessment** means an assessment of resource or fuel requirements consisting of:
- (a) For wind:
 - (i) A preliminary wind resource assessment (over) a period of one to two months) consisting of basic site screening and pre-feasibility analysis; meteorological tower permitting, installation and commissioning; data validation and cleaning; model setup; constraints definition; wind resource map development; turbine evaluation and layout organization; and
 - (ii) A complete wind resource assessment (over a period of one to two years). A complete resource assessment including data validation and cleaning; updated wind resource map; layout optimization; uncertainty evaluation; estimates of wake, availability, electrical, aerodynamics and other losses; and gross and net energy yield predictions.

- (b) For solar power, a preliminary solar assessment consisting of a basic Project site screen, solar intensity calculations, space availability analysis and other analysis using publicly available data;
 - (c) For water power, a preliminary water assessment consisting of validation of available resource information, modeling, making necessary adjustments, defining constraints, energy yield analysis and mapping.
 - (d) For Biomass, Biogas and landfill gas:
 - (i) A preliminary fuel price/availability assessment consisting of an assessment of local fuel availability and pricing and evaluation of energy availability from the fuel source;
 - (ii) A detailed fuel availability study consisting an analysis of sources, types, quantities, quality, and suppliers of fuel; factors influencing fuel availability; competition for fuel; a review of the Project’s fuel supply plan; fuel pricing; transportation costs; estimated fuel requirements; and risk assessment;
 - (iii) A preliminary gas production/availability study consisting of field measurements of landfill gas (surface) and desktop modeling of landfill gas availability , evaluation of energy availability from fuel source and the estimated revenue;\
 - (iv) An assessment of waste disposal issues, including disposal opportunities and Project site capacity; and
 - (v) For landfill gas only, field measurements of landfill gas (surface) and desktop modeling of landfill gas availability.
82. **Review Committee** means the review committee of the CEPP as established and maintained by the OPA and the Program Manager.
83. **Term** means the term of the FIT Contract entered or to be entered in respect of the Project.
84. **Transmission System** means a system for conveying Electricity at voltages of more than 50 kilovolts and includes any structures, equipment or other things used for that purpose.
85. **Transmitter** means a Person licensed by the OEB as a “transmitter” in connection with a Transmission System.
86. **Website** means the website of the CEPP.

EXHIBIT A
CEPP FUNDED ACTIVITIES (BY TECHNOLOGY)

Wind Projects

Note: Activities in **bold** must be completed before the next or final CEPP grant payment

Grant 1 Funded Activities	Grant 2 Funded Activities
<p><u>Grant 1-A1 Activities</u></p> <ol style="list-style-type: none"> 1. 3rd party site verification report which includes: <ol style="list-style-type: none"> a. validation of site map/plan b. validation of sufficient land to site proposed project c. validation of preliminary resource assessment (e.g. wind atlas projections) d. environmental constraints analysis and review of required regulatory approvals (Renewable Energy Approval and/or other government approvals) 2. Obtaining site control (signed option or lease agreement) 3. Grid connection update (LDC verification that your project is Capacity Allocation Exempt (CAE) or capacity exists) 4. Legal (e.g. incorporation, joint venture agreement, partnership agreement, option agreement) 5. Tendering for consultants 6. Project co-ordination or project management 7. Noise study 8. Supplier requests for proposals (RFP's) 9. Community engagement (related to other Funded Activities) <p><u>Grant 1-A2 Activities</u> (Funds for Grant 1-A2 disbursed upon successful completion of G1-A)</p> <ol style="list-style-type: none"> 1. Resource assessment tower installation, data collection, data interpretation, micro siting plan 2. Application to FIT Program (CEPP does not cover costs of security deposits or application fees, only the activities involved in preparing the application that coincide with the list of CEPP eligible activities, e.g. project manager's time.) 3. Draft business plan 4. Grid connection update (LDC verification that project is CAE or capacity exists) 5. Transportation study 6. Noise study 7. Project coordination or project management 8. Offering document/member agreement or prospectus 9. Negotiating supplier agreement and operations & maintenance agreement 10. Community engagement (related to other Funded Activities) 11. Bird study 12. Bat study <p><u>Grant 1-B Activities</u> (Funds for Grant 1-B disbursed upon submission of FIT application and successful completion of A 1 and 2 activities)</p> <ol style="list-style-type: none"> 1. Engineering studies, including: <ol style="list-style-type: none"> a. Electrical b. Geotechnical c. Civil 	<ol style="list-style-type: none"> 1. Renewable Energy Approval (REA) 2. Connection Impact Assessment (CIA) and/or System Impact Assessment (SIA) 3. Final business plan 4. Negotiating supplier agreement 5. Negotiating operations & maintenance agreement 6. Negotiating construction contract(s) 7. Electrical Safety Authority (ESA) approval 8. Offering document 9. Membership agreement 10. Project management/project co-ordination 11. Community engagement (related to other Funded Activities) 12. Sales and marketing plan Database management system design and setup

Solar PV Projects

Note: Activities in **bold** must be completed before the next or final CEPP grant payment

Grant 1 Funded Activities	Grant 2 Funded Activities
<p><u>Grant 1-A1 Activities</u></p> <ol style="list-style-type: none"> 1. 3rd party site verification report which includes: <ol style="list-style-type: none"> a. validation of site map/plan b. validation of sufficient land/rooftop space to site proposed project (including preliminary system design, roof assessment) c. validation of preliminary resource assessment d. environmental constraints analysis and review of required regulatory approvals (Renewable Energy Approval and/or other government approvals) e. feasibility engineering study (system design and structural analysis) 2. Obtaining site control (Signed Option or Lease Agreement) 3. Grid connection update (LDC verification that your project is Capacity Allocation Exempt (CAE) or capacity exists) 4. Legal (e.g. incorporation, joint venture agreement, partnership agreement, option agreement) 5. Tendering for consultants 6. Project co-ordination or project management 7. Supplier Requests For Proposals (RFPs) 8. Noise study (if ground mounted) 9. Community engagement (related to other Funded Activities) <p><u>Grant 1-A2 Activities</u> (Funds for Grant 1-A2 disbursed upon successful completion of Grant 1-A1)</p> <ol style="list-style-type: none"> 1. Application to FIT Program (CEPP does not cover costs of security deposits or application fees, only the activities involved in preparing the application that coincide with the list of CEPP eligible activities, e.g. project manager's time) 2. Draft business plan 3. Grid connection update (LDC verification that project is CAE or that capacity exists) 4. Supplier RFP 5. Noise study (if ground mounted) 6. Project coordination or project management 7. Offering document/member agreement or prospectus 8. Negotiating supplier agreement and operations & Maintenance agreement 9. Negotiating construction contract(s) 10. Community engagement (related to other Funded Activities) <p><u>Grant 1-B Activities</u> (Funds for Grant 1-B disbursed upon submission of FIT application and successful completion of A1 and A2 activities)</p> <ol style="list-style-type: none"> 2. Engineering studies, including: <ol style="list-style-type: none"> a. Electrical b. Geotechnical c. Civil 	<ol style="list-style-type: none"> 1. Renewable Energy Approval 2. Connection Impact Assessment and/or System Impact Assessment 3. Final business plan 4. Negotiating supplier agreement 5. Negotiating operations & maintenance (O&M) agreement 6. Negotiating construction contract(s) 7. Electrical Safety Authority approval 8. Offering document 9. Membership agreement 10. Project management/project co-ordination 11. Community engagement (related to other Funded Activities) 12. Sales and marketing Plan 13. Database management system design and setup

Biogas, Biomass & Landfill Gas Projects

Note: Activities in **bold** must be completed before the next or final CEPP grant payment

Grant 1 Funded Activities	Grant 2 Funded Activities
<p><u>Grant 1-A1 Activities</u></p> <ol style="list-style-type: none"> 1. 3rd party site verification report which includes: <ol style="list-style-type: none"> a. validation of suitability of supply mix and quantity for Bio Energy System(s) being proposed b. validation of sufficient land to site proposed facility and facilitate fuel storage/and or fuel delivery c. validation of preliminary resource assessment based on list of proposed input materials and proposed system d. environmental constraints analysis and review of required regulatory approvals based on scale and scope of project and source materials 2. Obtaining site control (signed option or lease Agreement) 3. Fuel study and MOI(s) with fuel suppliers 4. Grid connection update (LDC verification that capacity still exists, or OPA list verifies capacity exists) 5. Legal (e.g. incorporation, joint venture agreement, partnership agreement, option agreement) 6. Tendering for consultants 7. Project co-ordination or project management 8. Supplier Request For Proposals (RFPs) 9. Odour study 10. Community engagement (related to other Funded Activities) <p><u>Grant 1-A2 Activities</u> (Funds for Grant 1-A2 disbursed upon successful completion of Grant 1-A1)</p> <ol style="list-style-type: none"> 1. Application to FIT Program (CEPP does not cover costs of security deposits or application fees, only the activities involved in preparing the application that coincide with the list of CEPP eligible activities, e.g. projects manager’s time) 2. Draft business plan 3. Grid connection update (LDC verification that capacity exists, or OPA list verifies capacity exists) 4. Supplier RFPs 5. Odour study 6. Fuel contracts 7. Project coordination or project management 8. Offering document/member agreement or prospectus 9. Community engagement (related to other Funded Activities) 10. Negotiating supplier agreement 11. Negotiating operations & maintenance agreement 12. Negotiating construction contract(s) <p><u>Grant 1-B Activities</u> (Funds for Grant 1-B disbursed upon submission of FIT application and successful completion of A1 and A2 activities)</p> <ol style="list-style-type: none"> 1. Engineering studies, including: <ol style="list-style-type: none"> a. Electrical b. Geotechnical c. Civil 	<ol style="list-style-type: none"> 1. Renewable Energy Approval or Nutrient Management Act Approval 2. Connection Impact Assessment and/or System Impact Assessment 3. Final business plan 4. Negotiating supplier agreement 5. Negotiating operations & maintenance agreement 6. Negotiating construction contract(s) 7. Electrical Safety Authority approval 8. Offering document 9. Membership agreement 10. Project management/project co-ordination 11. Community engagement (related to other Funded Activities) 12. Sales and marketing plan 13. Database management system design and setup

Water Power Projects

Note: Activities in **bold** must be completed before the next or final CEPP grant payment

G1 Funded Activities	G2 Funded Activities
<p><u>Grant 1-A1 Activities</u></p> <ol style="list-style-type: none"> 1. EA Phase 1 – Project Concept Document (including project description and environmental context, project coordination and developing public and aboriginal engagement plans) 2. EA Phase 2 - Project Definition Document (including Notice of Commencement, Identification of potential effects, public consultation and aboriginal engagement, and gap analysis, data, and information collection) 3. 3rd party site verification report which includes: <ol style="list-style-type: none"> a. validation of sufficient land to site proposed project b. validation of preliminary resource assessment (e.g. Ontario Water Power Atlas and completed Annual Energy Generation Potential Equation) c. validation of site map/plan 4. Grid connection update (LDC verification that your project is CAE, capacity exists, or OPA list verifies capacity exists) 5. Legal (e.g. incorporation, JV, partnership, and option agreement) 6. Tendering for consultants 7. Project co-ordination or project management 8. Community engagement (related to Funded Activities) <p><u>Grant 1-A2 Activities</u> (Funds for A2 disbursed upon successful completion of A1)</p> <ol style="list-style-type: none"> 1. EA Phase 1 - Project Concept Document (including project description and environmental context, project coordination and developing public and aboriginal engagement plans) 2. EA Phase 2 - Project Definition Document (including Notice of Commencement, Identification of potential effects, public consultation and aboriginal engagement, and gap analysis, data, and information collection) 3. EA Phase 3 - Project Assessment (Assessment of Effects, and impact and issue management strategies) 4. Draft Business Plan 5. Plan of Development (MNR template) 6. Grid connection update (LDC verification that your project is CAE, capacity exists, or OPA list verifies capacity exists) 7. Application to FIT Program (CEPP does not cover costs of security deposits or application fees, only the activities involved in preparing the application that coincide with the list of CEPP eligible activities, e.g. project manager’s time) 8. Obtaining water-use rights, licenses, permits 9. Waterpower Lease agreement application and multi-use permit 10. Project coordination or project management 11. Offering Document/Member Agreement or prospectus 12. Negotiating Supplier Requests for Proposals (RFP) 13. Community engagement (related to Funded Activities) <p><u>Grant 1-B Activities</u> (Funds for 1-B disbursed upon submission of FIT application and successful completion of A1 and A2 activities)</p> <ol style="list-style-type: none"> 1. Engineering studies, including: <ol style="list-style-type: none"> a. Electrical b. Geotechnical c. Civil 	<ol style="list-style-type: none"> 1. EA Phase 2 - Project Definition Document (including Notice of Commencement, Identification of potential effects, public consultation and aboriginal engagement, and gap analysis, data, and information collection) 2. EA Phase 3 - Project Assessment (Assessment of Effects, and impact and issue management strategies) 3. EA Phase 4 - Project Documentation (preparation of environmental report, notice of inspection for projects on unmanaged waterways, and notice of completion) 4. Obtaining water-use rights, licenses, permits 5. Waterpower Lease agreement application and multi-use permit 6. Connection Impact Assessment and/or System Impact Assessment 7. Final Business Plan 8. Negotiating RFPs and supplier agreements 9. Negotiating Operations & Maintenance Agreement 10. Construction Contract(s) 11. ESA (Electrical Safety Authority) approval 12. Offering Document 13. Membership Agreement 14. Project Management/Project Co-ordination 15. Community Engagement (related to Funded Activities) 16. Sales and Marketing Plan 17. Database Management System design and setup

**EXHIBIT B
GRANT 1 APPLICATIONS (BY TECHNOLOGY)**

[See attached.]

**EXHIBIT C
GRANT 2 APPLICATIONS (BY TECHNOLOGY)**

[See attached.]