



REQUEST FOR INDICATIVE PRICES

For

**THE SUPPLY OF WOOD PELLET FUEL
for
ATIKOKAN GENERATING STATION**

Issue Date:

Thursday, March 18, 2010

Closing Date and Closing Time:

3:00 p.m. (Toronto time) on
Wednesday, May 12, 2010

Closing Location:

700 University Avenue H9 E23
Toronto, ON, M5G 1X6
ATTN: Ms. Melissa Perry

**Ontario Power Generation Inc.
Energy Markets, Fuels**

biomass@opg.com

700 University Avenue, Toronto, Ontario, M5G 1X6

biomass@opg.com

March 18, 2010

INVITATION LETTER

RE: INVITATION TO PARTICIPATE IN ATIKOKAN BIOMASS FUEL REQUEST FOR INDICATIVE PRICES (RFIP)

To whom it may concern:

OPG is seeking indicative prices for solid wood-based biomass fuel to be used at OPG's Atikokan Generating Station (GS). The RFIP information is an important factor in the development of the business case needed to support repowering Atikokan GS. Commercial operation on biomass is expected to begin in 2012 with initial fuel delivery required for equipment commissioning in August 2012.

In this Request For Indicative Prices, as cancelled, amended or clarified from time to time, (collectively, this "RFIP"), the term "OPG" means Ontario Power Generation Inc. and the term "Representatives" means OPG's subsidiaries and all employees, officers, directors, agents and representatives of OPG or any of its subsidiaries.

This RFIP is an invitation to Suppliers to submit indicative prices to OPG for wood fuel pellets. The wood fuel pellet supply being considered under this RFIP will have a Local Content Requirement such that the source of the wood fibre and the location of the production facilities that will produce the wood pellets shall be within Ontario.

This RFIP is expressly not a request for proposals or a call for tenders. The intent of this RFIP is to assist OPG to assess the market for wood fuel pellets and establish the Potential Proponents with whom OPG wishes to enter into discussions and potentially negotiate biomass fuel supply agreements. It is OPG's expectation that it will enter into multiple contracts and that it will evaluate the proposal on the basis of creating a portfolio of suppliers to enhance fuel supply security and diversity.

This RFIP is composed of the following documents:

1. Invitation Letter (the "Invitation Letter");
2. Declaration of Participation – Attachment 1
3. Rules respecting the RFIP (the "Rules") – Attachment 2;
4. Information for the Development of Commercial Terms (the "Term Sheet") – Attachment 3;
5. Evaluation Criteria - Attachment 4;
6. Schedule of Activities – Attachment 5.

Once a Proponent submits its declaration of participation in the RFIP, a supplemental information package will be forwarded to the Proponent which will include the complete fuel specification, a pro-forma fuel supply agreement, a pro-forma Material Safety Data Sheet and any other pertinent documentation.

Each Proponent must inform OPG immediately if it becomes aware that the Proponent's RFIP response is incomplete and the Proponent will be allowed to complete its submission provided that the supplemental information can be delivered prior to the closing date and time. If you wish to participate in the RFIP please complete a Declaration on your letterhead in the form of the letter included as Attachment 1 on or before Friday, April 9, 2010.

Responses to the RFIP are to be received in hard copy, on or before 3:00 p.m. EDT Wednesday, May 12, 2010 at the following address:

Ontario Power Generation
700 University Avenue H9 E23
Toronto, Ontario, Canada M5G 1X6

Attention: Ms. Melissa Perry
Phone: 416-592-4319

Each Proponent is individually responsible for ensuring the timely delivery of its indicative prices and for ensuring that delivery takes place.

If further information is required, please contact Ms. Melissa Perry at the number above.

Yours truly,

Energy Markets, Fuels Division

ATTACHMENT 1

DECLARATION OF PARTICIPATION (ON PROPONENT'S LETTERHEAD)

[Date]

Ontario Power Generation Inc.
700 University Avenue H9 D23
Toronto, Ontario
M5G 1X6

Attention: Ms. Melissa Perry

Dear Sirs/Madames:

Request for Indicative Prices for Supply of Biomass Fuel for Atikokan GS (the "RFIP")
Closing Date: Wednesday, May 12, 2010

We have downloaded Ontario Power Generation Inc.'s request for expressions of interest dated March 18, 2010 relating to the Project (this "RFIP"). We have reviewed this RFIP and have decided that we will submit the information requested in the RFIP on or before the closing date. We agree with the terms set out in the invitation letter and the rules, as may be amended or clarified from time to time.

Please send all communications to us respecting this RFIP to:

Company:
Address:
Attention:
Telephone:
Fax:
E-mail:

Name of Authorised Signatory:
Title:

Attachment 2

RULES

1. Definitions

In these Rules and in the Term Sheet, the following terms have the respective meanings set out below.

- (a) **Amendments** means extensions to the Closing Date or revisions, deletions, additions or substitutions of terms or other information respecting this RFIP that are issued to Proponents in writing by OPG Fuels, Energy Markets.
- (b) **Clarifications** means explanations or interpretations respecting this RFIP that are issued to Proponents in writing by OPG Fuels, Energy Markets.
- (c) **Closing Date** is defined in the cover page to the Invitation Letter.
- (d) **Supplier** means an entity that is capable of providing the fuel
- (e) **Proponent** means a party submitting a response to this RFIP
- (f) **Potential Proponent** means a party with whom OPG wishes to enter into discussions and potentially negotiate a fuel supply agreement.
- (g) **Representative(s)** means OPG's subsidiaries and all employees, officers, directors, agents and representatives of OPG or any of its subsidiaries.

Each capitalised term not otherwise defined in these Rules or the Term Sheet has the meaning given to it in the Invitation Letter.

2. Interpretation

In these Rules and in the Term Sheet, words importing the singular include the plural and vice versa and the term “**including**” means “including without limitation”, and the terms “**include**”, “**includes**” and “**included**” have similar meanings. All matters respecting this RFIP are governed by, and are to be construed and interpreted in accordance with, the laws of Ontario and the laws of Canada applicable in Ontario. Subject to Section 10, each of the Proponents irrevocably submits to the exclusive jurisdiction of the courts of Ontario in respect of all matters respecting this RFIP.

3. Amendments and Clarifications to this RFIP

OPG may, at any time, cancel, amend or clarify this RFIP by issuing a written notice to this effect. OPG will issue all Amendments to this RFIP as numbered authorised Amendments. OPG will issue all Clarifications to this RFIP as numbered authorised Clarifications. All cancellations, Amendments or Clarifications respecting this RFIP that are issued by OPG Fuels, Energy Markets will automatically upon issue become part of this RFIP. OPG strongly encourages contacting the OPG Fuels, Energy Markets representative at the address set out in the Invitation Letter at least three business days

before the Closing Date to confirm that all Amendments and Clarifications have been received.

4. Equal Access to Information

If OPG discovers that it has provided any Amendment or Clarification to any Proponent and such Amendment or Clarification has not been provided to all the Proponents, OPG will provide such Amendment or Clarification to all the Proponents and, in OPG's sole discretion, OPG may extend the Closing Date by an Amendment.

5. Confidentiality of RFIP Information

The fact that OPG is conducting this RFIP is public information. Any information received from a Proponent pursuant to this RFIP is confidential information of such Proponent ("Confidential Information"). OPG shall not disclose Confidential Information to any third party without the advance written consent of the Proponent, such consent not to be unreasonably withheld or delayed, except OPG may disclose such information (i) as may become generally available to the public other than as a result of a violation of this Agreement; (ii) as may be required or appropriate in response to any summons, subpoena, or otherwise in connection with any litigation or to comply with any applicable Law, order, regulation, ruling, or Market Rules or Ontario Energy Board codes, provided that the party intending to disclose such information shall, to the extent permitted by law, provide the other party with prompt written notice of any such request or requirement; (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the other party in making such disclosure; (iv) as may be furnished to any person or entity (including, without limitation, that party's auditors, solicitors, advisors, affiliates, rating agencies or financial institutions) with which the party has a written confidentiality agreement or which are otherwise required to keep the information that is disclosed in confidence; (v) to the Ontario Power Authority ("OPA") or any successor, additional or replacement agency, if requested by such entity; or (vi) to the Ontario government, including but not limited to the Ministry of Energy and Infrastructure and the Ministry of Northern Development, Mines and Forestry (MNDMF).

In the event that a Proponent and OPG have entered into a Confidentiality Agreement relating to biomass, the Proponent and OPG agree that any Confidential Information shall be governed by the terms of this Section 5, notwithstanding the terms of the Confidentiality Agreement. In the event that such Proponent is successful, the Proponent and OPG agree that the terms and conditions of the Fuel Pellet Supply Agreement that will be executed shall govern, notwithstanding the terms of the Confidentiality Agreement.

6. Cost of Preparation

Each Proponent will be solely responsible for all of its costs and other expenses in respect of this RFIP.

7. Credit Inquiries

Each Proponent authorises OPG to make credit inquiries about the Proponent and any of its affiliates and receive and exchange credit information from credit reporting agencies or other persons with which the Proponent or any of its affiliates has or may expect to have financial dealings.

8. Submission of Information

The RFIP requests various information from Proponents on the supply of wood-based fuel pellets. This information is set out in Attachment 3 - Information for the Development of Commercial Terms. In particular Proponents **must deliver** the price information requested in Section 10 of Attachment 3 in a separate sealed envelope or package from the information requested in Section 2 to 9 of Attachment 3.

With respect to Section 11 of Attachment 3, the entire Alternative Proposal should be delivered in a separate envelope with the pricing portion of such Alternative Proposal in an envelope or package separate from the non-pricing information.

PROPONENTS MUST PROVIDE THREE (3) HARD COPIES OF THEIR PROPOSAL.

THE FAILURE OF A PROPONENT TO MEET THE REQUIREMENT OF THIS SECTION OF THE RULES WILL RESULT IN THE PROPOSAL OR ALTERNATIVE PROPOSAL BEING RETURNED TO THE PROPONENT. THE PROPOSAL OR ALTERNATIVE PROPOSAL WILL NOT BE EVALUATED.

9. No OPG Guarantees

OPG has included statements of facts and other information in this RFIP merely for the general information of the Proponents. Neither OPG nor any of the Representatives make any representation, warranty or guarantee, express, implied or otherwise, as to the accuracy or completeness of any of these statements or other information or any subsequent written or oral statements of fact or other information provided to any Proponent. Each Proponent releases OPG and all Representatives from all claims, demands and other complaints in respect of all such statements, other information and any representation, warranty or guarantee contained in, or omitted from, this RFIP or in any subsequent written or oral statements of fact or other information provided to any Proponent.

10. Finality

OPG has designed a request for indicative prices process that balances fairness to Proponent and flexibility for OPG. OPG has become concerned about the increasing degree of litigation and threats of litigation in requests for indicative prices, requests for proposals and tendering processes across North America. Litigation and threats of litigation increase costs, delay requests and reduce the certainty for successful Proponents in requests for indicative prices, request for proposals and tendering processes. Accordingly, each Proponent agrees that OPG's ultimate selection of Potential Proponent, if any, is final and binding on all Proponents. In addition, OPG is under no obligation to conduct any request for proposals, tendering or any other process in respect of this Request. All the terms of this RFIP are expressly set out in this RFIP and there are no implied terms respecting this RFIP. Notwithstanding any other term in this RFIP, no Proponent or Potential Proponent may make any claim, demand or other complaint respecting OPG or any of the Representatives to any court, other adjudicative body, governmental authority or regulatory authority respecting this RFIP, for any reason whatsoever, including respecting fundamental breach, the conduct of the process of evaluation, ultimate selection of Potential Proponents or the selection of the successful Proponents. In particular, without limiting the generality of the foregoing, no Proponent or Potential Proponent may seek any judgement, order decree, injunction, declaration or other relief that such Proponent's or Potential Proponent's information was the "lowest" or "best", that such Proponent is or should be selected as a Potential Proponent or successful Proponent, that OPG erred in its evaluation of any terms of any indicative prices as compared to the successful Proponents or that OPG or any of the Representatives otherwise exercised any discretion or conducted the process in an inappropriate, unreasonable or unfair manner or in breach of any term of this RFIP. Each Proponent and Potential Proponent releases OPG and all Representatives from all such claims, demands and other complaints.

Should a Proponent or Potential Proponent have any complaint or concern regarding this RFIP, the Proponent or Potential Proponent is encouraged to submit such complaint or concern in writing to OPG's Director, Fuels, Energy Markets at 700 University Avenue H9 F24, Toronto, Ontario, Canada M5G 1X6

11. Acceptance of Terms

BY SUBMITTING INFORMATION REQUESTED BY THIS RFIP, EACH PROPONENT AND POTENTIAL PROPONENT WHO SO SUBMITS INFORMATION IS DEEMED TO AGREE TO THE TERMS OF THE INVITATION LETTER AND THESE RULES.

ATTACHMENT 3

TERM SHEET - Information for the Development of Commercial Terms

1. Requirement

OPG is exploring the conversion of its Atikokan Generating Station (GS), located in Atikokan, Ontario to burn 100% wood-based biomass fuel. The final phase of the conversion of the generating station is scheduled to begin in June 2012. Initial fuel deliveries to support the commissioning of equipment are required in August 2012; fuel deliveries to support commercial operation are required in December 2012.

The wood fuel pellet supply being considered under this RFIP will have a Local Content Requirement such that the source of the wood fibre and the location of the production facilities that will produce the wood pellets shall be within Ontario. OPG will require that the wood-based fuel pellets be accompanied by Chain of Custody Certification ensuring that the wood pellets supplied to OPG are manufactured from wood fibre sourced from well managed forests.

The expected annual volume of wood-based biomass fuel pellets is 90,000 tonnes. OPG will consider indicative prices for multiple blocks of 22,500 – 30,000 tonnes per year. It will also consider the supply security impacts associated with entering into a contract with a single supplier versus entering into multiple supply contracts. It is OPG's expectation that it will enter into multiple contracts and that it will evaluate the proposal on the basis of creating a portfolio of suppliers to enhance fuel supply security and diversity. **Notwithstanding the preceding, OPG requests that Proponents provide pricing for a minimum volume that is between 22,500 and 30,000 tonnes and pricing for the entire 90,000 tonnes requirement.**

While exact consumption will be a function of the Independent Electric System Operator's acceptance of OPG's offers of generation to the Ontario electricity market, OPG has reviewed the potential requirement profiles under numerous requirement conditions. Section 12 sets out three of the many potential load profiles that may occur; the charts presented highlight one profile with summer and winter peaks, one with summer peak and one with winter peak. Please note that these are **ILLUSTRATIVE ONLY** and that actual use profiles will likely be different. Also note that within this expected monthly consumption there will be weekly variations that will need to be managed. OPG will request, in Section 10, pricing options to help manage this uncertainty.

2. Contract Terms and Conditions

OPG is seeking a ten-year supply contract for the purchase of wood-based biomass fuel. The form of contract OPG will enter will be subject to negotiation of specific commercial

terms and the inclusion of information specific to the Potential Proponent. The pro-forma contract will be forwarded to declared RFIP participants following receipt of the declaration and will become Attachment 8 of this RFIP. Proponents are requested to review the contract document and indicate their acceptance of terms and conditions as published or identify any revisions to the terms and conditions they wish OPG to consider.

Contract negotiation will be limited to the sections of the contract that are identified as “Subject to Negotiation” and any revision identified by the Proponent. In regard to the latter, the Proponent must clearly identify the proposed change and negotiation will be limited to the proposed changes and any issues that arise from the proposed change.

Each Proponent is deemed to have offered to agree to each term in the form of contract that the Proponent has not expressly amended, qualified or otherwise changed.

Any Agreement negotiated as a result of this RFIP will be considered complete once it is approved by the management of the parties and fully executed by the parties.

3. Management Competency/Experience

OPG will evaluate the Proponent’s management competency and experience in the manufacture of wood fuel pellets and will request specific information in support of the Proponent’s competency and experience. The information presented by the Proponent in support of this can relate to facilities inside or outside of the Province of Ontario.

Existing Facilities

Proponents should provide information on any existing manufacturing facilities that are currently in production. These facilities may be within the Province of Ontario or in other jurisdictions. For these facilities the Proponent must identify the annual production capacity and the current annual production volume from the facility, the specific location of the facility, the type of raw material being processed (e.g. wood and species of tree), the current market for the production and an indication of the contract volumes and contract duration(s) supporting the production.

Facilities Under Construction

If the Proponent is constructing a facility within the Province of Ontario or in other jurisdictions, the Proponent should provide the scheduled start of production of the facility, the specific location of the facility, the planned annual production volumes, the type of raw material to be processed (e.g. wood and species of tree), the planned market for the production and an indication of the contract volumes and contract duration(s) that support the construction of the facility.

Planned Facilities

If the Proponent plans to construct a facility within the Province of Ontario or in another jurisdiction, the Proponent should provide the status of any permits or regulatory approvals, the planned start of construction, the planned start of production of the facility, the planned location of the facility being as specific as possible, the planned annual production volumes, the planned type of raw material to be processed (e.g. wood and species of tree), the planned market for the production and an indication of the contract volumes and contract duration(s) that are supporting the construction of the facility.

If the Proponent is successful and enters into an Agreement with OPG for the supply of fuel, the construction schedule for the facility will be incorporated into fuel supply agreement.

The successful proponent will be required to obtain and maintain its own permits and approvals for its operations. OPG has been advised by the Ministry of the Environment (Ontario) that the material described in the attached fuel specification would be classified as “woodwaste” under Reg. 347 under the *Environmental Protection Act*. Further, Atikokan GS would meet the definition of a “woodwaste combustor site” as defined by Reg. 347. Proponents may be exempt from certain waste permit requirements under the *Environmental Protection Act* (sections 27, 40 and 41) if the specified criteria are met. OPG will provide the successful proponent with documentation that OPG will accept the wood pellets at Atikokan GS and that the pellets are to be used principally for electricity generation. Proponents are advised to satisfy themselves of all environmental permit/approval requirements and shall not rely on the information herein provided.

Manufacturing Experience

OPG recognizes that many Proponents may not have first hand experience with the manufacturing of wood-based fuel pellets. It also recognizes that this experience may be obtained through partnerships with experienced suppliers or through engagement of persons or corporate entities with specific expertise in the manufacturing of wood-based fuel pellets. The Proponent should demonstrate that it either has this experience or has engaged experienced partners or engaged persons or corporate entities with this experience. The specific experience of the partners, persons or other corporate entities should be documented.

Management Experience

In all cases the Proponent will require a competent management team to operate an existing facility, a facility that is under construction or a facility that is planned. Detailed information on the management team should be provided in the submission to this RFIP with particular attention to similar projects or facilities to the wood-based fuel pellet manufacturing facility.

Other Information

The Proponent is encouraged to provide other information it considers appropriate to demonstrate its management competency and production experience for wood-based fuel pellets. Information provided by independent third parties with respect to the Proponent's management competency or experience would support its contentions.

4. Financial Information

OPG needs to establish that the parties with which it enters into a supply agreement have the financial capability to meet the obligations they will be undertaking in any contractual agreement. In this respect Proponents are required to provide financial information that will allow OPG to evaluate Proponents in this regard.

THE PROVISION OF THE FINANCIAL INFORMATION REQUESTED IN THIS DOCUMENT IS A MANDATORY REQUIREMENT OF THIS RFIP.

IN ADDITION TO THE FINANCIAL INFORMATION, EACH PROPONENT MUST BE PREPARED TO PROVIDE TO OPG A STANDBY LETTER OF CREDIT IN THE FORM OF APPENDIX E TO ATTACHMENT 8 IN THE AMOUNT OF \$6,000,000 CANADIAN PER 30,000 TONNES OF ANNUAL DELIVERY. THIS IS A MANDATORY REQUIREMENT OF THIS RFIP.

Corporate Organization Chart

The Proponent must provide a Corporate Organization Chart that clearly identifies the entity that will be the party to the supply contract and if it is applicable the entity that will be the party to the Indemnity Agreement attached to the supply agreement provided in Appendix E to Attachment 8. The Corporate Organization Chart should clearly show the relationship of the corporate entities to each other and the level of ownership interest of each of the entities.

AN OFFICER'S CERTIFICATE VERIFYING THE CONTENT OF THE CORPORATE ORGANIZATION CHART MUST BE PROVIDED WITH THE CHART.

Financial Information

ACCOUNTANT REVIEWED ANNUAL FINANCIAL STATEMENTS OF THE PROPONENT MUST BE PROVIDED IN THE FORM OF EITHER AUDITED/ REVIEW ENGAGEMENT OR NOTICE TO READER STATEMENTS FOR THE LAST THREE FISCAL YEARS FOR WHICH THEY ARE AVAILABLE. IN ADDITION QUARTERLY STATEMENTS WHICH MAY BE NON-ACCOUNTANT REVIEWED ARE A REQUIREMENT FOR ANY COMPLETE QUARTERLY PERIOD AFTER THE LAST FISCAL YEAR STATEMENTS SUBMITTED. WHERE

NON-ACCOUNTANT REVIEWED QUARTERLY STATEMENTS ARE PROVIDED THEY MUST BE ACCOMPANIED BY A CERTIFICATE SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY WHICH VERIFIES THAT THE FINANCIAL STATEMENTS ARE MATERIALLY CORRECT AND PREPARED IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

OPG requests the above financial information from the Proponent for the entity that will be the party to a supply contract.

If a Proponent submits financial statements of an affiliate company to satisfy the above requirement, then the affiliate will be required to provide OPG with a parental indemnity. OPG may also ask for similar financial statements from any affiliate from whom OPG requires a parental indemnity.

OPG, based on the financial information for the Proponent, may request financial information for the Proponent's parent and require the parent to provide OPG with a parental indemnity if the Proponent is to enter into an agreement with OPG.

Non-Accountant Reviewed Financial Statements

Accountant reviewed financial statements are preferred; however, if unavailable, non-accountant reviewed financial statements will be accepted but must be accompanied by a separate certificate signed by the chief financial officer of the Proponent verifying that the financial statements are materially correct and prepared in accordance with Canadian generally accepted accounting principles.

THE CHIEF FINANCIAL OFFICER'S CERTIFICATE VERIFYING THE CONTENT OF THE UNAUDITED FINANCIAL STATEMENTS MUST BE PROVIDED WITH THE FINANCIAL STATEMENTS.

New Corporate Entities

In the circumstance that the Proponent is a new corporate entity that does not currently have the financial information requested above, then the following information is requested

- Current Balance Sheet
- Pro-forma financial statements including Income Statement, Balance Sheet and Cash Flow Statement
- Bank references and existing credit lines
- Evidence of existing contracts with counterparties other than OPG
- Information supporting the financial strength of ownership group
- Information of parental or affiliate support, including a description of any loan guarantee programs for which the Proponent may qualify

A CORPORATE OFFICER'S CERTIFICATE VERIFYING THE CONTENT OF THE NEW CORPORATE ENTITY INFORMATION MUST BE PROVIDED WITH THE INFORMATION.

Other Information

The Proponent is encouraged to provide any other information it considers appropriate to demonstrate the financial strength of the corporate entity with whom OPG may enter into a contractual arrangement. Information provided by independent third parties with respect to the Proponent's management competency or experience may be used to support its contentions.

5. Fuel Specification

IT IS A MANDATORY REQUIREMENT THAT THE PRODUCT REPRESENTED BY THE PROPONENT FOR CONSIDERATION IN THIS RFIP MEET ALL ELEMENTS OF THE FUEL PELLET SPECIFICATION. THE FUEL PELLET SPECIFICATION WILL BE FORWARD TO DECLARED RFIP PARTICIPANTS FOLLOWING RECEIPT OF THE DECLARATION AND WILL BECOME ATTACHMENT 6.

General Requirements

Wood-based fuel pellets proposed to OPG must meet the specification set out in Attachment 6. OPG will include this specification in any supply contract and will establish the quality level at which pellets deliveries will be suspended or product rejected. In addition the contract will include any financial penalties related to the rejection of the fuel or financial adjustments related to any divergence from guaranteed values but not outside of the rejection limit.

Material Safety Data Sheet

The Proponent must provide, if it has it available, a Material Safety Data Sheet (MSDS) for the wood based fuel pellets that meets Canadian MSDS requirements.

If the Material Safety Data Sheet is not available, then the Proponent must provide information indicating when it will be available for review and deliver it at that time. While each producer is responsible for creating and providing a MSDS specific to the product it will deliver to OPG, an example MSDS will be forwarded to declared RFIP participants following receipt of the declaration and will become Attachment 9 of this RFIP. The document to be provided in Attachment 9 **IS FOR GUIDANCE ONLY**.

6. Quality Control Program

OPG's expectation is that the Proponent will deliver wood pellet fuel that meets the specification set out in Attachment 6 and that the Proponent will have in place a quality control program.

A Quality Control Program is a program that monitors product quality during manufacture, has sufficient responsiveness to ensure that the product delivered to OPG meets the specification and reports the wood fuel pellet quality to OPG on a timely basis.

Quality Control During Manufacture

The Proponent is requested to provide a detailed description of the quality monitoring program it will have in place during manufacturing. The description of this program should include but not be limited to a description of the frequency of product sampling, the timeliness of the availability and provision of quality information, the types of actions that will be taken with respect to product that does not meet the specification and how the Proponent will ensure it does not enter the delivery stream, the timeliness and speed with which such actions will be taken, the timeliness and speed with which the product will return to the specification.

Post-Production Quality Control

The Proponent is requested to provide a detailed description of the quality monitoring program it will have in place after manufacture and up to delivery to OPG transport equipment. The description of this program should include but not be limited to a description of the frequency of product sampling, the timeliness of the availability and provision of quality information, the types of actions that will be taken with respect to product that does not meet the specification. OPG specifically requests that the Proponent provide information on how it will ensure that product not meeting the specification will be handled and how it will ensure that it is not delivered to OPG.

Laboratory Facilities

The Proponent is requested to provide a description of the laboratory facilities it will have at the production facility, the capability of those facilities, and the Proponent's plans with respect to the personnel that will perform quality control activities and their attendance at the laboratory (e.g. 24 hour coverage or limited coverage).

If the Proponent does not have laboratory facilities, the Proponent is requested to provide a description of its quality control plans using a third party facility and the ability of that facility to deliver quality information needed to support production.

Post-Manufacture Product Handling

The Proponent is requested to provide a description of product handling from the completion of manufacture until delivery to OPG provided transportation and include information such as the time period from manufacture to delivery, the actions or controls it will take to ensure that product quality is maintained, and the remedial actions it would undertake to mitigate the impact of any post-production material degradation.

Third Party Certification of Quality Control Programs

The Proponent is requested to indicate whether or not it plans to participate in any certification programs that will be subject to audit by independent third parties. If the Proponent plans to participate in any such certification program it is requested to indicate the program to which it will subscribe.

7. Supply and Delivery

Location of Facility

The Proponent must provide a geographical description of the location of the existing, under construction or planned production facility that will be used to produce and deliver the wood pellet fuel to OPG. The description should include municipality, the precise location within that municipality and the distance to major highways. For the purpose of this RFIP delivery to truck for road transportation is required.

In the event the loading facility is different from the production facility, the Proponent must provide the same information requested above.

Alternative to Road Transportation

This RFIP is a request for wood-based fuel pellet supply for Atikokan GS. Delivery to Atikokan GS will be via truck transport to be provided by OPG. As biomass generation increases, OPG may require moving to rail and/or water transportation. The Proponent is requested to comment on the ability of the production facility to access rail or vessel transport and to identify the rail carrier, whether or not the production facility site is served by rail, and if not, the distance from that rail carrier and an indication of the facilities required to be served by that rail carrier. Similarly the Proponent is asked to comment on the distance and transport mode to access vessel transportation.

Multiple Production Facilities

The Proponent is requested to indicate whether it will have multiple production facilities and if it does have multiple facilities it is asked to indicate the location of such alternate facilities and if OPG would have access to production from multiple facilities.

Proponent Customer Base

The Proponent is requested to indicate its plan with respect to the production facility and the portion of the facilities' total production that the 30,000 tonne delivery volume described above would represent.

Transportation Equipment

OPG plans to deliver production to Atikokan GS using trucks it will provide. The equipment used for these deliveries may have solid tops and be loaded through hatches, however, a final determination is yet to be made. OPG will specify to its transporters, trailers that are of either a "walking floor" or "live bottom" design with end offloading. The trailers are expected to each carry about about 35 tonnes of material. OPG will work with Proponents and update this information as additional information is obtained.

8. Wood Supply

OPG requires any fuel supply contract to be supported by a viable wood fibre supply. In this regard the Proponent must identify the wood supply that will support the fuel supply production. The source of the wood supply will be either from Crown lands or non-Crown lands which include forests publicly owned by municipalities, counties, regions or other public agencies. As well, some raw material supply may include mill residues, such as hog fuel.

OPG's expectation with respect to wood supply is that the harvest will be completed in accordance with sustainable forest management practices. In addition the raw material supply would meet the United Nations Framework Convention on Climate Change (UNFCCC) definition of renewable. The definition will be forwarded to declared RFIP participants following receipt of the declaration and will become Attachment 7.

Non-Crown Lands

In the case of non-Crown lands, OPG requires that the Proponent provide specific information on the location of the lands, a description of the wood fibre to be used from these lands, specific information of its right to access these lands, whether by ownership or contract with a third party land owner, evidence of its or a third party landowner's right to legally harvest from such lands.

Crown Lands

In the case of Crown lands, the Ministry of Northern Development, Mines and Forestry (MNDMF) has released a Stage II: Provincial Wood Supply Competitive Process (WSCP). This competition is open to any proponents, including existing companies. Successful proponents selected from this process will be provided an opportunity to enter into a wood supply agreement, or other such instrument, with the Ministry of Northern

Development, Mines and Forestry. As appropriate, they may also receive a forest resource processing facility licence to allow construction and operation of a manufacturing facility.

OPG requires that the Proponent demonstrate a sufficient fibre supply for the proposed facility. This includes specific information on the annual Crown wood supply requirements (e.g. source, species, volume). The MNDMF competitive process is separate and distinct from this RFIP; however, it is understood that Proponents using Crown wood supply will also need to be selected under the WSCP.

OPG will validate wood fibre supply from Crown lands by consulting with MNDMF to confirm that the Proponent will have a viable wood fibre supply that is reasonably available to allow it to meet its obligation under any fuel supply agreement with OPG. In this regard OPG and MNDMF will enter into a Memorandum of Understanding that allows the sharing of key information related to the Proponent's RFIP response and with respect to information provided to the WSCP. Information will be shared on a confidential basis. The information is required to allow OPG to confirm with MNDMF the availability of wood fibre and for MNDMF to confirm the viability of the market with OPG.

Selected Proponents

With respect to Crown wood supply, the timing of any decision to proceed with a specific Proponent in the negotiation of a fuel supply agreement will be subject to a formal confirmation from MNDMF that the Proponent has a viable wood fibre supply and that the required forest resources are reasonably available to the Proponent. This may be in the form of a commitment to the Proponent or its wood fibre supplier, as applicable, from MNDMF (e.g. letter of intent) and/or a forest resource processing facilities license for the proposed wood pellet manufacturing facility.

With respect to non-Crown wood supply, the timing of any decision to proceed with a specific Proponent in the negotiation of a fuel supply agreement will be subject to a formal confirmation from MNDMF that the Proponent has a forest resource processing facilities license for an existing facility or will be issuing a forest resource processing facilities license for a proposed facility.

Chain of Custody Certification

OPG requires that the wood-based fuel pellets be accompanied by Chain of Custody Certification ensuring that the wood pellets supplied to OPG are manufactured from wood fibre sourced from well managed forests. In particular, the chain-of-custody certification must be provided under one of the certification standards widely employed in Ontario: the Forest Stewardship Council (FSC)¹; or the Sustainable Forestry Initiative

¹ <http://www.fsccanada.org/default.htm>

(SFI)²; the Canadian Standards Association (CSA)³; and includes the Programme for the Endorsement of Forest Certification (PEFC)⁴.

9. Aboriginal Benefits

OPG expects the Proponent to provide documentation demonstrating the Aboriginal Community benefits that will arise from its proposal. This can take the form of a strategy to provide meaningful Aboriginal Community benefits including, but not limited to, their intent to employ Aboriginal people in the proposed facilities, their intent to provide opportunities to improve the qualifications of Aboriginal people for employment in the proposed facilities, etc.

If the Proponent has a signed Memorandum of Understanding in place with an Aboriginal Community that provides for Aboriginal Community benefits it should provide the detail of any such MOU in its proposal.

Should the proposal include Aboriginal Community equity this should be clearly stated and the amount of such equity clearly identified. If the Proponent is Aboriginal this should be clearly stated.

10. Product Price and Delivery Schedule

OPG requests that the Proponent provide price information for the supply of fuel pellets. The price information will be the base price included in any supply agreement that OPG and the Proponent may enter.

THE PROPONENT MUST PROVIDE PRICING UNDER PRICING OPTION 1.

Proponents are encouraged to provide pricing under the other two options. If the Proponent wishes to provide pricing for an option it may do so and OPG will consider indicative prices for multiple blocks of 22,500 tonnes per year up to a total of 90,000 tonnes per year under each option. OPG reserves the right to accept or reject any such alternative. OPG will be responsible for all transportation of fuel from delivery point to Atikokan GS.

The price will be at the Proponent's production or loading facility, as applicable, loaded onto OPG provided transport. OPG will be responsible for transportation of the fuel from the loading facility to Atikokan GS. The price will include all taxes, fees, levies, penalties,

² <http://www.sfiprogram.org/>

³ http://www.csa-international.org/product_areas/forest_products_marking/Default.asp?language=english

⁴ http://www.pefccanada.org/Chain_of_Custody.html

licenses, interest or charges imposed by any governmental authority on or with respect to the wood-based fuel pellets prior to the delivery point.

OPG will add to the price a transportation adder appropriate to the distance from the production or delivery facility to Atikokan GS.

OPG may choose a portfolio approach to its wood-base pellet fuel supply to take into account factors including but not limited to diversity of supply, diversity of raw material supply, diversity of transportation routes, credit risk, operation risk, etc.

The Base Price will be effective as of January 1, 2012, and will be subject to an annual adjustment determined as follows:

Price Adjustments

The Base Price quoted by the Proponent will be subject to annual adjustments.

Annual Contract Price

- The Contract Price will be calculated as follows:

$$\begin{aligned} \text{Contract Price} \\ &= \text{Base Price plus} \\ &\text{Adjustment Amount (Wood) plus} \\ &\text{Adjustment Amount (Operating)} \end{aligned}$$

Wood Supply Adjustment

- 45% of the Base Price will be subject to annual escalation that will be calculated as follows:

$$\begin{aligned} \text{Adjustment Factor (Wood)} \\ &= [\text{Wood Price for Quarter immediately preceding contract year divided by Base} \\ &\text{Wood Price}] \text{ minus } 1.0 \end{aligned}$$

$$\text{Adjustment Amount (Wood)} = \text{Base Price times Adjustment Factor (Wood) times } 45\%$$

Operating Adjustment

- 30% of the Base Price will be subject to annual adjustment at the beginning of each contract year that will be calculated as follows:

$$\begin{aligned} \text{Adjustment Factor (Operating)} \\ &= [\text{CPI for month immediately preceding contract year divided by Base CPI}] \\ &\text{minus } 1.0 \end{aligned}$$

$$\begin{aligned} \text{Adjustment Amount (Operating)} \\ &= \text{Base Price times Adjustment Factor (Operating) times } 30\% \end{aligned}$$

Data Sources for Price Adjustments

Prices for Wood supply (“Wood Price”) will be those published by Wood Resources International in Wood Resources Quarterly. In particular the average of Conifer and non-Conifer Pulpwood Prices quoted in US\$/odmt converted to Canadian dollars using the exchange rates published by Wood Resources International in Wood Resources Quarterly.

The CPI values will be as published by Statistics Canada.

Pricing Option 1

Product price assumes ratable delivery. Ratable means equal monthly volumes taking into account outages that may be required for maintenance by Proponent or OPG. For the purpose of this RFIP it should be assumed that deliveries will take place over 11 of the 12 months in each calendar year (i.e. up to 9.1% of annual deliveries in any given month).

For Option 1, OPG further requests that Proponents provide pricing for a minimum volume that is between 22,500 and 30,000 tonnes and pricing for the entire 90,000 tonne requirement.

Pricing Option 2

Product price assumes that OPG can nominate in its sole discretion during the month prior to the delivery month a pattern that provides for up to 20% of the annual volume to be delivered in any month but no more than 45% of the annual volume to be delivered in any consecutive three month period.

Pricing Option 3

Product price assumes that OPG can nominate in its sole discretion during the month prior to the delivery month in a pattern that provides for up to 20% of the annual volume to be delivered in any month.

Evaluation of Pricing

The prices provided will be evaluated by OPG and the evaluation will take into account the transportation cost to Atikokan GS. Under Pricing Option 2 and Pricing Option 3, OPG will evaluate the benefit to OPG of the variability in delivery schedule and in particular the potential saving of onsite storage cost that the variable delivery schedule provides.

11. Alternative Proposals

A Proponent may also submit an Alternative Proposal. If a Proponent wishes to make an Alternative Proposal or Proposals, the Proponent is strongly encouraged to submit one Proposal which is in accordance with the requirements of the RFIP (the “**Main Proposal**”) and any Alternative Proposals containing all such amendments, qualifications or other changes (any one of which is referred to as an “**Alternative Proposal**”). The pricing information for the Alternative Proposal must be included in a separate sealed envelope or package clearly identifying it as an Alternative Proposal. Alternative Proposals will be evaluated following the evaluation of the Main Proposal.

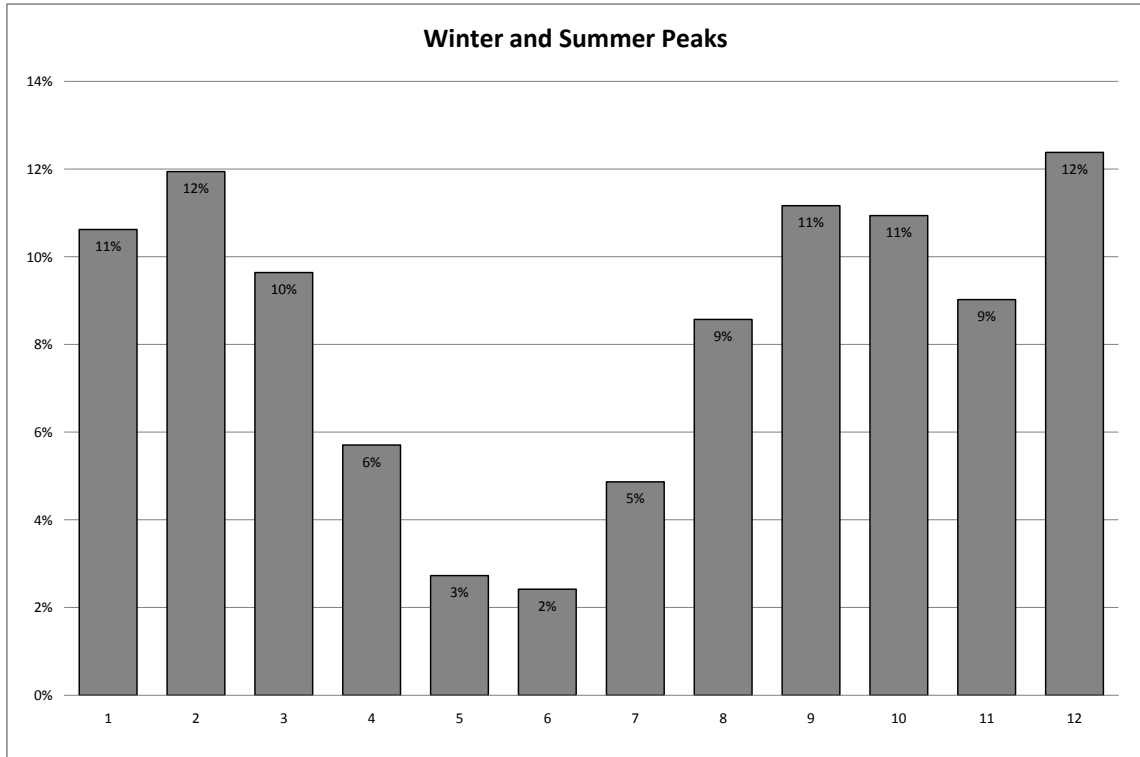
OPG may, however, reject or subject to adverse weighting in the Proposal evaluation process, any Proposal containing only an Alternative Proposal and no Main Proposal. It is for this reason that all Proponents are advised of this risk if a Proponent chooses to submit only an Alternative Proposal and no Main Proposal.

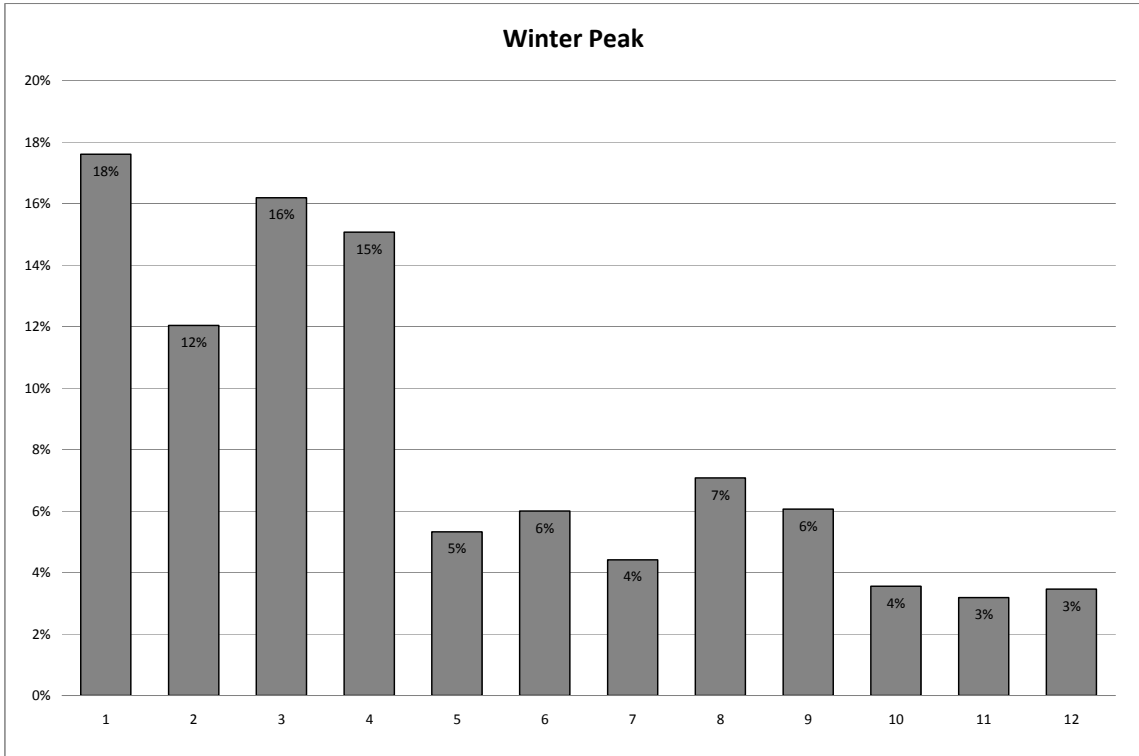
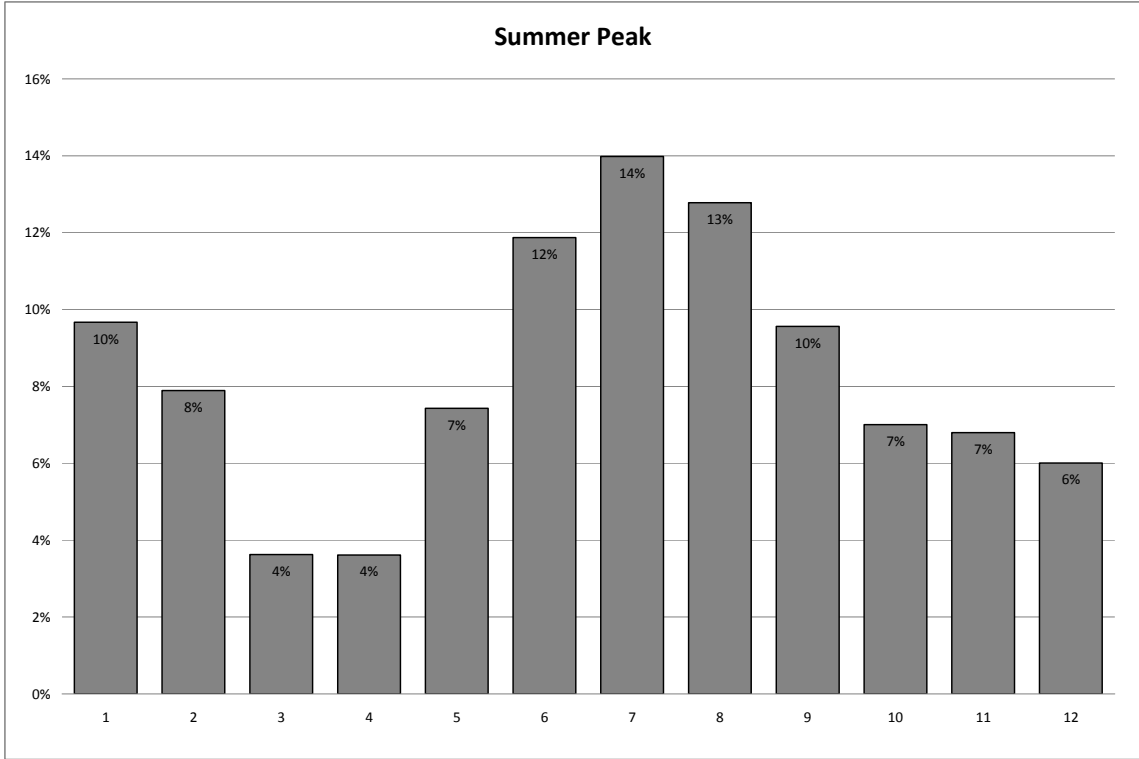
Nevertheless, OPG welcomes all Alternative Proposals that a Proponent considers advisable in light of its technical and commercial knowledge. A Proponent should make clear in any Alternative Proposal the advantages and disadvantages of the proposed alternative. Each Proponent must state expressly in any Alternative Proposal, all of its amendments, qualifications and other changes to the requirements of this RFIP. Each Proponent which submits an Alternative Proposal will provide OPG (by the time specified by OPG) with such information, if any, as OPG may request to evaluate the Alternative Proposal.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

12. Requirement Profile Charts

The following charts set out three of the many potential load profiles that may occur. Please note that these are **ILLUSTRATIVE ONLY** and that actual use profiles will likely be different. Also note that within this expected monthly consumption there will be weekly variations that will need to be managed. OPG has requested, in Section 10, pricing options to help manage this uncertainty.





Attachment 4

Evaluation Criteria

Mandatory Requirements

Category	Elimination Thresholds
Financial	Proponent did not provide financial information as required and/or Proponent did not provide financial support commitment as requested.
Chain of Custody Certification	Proponent did not provide evidence that the Proponent has Chain of Custody Certification for the product or did not provide a strategy demonstrating that the Proponent would have such certification in place at time of first delivery of the product.
Specification	Proposal did not meet fuel specification.
Scope of Request Fulfilled	Proposal is substantially incomplete.

Note on Elimination Thresholds:

OPG's general expectation is that responses will be complete and that Proponents will provide sufficient information to score in all evaluation categories. In the event that a Proponent does not score in an evaluation category, OPG may eliminate any such proposal from further consideration.

If a Proponent does not score 40% of the available 60% in the non-price evaluation categories, OPG may eliminate any such proposal from further consideration.

The access to the fibre supply required to support the Proponent's proposal will be determined by OPG through the following:

- In the case of a Proponent obtaining wood supply through Stage II: Provincial Wood Supply Competitive Process by OPG consulting the Ministry of Northern Development Mines and Forestry on the Proponent's access to the wood supply;
- In the case of a Proponents obtaining wood supply from private lands by OPG consulting the Ministry of Northern Development, Mines and Forestry on the Proponent's status with respect to its forest resource processing facilities license for an existing facility or proposed facility.

If, in either case, OPG determines that the Proponent will not have access to sufficient fibre supply or be in a position to operate the pellet manufacturing facility, OPG may eliminate any such proposal from further consideration.

Evaluation Criteria

<p>Evaluated Product Price – 40%</p>	
<p>Evaluated Price</p>	<p>The evaluation of price will consider the three pricing options set out in Attachment 3, Section 10 and the impact those prices may have on the capital investment for storage required by OPG.</p> <p>All evaluated prices will be the delivered cost of energy to Atikokan GS. OPG will add transportation costs from the production/loading facility to Atikokan GS and will normalize the evaluated delivered price on a \$/GJ or \$/MMBTU basis.</p>
<p>Competency and Experience – 25%</p>	
<p>Management Competency/Experience</p>	<p>The proposal must demonstrate that the ownership/management team has relevant experience in business or forestry (e.g. forestry, manufacturing, energy) or has satisfactorily outlined plans to access the necessary expertise in the development of its production facility.</p>
<p>Quality Control Program</p>	<p>The proposal must demonstrate that there is or will be a quality control program that will ensure the product delivered to OPG will meet the specification and that there is no risk that product not meeting the specification will inadvertently be delivered to OPG. Third party certification of quality control programs will be considered as beneficial.</p>

Supply Diversity and Security – 10%	
Production Facility Availability Schedule	The proposal should describe the production facility that will produce the fuel pellets and whether or not it is currently in production. If the facility is under construction or in the planning stages, the Proponent must provide a schedule of its availability.
Supplier Diversity – portion of production to OPG	The proposal must indicate whether or not OPG is the sole purchaser of the output of the production plant. If it is not, then the portion of the production that will be sold to OPG must be indicated.
Transportation Modes Available	The proposal must indicate whether transport from the plant will be truck only, truck with rail or vessel or truck with rail and vessel.
Production Facilities – available to meet OPG needs	The proposal must indicate whether a single production facility or multiple facilities will be available to supply fuel pellets under the contract.
Contractual – Preliminary Weight 5%	
Contract Terms and Conditions	The proposal must indicate the Proponent’s acceptance of OPG contractual terms and conditions or, if changes are desired, the terms for which change is requested.

Aboriginal Community Benefits – Preliminary Weight 20%	
Aboriginal Participation	<p>The Proponent must provide documentation demonstrating current or future Aboriginal Community benefits.</p> <p>If the Proponent is an Aboriginal Business, it should provide documentation demonstrating its status as such.</p>

Note 1:

Aboriginal Community means, for the purposes of this Biomass Fuel RFIP,

- i) a First Nation that is a “Band” as defined in the Indian Act (Canada);
- ii) the Métis Nation of Ontario or any of its active Chartered Community Councils;
- iii) a Person, other than a natural person, that is determined by the Government of Ontario for the purposes of the Biomass RFIP to represent the collective interests of a community that is composed of Métis or other aboriginal individuals; or
- iv) a corporation that is wholly-owned by one or more Aboriginal Communities as described in (i), (ii) or (iii).

Aboriginal Proponent / Business means a business that:

1. is at least 51 percent owned and controlled by Aboriginal people (as defined in Section 35 of the Canadian Constitution);
2. If the proponent or Aboriginal Business has six or more employees, at least one third of the employees are Aboriginal people.

Note 2:

Price will not be evaluated until completion of the evaluation of the other components.

Attachment 5

Schedule of Activities

Request for Indicative Prices Released – **March 18, 2010**

- Documentation available at www.opg.com

RFIP Questions received – **March 29, 2010**

- Questions to be forwarded by email to biomass@opg.com
- Email subject line should clearly state “Atikokan RFIP Question”

RFIP Question answered and published on OPG website – **April 5, 2010**

Declarations of Participation received – **April 9, 2010**

- Declarations to be delivered in hardcopy to:

Ontario Power Generation
700 University Avenue H9 E23
Toronto, Ontario, Canada M5G 1X6

Attention: Ms. Melissa Perry
Phone: 416-592-4319

RFIP Submission Deadline – **May 12, 2010**

Evaluation and Potential Proponent Selection

Evaluation of Proponents’ Proposals will begin and is expected to continue through the summer with a late summer announcement on the successful participants. Other Proponents will be informed of the status of their submissions at the same time.

Negotiation of supply contracts will begin following selection of the Potential Proponents and is expected to be completed by year end 2010.